



Investment Thesis

Injective INJ

Token type	Native Currency
Price	\$20.58
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Key Figures

52-Week Range	\$6.64 - \$52.04
Market Rank	#43
Market Capitalization	\$1.93B
Volume (24h)	\$133.84M
Circulating Supply	93.4M
Total Value Locked (TVL)	\$105.2M
Annualized Staking Yield	19.77%
ATH	\$52.04
ATH Date	March 13, 2024
Down from ATH	-60.5%

Source: CoinGecko, DeFi Llama, Token Terminal & StakingRewards. Data as of July 4, 2024

Overview

Injective is a high-performance smart contract platform **specifically optimized for financial applications**. Injective aims to revolutionize decentralized finance (DeFi) through its unique combination of features. These include an **on-chain order book that resists Miner Extractable Value (MEV) manipulation**, providing a fair and transparent trading environment capable of handling up to **25,000 transactions per second**.

The **Open Liquidity Program** is one of Injective's standout features. It allows applications to tap into a shared liquidity pool, which is highly beneficial for the entire ecosystem. By having shared liquidity, **developers building decentralized exchanges (DEXs) on Injective do not need to bootstrap their liquidity**. This significantly streamlines the development experience, enabling faster time to market and reducing the barriers to entry for new projects. The shared liquidity pool enhances the overall liquidity of the platform, making it more attractive to traders and investors.

Additionally, the **Real World Asset (RWA) module** facilitates the tokenization of assets directly on the network without relying on third-party providers. This native feature simplifies the process by **providing a more integrated and secure solution, enabling the direct tokenization of real-world assets at the network level**. This module supports both permissionless and permissioned assets, offering flexibility and control to asset issuers and holders. Therefore, the RWA module plays a crucial role in bridging the gap between traditional finance and DeFi, opening up new opportunities for asset tokenization.

Lastly, Injective is **built on the Cosmos ecosystem**, which allows it to facilitate seamless cross-chain interactions with major other Cosmos-based networks via the **Inter-Blockchain Communication (IBC) protocol**. This protocol amplifies the reach of Injective, enabling assets and data to flow freely across different blockchains. Furthermore, Injective's multi-operating system, **inEVM**, supports interoperability and developer flexibility across three smart-contract environments: Cosmos, Ethereum and Solana. Thus, **inEVM appeals to the developer base across three ecosystems, allowing them to leverage the benefits of Ethereum's ecosystem, Injective's high-performance infrastructure and Solana's fast execution environment**.

- **In November 2021**, INJ mainnet went live following incubation and token releases via Binance Labs and Launchpad.
- **In mid-2022** Injective integrated with Ethereum and Solana, expanding its cross-chain capabilities.
- **Later in 2023**, Injective launched the Open Liquidity Program to enhance shared liquidity and asset tokenization, and in **November 2023**, ONDO launched a tokenized treasury product on Injective enhancing the adoption of RWAs
- Injective introduced of the Volan mainnet upgrade in **early 2024**, including RWA Module at the network level

Key takeaways

- **DeFi Optimization:** The platform features native MEV resistance and an on-chain order book, along with a multi-OS environment, providing a robust foundation for building advanced DeFi applications.
- **User-Centric Design:** Offers an experience comparable to centralized exchanges, with features like zero-fee transactions and market manipulation protection, crucial for gaining user trust and adoption.
- **Enhanced Liquidity and Asset Tokenization:** The Open Liquidity Program and the Real World Asset (RWA) module streamline liquidity sharing and asset tokenization, simplifying the development process and providing a more integrated solution for developers.
- **Seamless Cross-Chain Interactions:** Injective's support for Ethereum, Solana, and Cosmos-based applications enables high interoperability, making it a versatile platform for various DeFi projects.
- **Token Utility:** The INJ token can be used for governance, staking, and paying transaction fees, adding value and utility within the Injective ecosystem.

Risk factors

- **Technological Risk:** Only 60 active validators, Injective has a lower count compared to other Layer 1 blockchains
- **Competitive Risk:** Success depends on the widespread adoption of its platform by high-profile DeFi applications. Without substantial traction, Injective risks falling behind newer, more agile competitors.
- **Adoption Risk:** Ranking outside the top 50 in TVL at **\$105M** among all chains indicates that Injective needs to increase its user base and liquidity to compete effectively with higher-ranking protocols.

Figure 1:
Price Performance



Figure 2:
Total Value Locked (TVL)



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