# Cryptocurrency market braces for turmoil as Ethereum and Solana face steep declines



The cryptocurrency market is facing significant upheaval this week, with both Ethereum (ETH) and Solana (SOL) suffering severe price drops as volatility continues to grip the sector. In a context marred by allegations of market manipulation and a series of recent negative headlines, the performance of these top digital currencies has become a focal point of concern for investors.

This week saw Bitcoin shedding 12% of its value, while Solana has experienced an even more drastic decline, plunging over 22% to achieve a five-month low. The turbulence in prices is attributed to multiple factors, including high-profile hacks, controversial economic policies, and the waning interest in recently popular memecoins.

Solana's struggles are particularly notable as its market cap is heavily influenced by a recent scandal surrounding a memecoin named LIBRA, which initially gained traction after being endorsed by Argentine President Javier Milei. However, after reaching a peak market valuation of nearly $5 billion, the LIBRA coin is now the subject of scrutiny due to significant sell-offs attributed to reactions from market analysts and regulatory bodies. Zach Pandl, a research head at Grayscale, noted, “The current phase of memecoin trading on Solana is over,” underlining the implications of this volatility for Solana's future.

The current market downturn has raised alarm bells across the crypto community, with some analysts warning that Solana could breach a crucial support zone at $134. If this level fails to hold, projections suggest a possible decline below $100, representing more than a 65% drop from Solana’s all-time high of $293, which was achieved in January of the current year.

The situation for Ethereum is equally precarious, with the currency now trading below $2,600, which analysts like Ali Martinez believe may signal the end of the current altcoin season if this figure is confirmed on higher time frames. Ethereum's downturn has been exacerbated by significant sell-offs linked to Binance, which have led to a 7% drop in ETH value and contributed to a decrease in active user engagement on the network.

The fear of an emerging manipulation narrative further complicates the market conditions. Experts suggest that Binance may have sold substantial holdings in Solana and Ethereum to manage regulatory fines while profiting from liquidating leveraged futures positions. Market expert Marty Party characterised these actions as “manipulative,” indicating a concerning trend among major players looking to benefit from market volatility at the expense of smaller investors.

Recent data also highlights an alarming decline in Solana's network activity, which has seen active addresses fall by 60% in recent weeks, further signalling weakening investor confidence. Trading volumes have experienced a steep decline as well, with a reported 54% drop in the last 48 hours, a worrying indicator for the overall health of Solana's market presence.

Market analysis has further revealed that the ongoing sell-offs and the polarisation between institutional and retail investors may have created "air pockets" of liquidity, which exacerbate price instability when significant sell-offs occur. These dynamics have resulted in extreme volatility, with coins experiencing rapid sell-offs followed by potential rebounds.

As the week progresses, the broader cryptocurrency market continues to navigate severe fluctuations and uncertainties, with both Solana and Ethereum firmly at the centre of these developments.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

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* <https://www.newsbtc.com/news/solana/solana-dips-to-5-month-low-as-memecoin-traders-retreat-post-libra-scandal/> - Please view link - unable to able to access data