

Is Chainlink DePIN?

The better question is:

1. Is **supply growth** reflexive to token prices?
2. Is **demand growth** reflexive to token prices?

Supply (#1): most DePINs with issuance curves fall into this category, including [Helium](#), [Dimo](#), [Hivemapper](#), [Geodnet](#)...

- These networks carry a virtuous cycle: price goes up → miner returns improve → miners invest more capital → supply-side grows → growth attracts more users and/or speculators → token price goes higher → and so on...
- Of course, reflexivity works both ways: miners in these communities suffer the most when prices decline reflexively the other way. Notable exceptions are stablecoin-based DePINs like [Althea](#) and [VulaCoin](#).

Demand (#2): is the more controversial question. Recall that demand = volume x unit price.

- For non-crypto use cases, neither volume nor unit prices are impacted by token prices.
 - [WiFi Map](#)/Helium sell connectivity to consumers and [Render](#)/Geodnet sell services to web2 enterprises. In either case, the **price per unit of service is fixed in fiat terms** (e.g., \$/GB or \$/frame) and **volumes are uncorrelated to crypto market cap**.
- For crypto use cases, the question is more complicated. [Pocket](#)/[Chainlink](#) sell crypto infra, which would arguably be correlated to crypto prices. But are they really?
 - Chainlink volumes ([feed requests](#)) are down ~30% since crypto hit peak market cap in Nov'21, and tend to follow onchain volatility more than prices. Pocket volumes ([relays](#)) are down ~25% from peak in May'23; this is in the face of a 60%+ decline in crypto market cap. ⇒ **Volumes are correlated-but-insulated to movements in token prices**.
 - What about price? For both [Pocket](#) & [Chainlink](#), prices are denominated in native tokens but have several governance parameters around them. ⇒ **Unit prices are correlated-but-insulated to movements in token prices**.

Conclusion: we expect most DeFi - where both volume of trades & revenue per trade are correlated to token prices - will act like the left side below; most DeWi - where both volume of traffic & revenue per GB are fixed in fiat terms - will act more like the right side of the page; and most web3 infra - like RPCs & Oracles - will be somewhere in between.

In Bear Markets, Networks with [Token-Denominated Revenues](#) Face Vicious Cycles of Dilution.

...But Networks with [Fiat-Denominated Revenues](#) are Resilient.

