

Market cap vs fully diluted valuation: what each number counts

Market cap prices the tokens in circulation today; fully diluted valuation prices a larger supply, and data providers disagree on which supply that is.

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1. How to read it / Where it misleads

Market capitalization tells you what the tokens already in circulation are worth at today's price. Fully diluted valuation, or FDV, answers a different question: what the project would be worth at today's price if a much larger supply, including tokens not yet released, were counted too.

Both numbers are limited. Circulating supply involves judgment as well as blockchain data: data providers decide which wallets count, often from figures the token teams themselves supply (sources 1, 4). Neither number is money invested in a project, and FDV assumes every future token would trade at today's price, which CoinGecko itself calls theoretical (source 3).

The providers also disagree on what FDV multiplies. CoinGecko's guide uses total supply, while CoinMarketCap uses maximum supply, so the same token can show two different FDVs on two sites (sources 2, 4).

This explains how a metric is calculated. It is not a signal, forecast or recommendation, and past readings do not predict prices. Le Coin does not publish live readings of this metric.

2. The formulas

Market cap multiplies price by circulating supply. CoinGecko writes it as "Market Capitalization = A * B," where A is the current price in U.S. dollars and B is the circulating supply (source 1).

FDV multiplies the same price by a larger supply figure:

- CoinGecko: "Fully Diluted Valuation = Token Price X Total Supply" (source 2).
- CoinMarketCap: "Fully Diluted Valuation (FDV) = Max Supply x Price" (source 4).

Dividing market cap by FDV gives the share of the counted supply that is already circulating. CoinGecko displays this ratio as "Market Cap / FDV" and notes that the closer it is to 1, the closer market cap is to FDV (source 2).

3. Example data

The figures below are invented to show the arithmetic. Token X is not a real asset.

Input	Example data
Price	\$2.00
Circulating supply	100 million tokens
Total supply (minted so far, minus burned tokens, which are permanently removed from use)	400 million tokens
Maximum supply	1 billion tokens

With those inputs, the outputs differ by provider method.

Output	Calculation	Result
Market cap	$\$2.00 \times 100 \text{ million}$	\$200 million
FDV, total-supply method	$\$2.00 \times 400 \text{ million}$	\$800 million
FDV, max-supply method	$\$2.00 \times 1 \text{ billion}$	\$2 billion
Market cap / FDV (max-supply method)	$\$200 \text{ million} / \$2 \text{ billion}$	10%

The gap between \$800 million and \$2 billion comes entirely from which supply a provider uses; the token itself is unchanged.

CoinGecko's own methodology page gives a market-cap illustration in the same spirit: a hypothetical ZRX price of \$0.25 times a circulating supply of 583,209,787 tokens (source 1). CoinGecko presents both figures as assumptions, so they count as example data here.

4. Who publishes it and how definitions differ

CoinGecko. For proof-of-work coins, which are created by mining, CoinGecko takes circulating supply from block explorer APIs, public data feeds that read the chain, and includes pre-mined coins, those created before public release. For tokens on smart-contract platforms, programmable blockchains such as Ethereum, it deducts locked tokens, such as foundation, investor and team holdings, from total supply, using addresses the token teams provide (source 1). Its guide defines total supply as tokens in circulation plus those "pending distribution, excluding any coins that have been burned," and uses it for FDV (source 2). The same guide says some tokens show no FDV "because these tokens do not have a max supply" (source 2), so its page leaves open how total and maximum supply interact. Its glossary describes FDV as the market cap "if the entirety of its supply is in circulation" (source 3).

CoinMarketCap. CoinMarketCap ranks assets by circulating market cap, which it treats as the counterpart of public float in stocks, the shares left free to trade once insider holdings are excluded (source 4). It defines total supply as coins "in existence right now, minus any coins that have been verifiably burned," and maximum supply as the "best approximation of the maximum amount of coins that will exist," also net of burns (source 4). It computes FDV from maximum supply and lists two more measures in between: minted market cap on total supply and unlocked market cap on unlocked supply (source 4). It says it verifies circulating supply with each project's team and generally does not count assets allocated to insiders or held by a team, foundation or treasury as circulating, regardless of whether they are unlocked (source 4).

The practical result: a token with a large unminted reserve can show a much higher FDV on CoinMarketCap than on CoinGecko, and two sites can report different circulating supplies for the same token.

5. Where the terms come from

Market capitalization comes from stock markets, where it is share price times shares outstanding; crypto data sites carried it over as price times circulating supply. Le Coin found no individual credited with introducing either term to crypto. "Fully diluted" borrows from the equity idea of counting all shares that could exist, and CoinGecko compares total supply to "the total number of outstanding shares in the stock market" (source 2). No originator is credited here because none could be confirmed from a primary source.

6. What it means

In Le Coin's view, the most useful habit is to check which supply a site uses before comparing two FDVs. A difference between two sites often reflects method, not market.

In Le Coin's view, market cap and FDV are best read together: the distance between them shows how much supply is not yet counted as circulating, whatever definition a site applies.

Sources

1

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