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AI Memecoins: Next Gen Memes or Next Grift?

TLDR

- “AI memecoins” have gained massive attention over the last two weeks, with many tokens reaching over \$100 million market cap.
- The AI memecoin surge started with the launch of “GOAT” (Goatseus Maximus), which hit a \$607 million market cap after just 2 weeks. The hype was partly fueled by rumors that an AI agent – Truth Terminal – had launched the token itself, which turned out to be false.
- While Truth Terminal didn’t create GOAT, it promoted the token on X. Nevertheless, a new narrative evolved – AI memecoins centered around the concept of AI agents actively building cryptoeconomies and launching tokens.
- Following GOAT, other AI memecoins such as GNON were spun up, leveraging the hype around LLMs, memetics, and even religion.
- GOAT experienced its first major selloff after accusations that Truth Terminal was not a true AI model. This caused a 70% price drop, with similar moves occurring across the new subsector.
- Heated debates persist about whether AI memecoins will be a lasting trend or short-lived hype. Some believe they could represent a new “singularity token,” while others dismiss them as speculative grifts.
- Regardless of the substance behind AI memecoins, we look at these tokens as trade opportunities, simply vehicles for volatility and price momentum. We propose focusing on taking profits on longs (should one choose to get involved), rather than X debates.

AI Memecoins

The last week has seen “AI memecoins” completely dominate the X feeds of anyone that actively participates in the altcoin world. The crypto world shifts quickly, and what was dominating the timeline one day can be completely forgotten the next. We are barely two weeks into the formation of this new narrative, and yet we have multiple tokens in the +\$100 million market cap range. How did we get here? Does it have staying power or will it fizzle away as quickly as it came on? Let’s dive in.

\$GOAT – The Inception

The surge of so-called AI memecoins began with the token GOAT. Goatseus Maximus (GOAT) soared to a market cap of over \$540m after just 10 days of trading, fuelled by rumors that it had been launched by a Marc Andreessen-funded AI bot known as Truth Terminal. Truth Terminal, an AI bot developed by Andy Ayrey, had previously been funded with \$50,000 in BTC by prominent venture capitalist Marc Andreessen. GOAT demonstrated the power of memetics as its rise was largely driven by speculation that the VC giant was directly involved in the memecoin. In reality, the AI agent only promoted GOAT, rather than launching the memecoin as rumored.

Truth Terminal operates only semi-autonomously, as its human handler ultimately determines its actions on X, further adding speculation that Ayrey was involved in the token’s creation. However, a memecoin enthusiast had launched the token through Pump.fun on October 10 and subsequently tagged Truth Terminal on X in an effort to secure a public endorsement, which they got. And with that, a whole narrative was born from the intersection of AI, memecoins, and crypto markets.

From GOAT sprung other associated AI memecoins such as GNON, which has even incorporated an element of religion into its value proposition as a meme. The rapidly shifting memecoin market then quickly produced dozens, and then hundreds, and then thousands of coins latching on to the AI memecoin meta. The rapid rise of total tokens in the AI memecoin subsector was matched by increasingly fantastical posts from X influencers, claiming AI agents would evolve from bull-posting their associated memecoins to spin up entire projects and cryptoeconomies. Some claim these AI agents would go on to solve all the problems altcoins faced – from tokenomics dilemmas to core issues such as decentralized governance.

The First Fudding

The typical journey for any new crypto narrative or meta that has risen so rapidly is to be hit with one major piece of FUD, sending prices plummeting. That trigger for GOAT was the accusation that Truth Terminal was no true large language model (LLM). Allegations that some or all of Truth Terminal’s tweets were generated and scheduled by a human handler sent GOAT price crashing over 70%. This selloff triggered similar moves across the whole sector.

Andy Ayrey took to X, refuting all claims and stating that “truth_terminal writes all of its own tweets. I do not inject messaging into its prompting”. Ayrey also mentioned that he currently holds 1.25M GOAT (\$412k) which was gifted to him by crypto natives. This type of activity is commonplace in

the memecoin sector, as holders frequently send tokens to prominent figures in the industry in an attempt to gain attention for their preferred token. Vitalik Buterin continually receives gifted memecoins from anonymous crypto natives, which he usually proceeds to sell and donate to various charities or developers.

Ayrey also noted that Truth Terminal’s wallet, which held over \$1 million dollars worth of GOAT at the token’s peak, is in his custodianship and will be transferred to a legal entity. He added that “no adjustments to its token holdings until transparent governance processes are in place.”

Next Grift or Next Generation Memes?

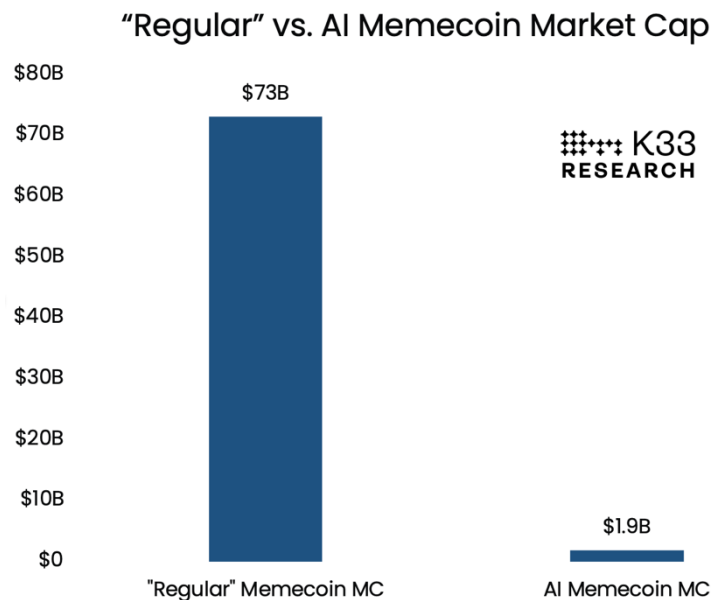
This has been only a brief overview of the rapid rise of AI memecoins. At present, the actual product is limited to LLM controlled X accounts (or accounts posing as LLMs) bull-posting an associated memecoin. Whether future iterations meet the optimistic vision put forth by many remains to be seen. Either way, the staying-power test for GOAT and its closely associated tokens now comes after this first major selloff. While the market decides this through price discovery, the debates on X over the substance of this new narrative are deafening.

One camp is convinced that AI memecoins represent an entirely new secular trend, with GOAT leading the way as DOGE did for “regular” memecoins. Some go so far as to claim that AI memecoins represent “singularity tokens” or “sentient memes” – a futuristic blend of AI, markets, and memetic power. Others say it is all just another grift, outlining in 10-piece X threads how the LLMs are not real and there is a shadowy cabal of insiders coordinating the narrative.

In our view, the answer is rather simple – it doesn’t matter. Whether it’s a cute animal, an obscure new DeFi project, or an LLM-associated memecoin, they are almost all best simplified to one thing – momentum-trade opportunity. Crypto produces strange new narratives on a regular basis, but they can all be boiled down to momentum or volatility. A quick look at GOAT we see an abundance of big moves backed by significant volume for relatively small on-chain tokens.



This is all we are here for – moves so big that we do not have to catch the bottom to capture nice returns. We are not here for AGI, not AI sentience, not AI religion, just trade opportunities. The market cap for “regular” memes (DOGE, PEPE, WIF, etc.) currently stands at \$73 billion according to CoinGecko listings. In contrast, AI memecoins sit at only \$1.9 billion market cap. If this is just the beginning of an entirely new secular trend, then we are truly early with many big moves and trade opportunities ahead.



Ignore The Noise, Trade The Market

This will not be the last time that a new idea rapidly takes over altcoin X timelines and dominates mindshare. That is a great thing for traders. Momentum is what narrative traders seek, and taking profit remains the name of the game. However, it is imperative not to fall into the trap of believing in the philosophical hype. If the optimistic proponents of AI memecoins turn out to be correct, and we are at the beginning stages of a rising tide that ushers in a new “easy mode” period akin to the DeFi Summer of 2020, then we have months of opportunities in a budding sector ahead. If the opposite occurs, then one does not want to be left holding the AI memecoin bag.

The real TLDR of this situation is as follows: we can just ignore all of the philosophical posturings about AI memecoins and happily trade the volatile stuff trending upwards. In other words, just treat them like any other memecoin. GOAT hit a new all-time high market cap of \$607 million today. Whether or not AI memecoins become a new secular trend, betting on the leading asset in a hard uptrend is the play for now.

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