

# coinbase

Please note that One River Digital, a subsidiary of One River Asset Management, was acquired by Coinbase as of March 3, 2023. Read more [here](#).

## One River Digital Pulse



20 April 2023

One River Digital  
Research

# Weekly Pulse: Market Wisdom

**Market Wisdom:** An asset's price is commonly viewed as the market's collective wisdom, informed by all relevant and available information. With greater transparency, an asset's expected future growth can be calibrated more accurately. As macroeconomic and regulatory dynamics create uncertainty, we turn to data to help isolate signal from noise. Our [Digital Pulse](#) facilitates a comprehensive exploration of on-chain sentiment and fundamental data. Buyers, sellers, transaction timestamps, volume; it's all reflected openly on the blockchain. So, what's the view? The Core Index Network Pulse is up 18 points year to date, a significant increase. Sentiment-wise, digital investors remain neutral to confident. From a fundamental perspective, the underlying drivers demonstrate increasing liquidity as well as use case diversification - key items for transformative growth. Adoption has also continued to extend across other digital assets, with verified smart contracts, DeFi, and NFT activity steadily on the rise. The recent slide in bitcoin price reminds us of the dark clouds foreshadowing the asset from macroeconomic woes. It's a delicate balance between technological value and market dynamics. But as Benjamin Graham stated, "The market is a voting machine, but in the long run, it is a weighing machine."

## coinbase ASSET MANAGEMENT

One River Digital Asset Management has been acquired by Coinbase and is now Coinbase Asset Management. Additional details on the transaction may be found on the [Coinbase blog](#). References to One River Asset Management and One River Digital Asset Management may be contained herein during the transition period but are subject to change.

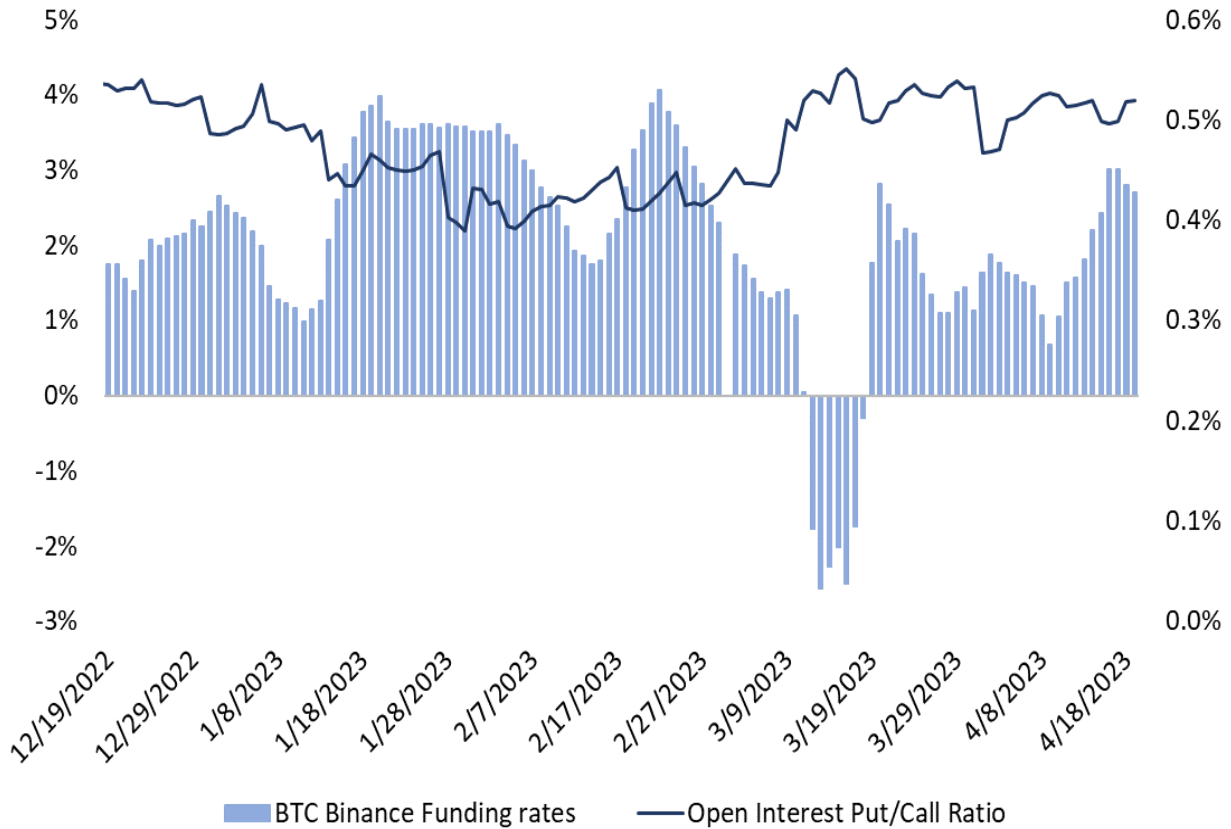
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## WEEKLY BEATS

1. Chart of the Week – Sentiment: A Neutral Stance
2. Fundamental Pulse – Neutral
3. Bitcoin Long-Term Holder Behaviour
4. Bitcoin’s Core On-chain Metrics
5. Ethereum’s Core On-chain Metrics

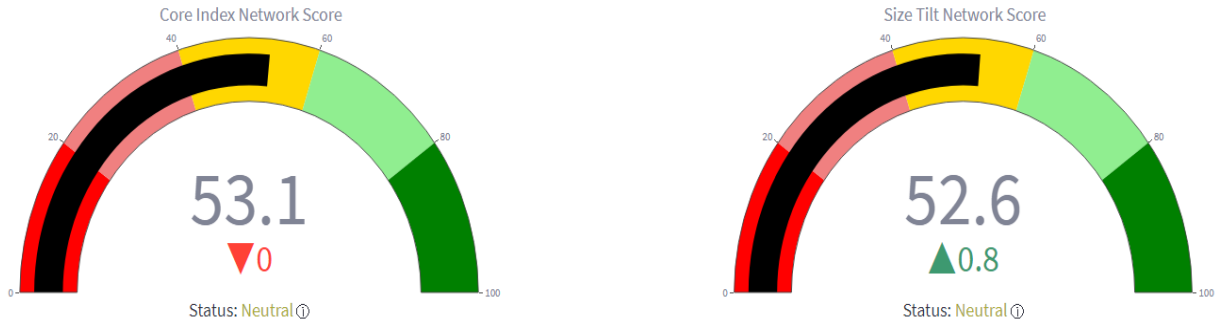
### 1. SENTIMENT: A NEUTRAL STANCE

Both options and futures markets display mixed signals. While Bitcoin Put/Call Open Interest ratios are stable year-to-date, funding rates have been largely positive. This warrants a more comprehensive approach to gauge current market sentiment.



Source: The Block.

## 2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



Total Users  
**155,470,547.0**  
 ↑ 0.09%

Active Users  
**1,673,332.0**  
 ↓ -10.64%

Transfers  
**2,206,752.0**  
 ↑ 1.1%

MarketCap  
**821,957,526,938.9**  
 ↓ -2.09%

Onchain-Volume  
**24,927,957,137.18**  
 ↓ -4.59%

It has been a slower start to Q2 2023 for digital asset network activity. However, the ecosystem continues to see notable progress. The recent Ethereum Shapella upgrade created increased Ethereum Pulse scores, with on chain velocity, transfers and user activity showing the most gains.

Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Core	53	0	-8	32	58	67	36	42	43	91
Size Tilt	51	1	-6	37	51	55	39	48	45	82
Bitcoin	51	-3	-13	23	65	77	27	30	35	99
Ethereum	59	7	5	50	50	52	56	66	63	78
Cardano	49	-4	-3	34	53	38	49	40	29	100
Polygon	34	3	-11	21	16	12	45	47	42	55
Litecoin	56	2	-6	92	12	18	20	92	56	12

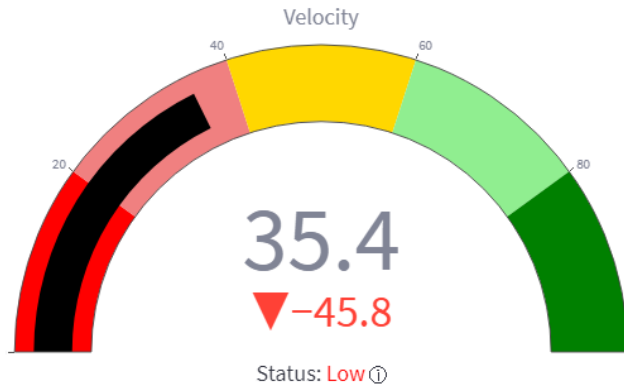
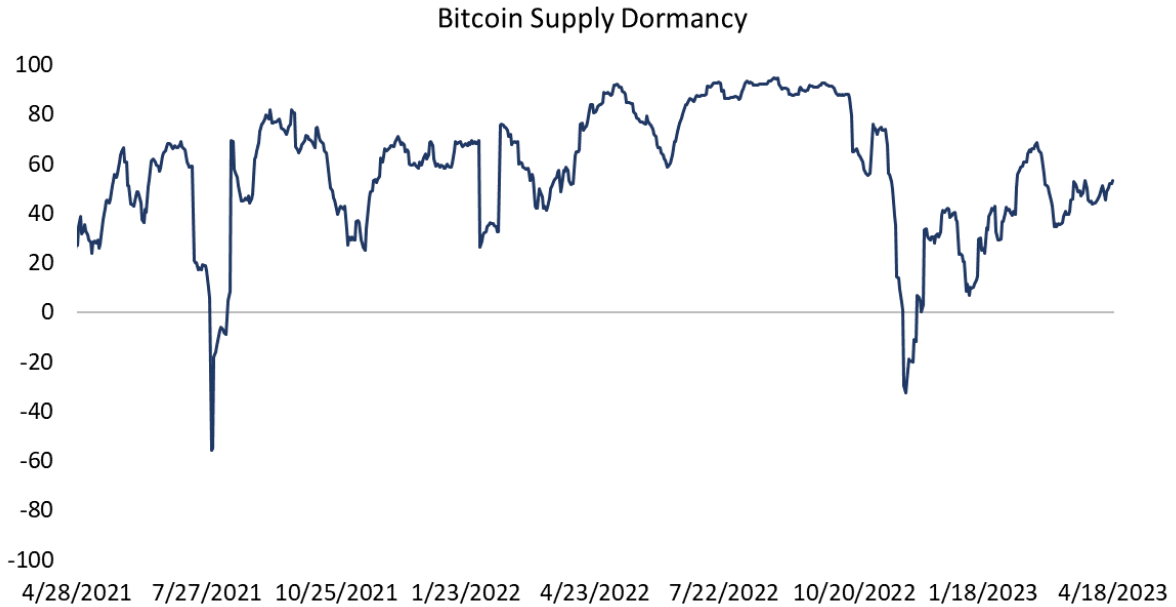
\*Snapshot from the One River Digital Pulse on 4/20/2023. Seven-day change in the Core and Size-Tilt Index Scores.

Notes: Status- High > 60, Neutral 40 to 60, Low < 40. A score of 54.5 means the Index value is better than 54.5% of its values in the past 365 days. Index scores exclude Solana, Cosmos, and Polkadot due to incomplete data coverage.

Scores are individual asset scores and should not be compared with one another.

### 3. BITCOIN LONG-TERM HOLDER BEHAVIOR

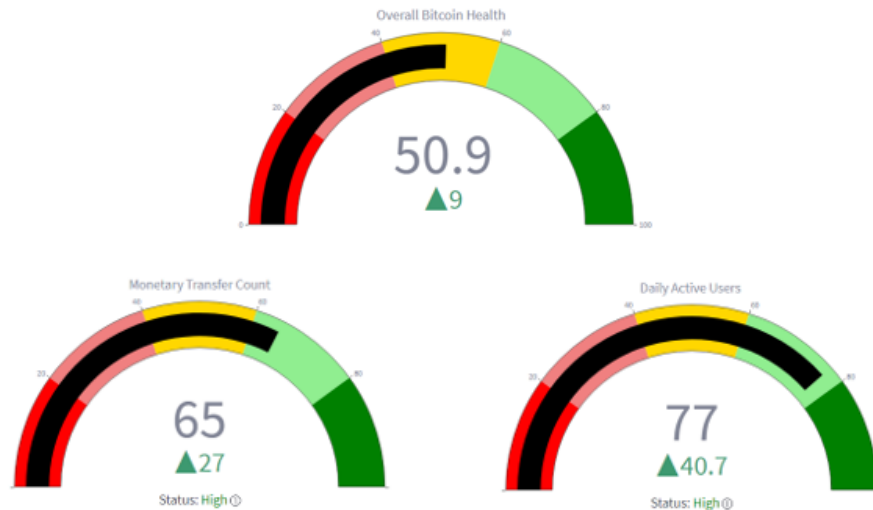
Long-term holders have remained resilient despite a turbulent past year. The Dormancy metric determines if older hands are accumulating coins or releasing them into circulation. From the charts below, we see that coins have been increasingly dormant since the FTX crisis in early November 2022, with Bitcoin's Velocity metric showing major declines this year.



Source: Glassnode. Coinbase Asset Management Calculations. Coinbase Asset Management Pulse. Values represent current scores compared to levels seen in the past year. Delta changes represent YTD change.

## 4. BITCOIN'S CORE ONCHAIN METRICS

On-chain activity provides useful information in examining an asset. Consistent network traffic can serve as one indicator of an asset's network value. Consider bitcoin. Transfers and user activity continues to show improvements this year. Beyond general monetary transfers, other use cases like Ordinals and Bitcoin Stamps, are beginning to emerge, driving the overall value of the network.



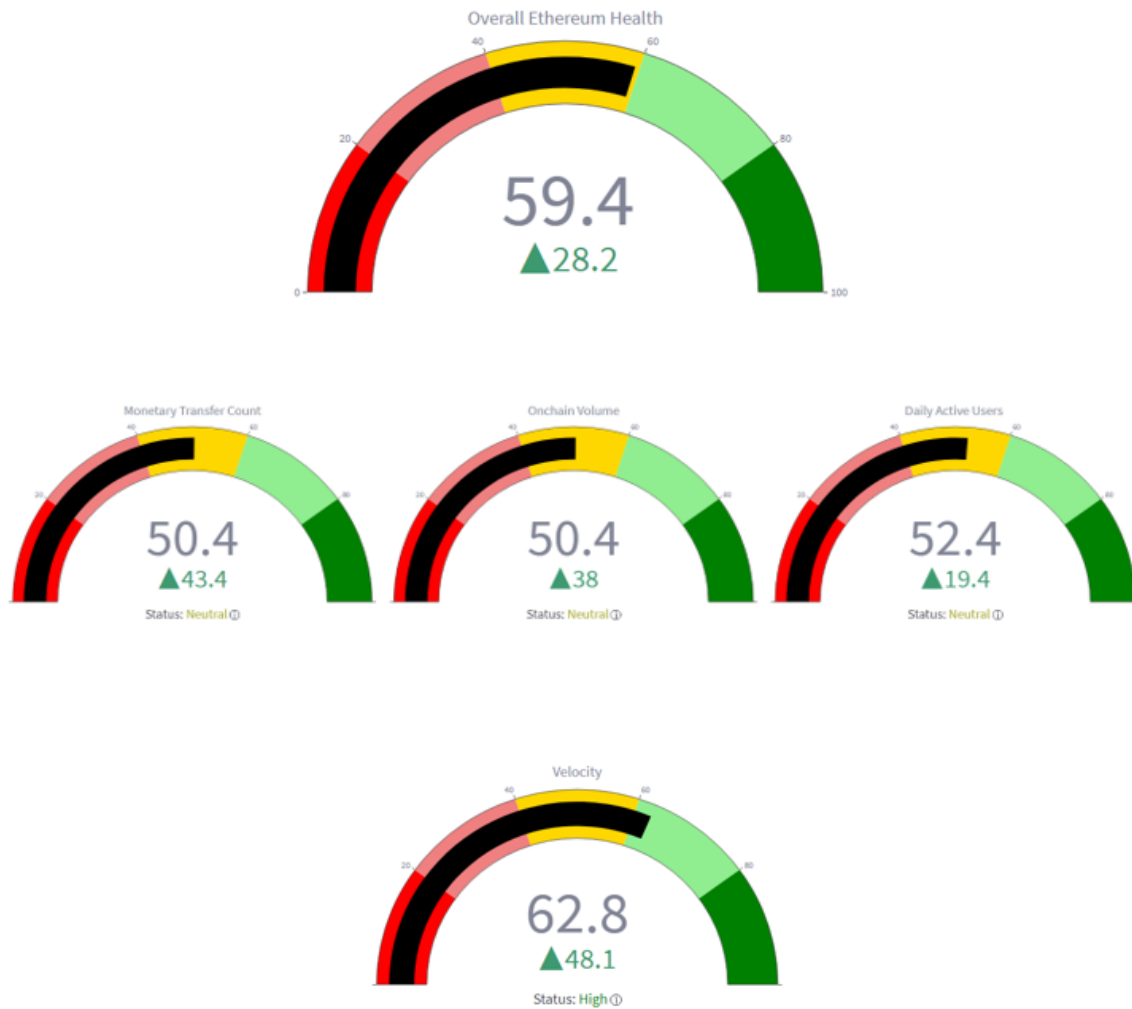
On-chain volume has increased significantly this year but is far from the levels seen in the previous bull market. The lower year-on-year volumes and user growth rates suggest that the network still needs a catalyst for broader adoption.



Source: Coinbase Asset Management Pulse. Values represent current scores compared to levels seen in the past year. Delta changes represent YTD changes.

## 5. ETHEREUM CORE ON-CHAIN METRICS

While Ethereum transfers and active users surged in March from DeFi trading activity amidst the banking crisis, the Shapella upgrade continued elevated levels into April. Post-staking withdrawal functionality being enabled, Ethereum's development has been further de-risked. So far, only [6%](#) of the total ether staked has been withdrawn, demonstrating the majority's vote of confidence in the network's growth.



Source: Coinbase Asset Management Pulse. Values represent current scores compared to levels seen in the past year. Delta changes represent YTD changes.

# Metric Definitions

1. Volume – The aggregated value of native units transferred between addresses on-chain.

2. Transfer Count – The sum count of transfers between addresses. It becomes more valuable when used in conjunction with Volume.

2.1 Low Transfer Count & High Volume: High volume but transferred by a few addresses.

2.2 High Transfer Count & Lower Volume - Indicates higher retail activity or exchanges amongst small accounts.

2.3 Lower Transfer Count & Lower Volume: Indicates slower network usage and low network demand.

2.4 High Transfer Count & Higher Volume- indicates high network usage. A persistent trend is substantial.

3. Active Users: Number of addresses active in the network as recipients or originators of ledger change. This includes value transfers, signing blocks, and other forms of ledger change activity.

3.1 High Value: High network usage and high demand.

3.2 Low Value: Low network usage and low demand.

4. User Growth Rate: The rate at which new addresses with non-zero balances are added to the network.

4.1 High Value: Indicates users being added to the network at an increasing rate.

4.2 Low Value: Indicates users being added to the network at a slower pace.

5. Valuation: This metric compares the on-chain volume to the realized capitalization representing the value of the network. Realized capitalization is a revised form of market capitalization that accounts for the value of the coin at the time the coin was last spent. A lower volume compared to the high value of the network indicates the network could be overvalued and vice versa.

5.1 High Value: Indicates the network is closer to its real value based on the on-chain volume.

5.2 Low Value: Indicates the network is very close to being overvalued considering the activity on the network.

5.3 Medium value: Asset is reasonably valued—sustainable demand for transactions.

6. Velocity –This indicator shows the turnover of coins in the network as measured by on-chain volume divided by active supply. The primary use of this metric in this instance is to help assess an asset’s market-relevant supply.

6.1 High Value: There is greater circulation of coins in the network and use for payments.

6.2 Lower Value: There is lower circulation of coins in the network and use for payments.

7. Network distribution – The metric used, the SER ratio, compares the smallest accounts (sum held by accounts with a balance less than 0.00001% of the supply) against the richest accounts (sum held by the top 1% addresses).

7.1 High value: Signifies high distribution of supply and higher decentralization.

7.2 Low value: Low supply distribution and heavy concentration amongst a few wallets.



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