

One River Digital Pulse



18 JANUARY 2023

One River Digital
Research

Weekly Pulse – A Hazy Climb

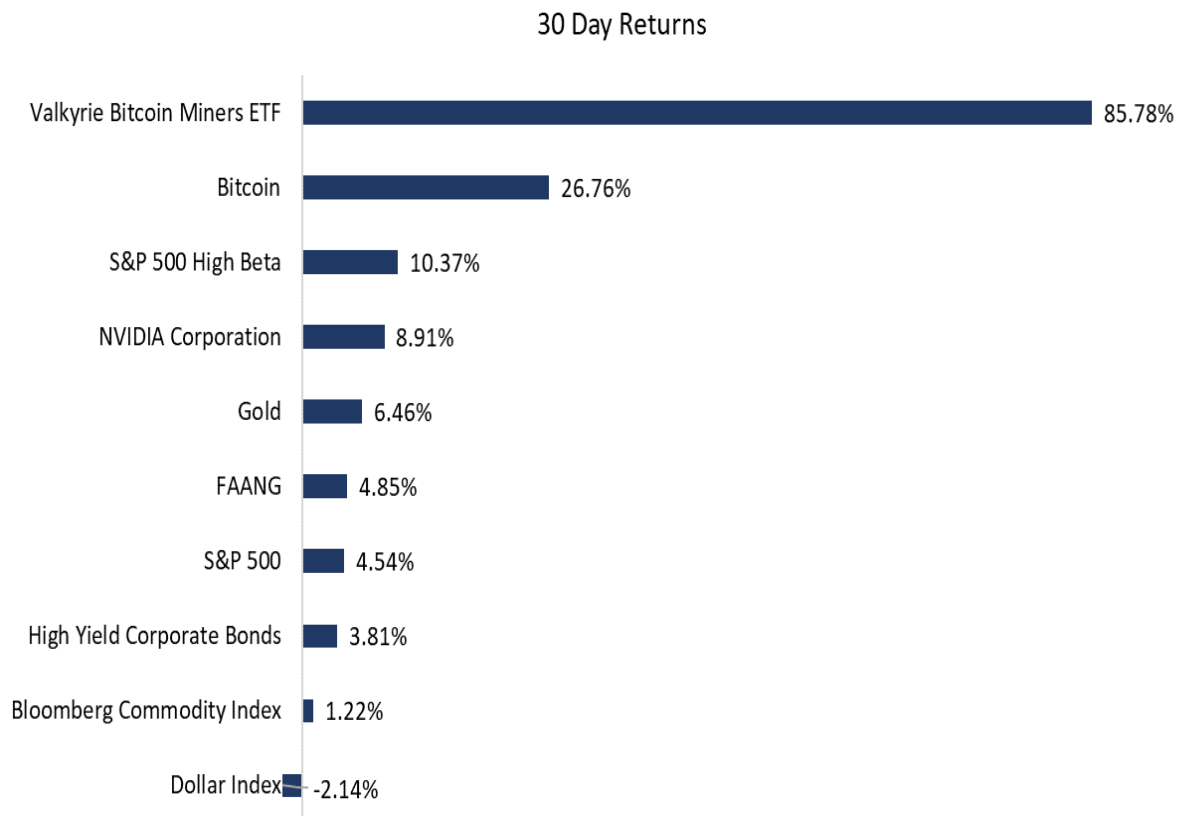
A Hazy Climb: The digital asset ecosystem is marching to regain the \$1 trillion market cap lost abruptly after FTX. The market ascent was sudden for short sellers, with over [\\$500 million](#) in liquidations, the highest in 3 months. The most durable protocols, like Bitcoin and Ethereum, have recovered to pre-FTX levels. On-chain analysis shows a return of favorable transactions to the Bitcoin network. The average Bitcoin holder is back to being profitable – 67% of the supply in the green. Miners have also seen relief, with revenues up about 30% this year and credit spreads tightening sharply. Despite the positive signs in the network, stronger natural demand will be essential to solidifying momentum. Bitcoin's on-chain volume scores only 13 on the Digital Pulse (scale 0 to 100). New users and large holders' buying activity have also yet to improve. However, the emergent trends won't be ignored. Despite fears surrounding centralized intermediaries, Bitcoin has recoupled strongly with macro data. It has outperformed the equities and other major inflationary assets as the market gains conviction in a soft landing. Much like other high-beta assets, Bitcoin will be anchored to the forward guidance of policy – whether guidance submits to the rise in inflationary assets and easing in financial conditions. For now, [the winning streak](#) remains alive!

WEEKLY BEATS

1. Chart of the Week – Digital Leads the Rally
2. Fundamental Pulse – Neutral
3. Average Bitcoin Holder back in Green
4. Natural Growth?
5. Relief in the Mining Sector

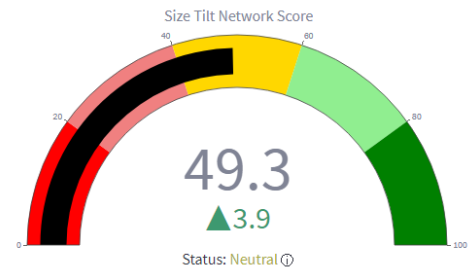
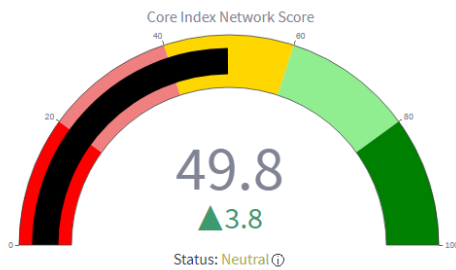
1. DIGITAL LEADS THE RALLY

High-beta assets have surged to monthly highs on increasing global liquidity. A mix of positive macro updates, a short squeeze, and FOMO rounds have driven digital to 2-month highs amidst months of pessimism. For now, digital holds a stronger connection to macro data, and it will determine if the rally continues.



Source: MarketWatch, One River Digital Calculations.

2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



Total Users
154,610,306.0
▼ -0.03%

Active Users
1,969,646.0
▲ 1.46%

Transfers
2,237,504.0
▼ -0.18%

MarketCap
634,142,322,728.16
▲ 21.45%

Onchain-Volume
12,654,823,793.98
▲ 2.4%

Pulse Network values continue the rise to stronger Neutral levels. Bitcoin leads the charge both in price and network activity. However, strong natural demand on the network appears to be lacking, with price momentum outpacing network activity growth.

| Assets | Asset Score | 7d Change | 30d Change | Volume | Transfers | Active Users | User Growth | Valuation | Velocity | Network Distribution |
|-----------|-------------|-----------|------------|--------|-----------|--------------|-------------|-----------|----------|----------------------|
| Core | 50 | 4 | 1 | 24 | 57 | 61 | 37 | 23 | 53 | 93 |
| Size Tilt | 49 | 4 | -2 | 30 | 52 | 57 | 34 | 31 | 49 | 92 |
| Bitcoin | 54 | 5 | 3 | 13 | 70 | 74 | 39 | 11 | 73 | 99 |
| Ethereum | 40 | 1 | -3 | 44 | 33 | 38 | 33 | 42 | 10 | 82 |
| Cardano | 57 | 5 | -1 | 40 | 47 | 40 | 39 | 35 | 100 | 100 |
| Polygon | 51 | 4 | -16 | 44 | 56 | 60 | 29 | 47 | 18 | 100 |
| Litecoin | 49 | 6 | -16 | 21 | 33 | 31 | 35 | 73 | 84 | 64 |
| Stellar | 47 | 7 | 0 | 57 | 40 | 91 | 1 | 37 | 1 | 100 |

*Snapshot on 1/17/2023. 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.

3. AVERAGE BITCOIN HOLDER BACK IN GREEN

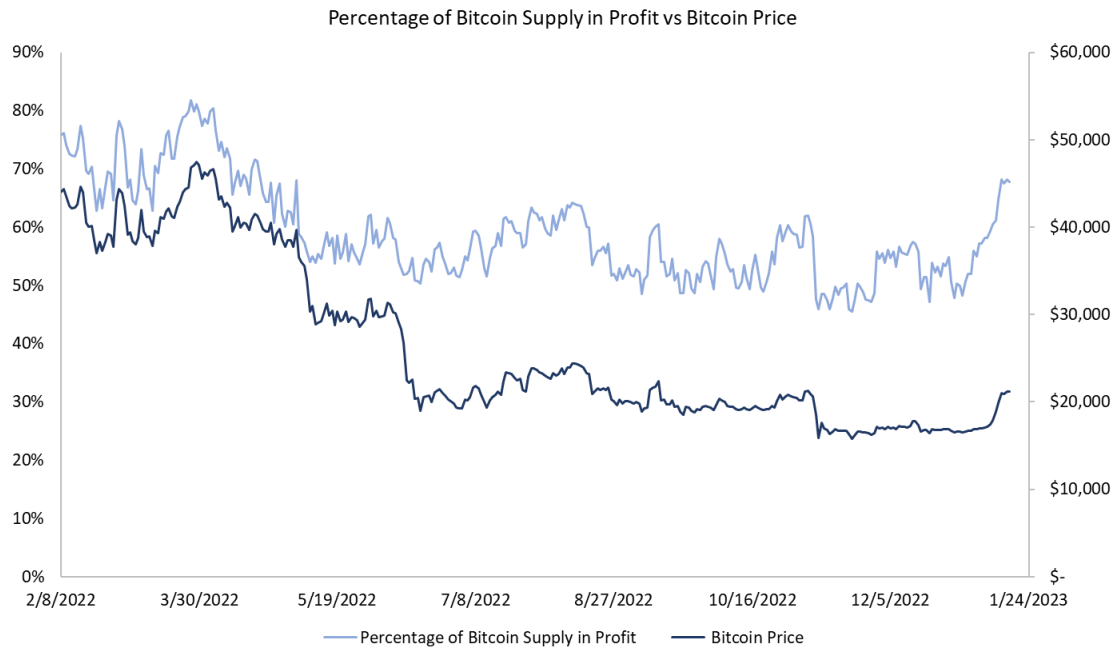
Realized price represents the cost-basis for coins transacted on-chain, currently \$19.7k. With the recent rally, Bitcoin comes out of the second-longest duration below its cost basis (179 days). This has placed the average bitcoin holder in a net unrealized profit.



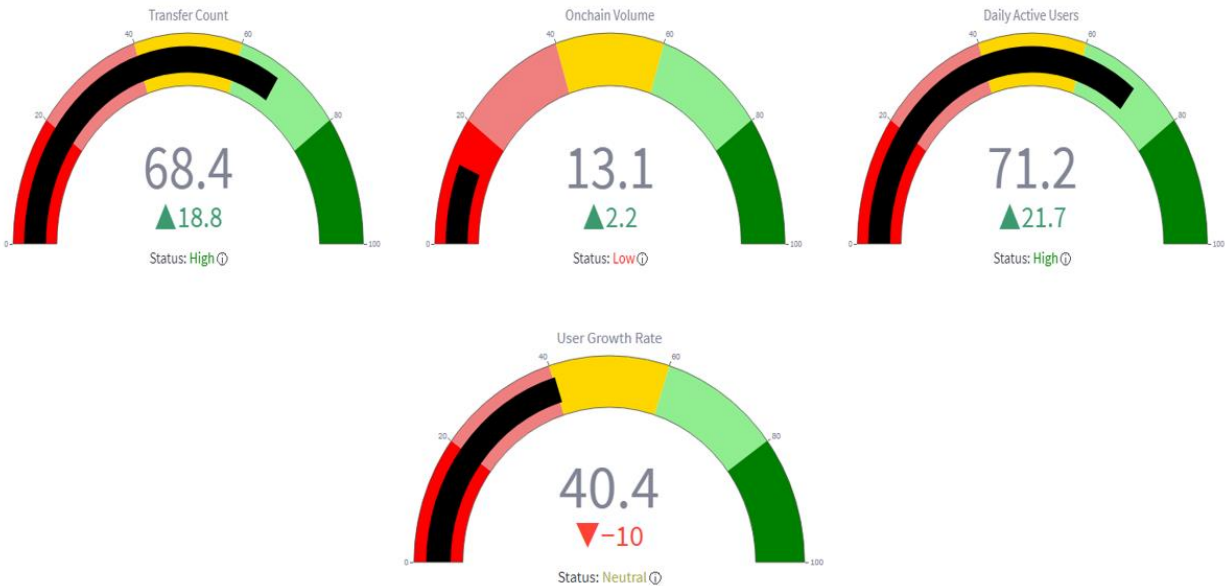
Source: Glassnode.

4. NATURAL GROWTH?

Higher prices have now resulted in 67% of the network now in unrealized profits. However, despite the increasing prices, on-chain volume and newer entrants into the ecosystem are still slow in picking up.



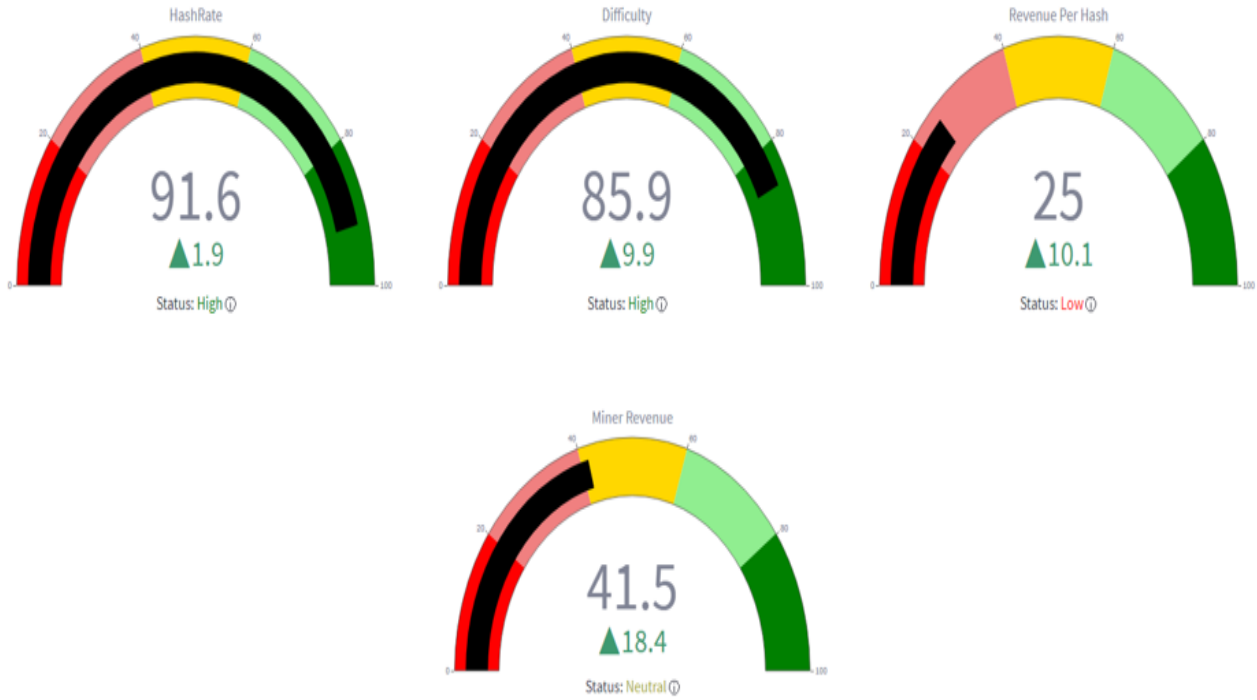
Bitcoin Health



Source: Glassnode, One River Digital Pulse.

5. RELIEF IN THE MINING SECTOR

Higher Bitcoin prices have led to easing conditions in the mining space with rising mining revenue and equity values. But the storm is not quite clear, as revenue-per-hash shows the lasting effects of excess investment.



Source: One River Digital Pulse.

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.

Disclaimer

This communication, including any attachments, is intended only for the use of the addressee and may contain information that is confidential or otherwise protected from disclosure. Any unauthorized use, distribution, modification, forwarding, copying or disclosure is strictly prohibited. If you have received this communication in error, please delete this message, including any attachments, and notify the

sender immediately. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase any security or other financial product or investment and is not intended as investment, tax, or legal advice. Unless otherwise noted, all information is estimated, unaudited and may be subject to revision without notice. Past results are not indicative of future results.

ONERIVERDIGITAL

ASSET MANAGEMENT

w: oneriveram.com | e: info@oneriveram.com

2200 Atlantic Street, Suite 310, Stamford, CT 06902

NFA ID: 0461647 | FINRA: 167835