

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



11 May 2023

One River Digital
Research

Weekly Pulse: Global Playground

Global Playground: Decentralized networks are internet public utilities, open to any paying customer. Their universality makes them a natural home for play. Humans are constantly playing. Take Dogecoin as an example. A dramatic price rise in 2021 brought awareness and participation. Attention dwindled after its price crashed, but not all of it. This week, major networks have adjusted seamlessly to unexpected demand from global play. Gamified meme coins have caused a jump in [transaction demand](#) and gas costs on Ethereum. On the Bitcoin network, the BRC20 experiment has accelerated to a point where its activity has pushed miner rewards to levels last seen during the exuberance of early 2021. Even Litecoin, the “silver” to Bitcoin’s “gold,” is processing historically high throughput because of copycat LRC20 experimentation. Will it last? That’s the wrong question. Focus on the signs from pent-up desire to engage. Activity often produces unexpected rewards, even if they’re invisible in the present.

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 – Experimental Tokens Lead on Ethereum
2. Fundamental Pulse – Neutral
3. Ethereum Gas Cost Surges as Token Transactions Increase
4. Bitcoin Mempool Size and Congestion
5. Miner Revenue from Transaction Fees Goes Parabolic

1. EXPERIMENTAL TOKENS LEAD ON ETHEREUM

Experimental ERC20 tokens, like PEPE, dominate network activity this week. They are essentially collective games, and their “players” are driving gas prices. These are not methodically deployed applications. They are attention-getters that demonstrate activity under the surface. The impact on network usage shouldn’t be ignored.

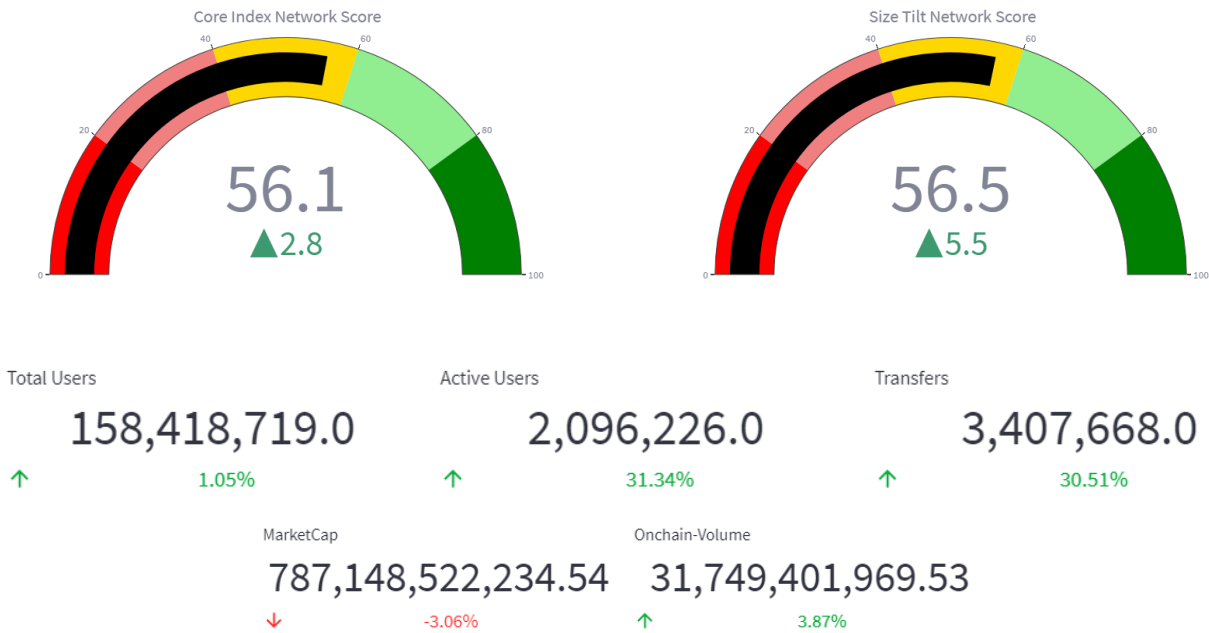
Top Tokens by Txn Count



#	Token Name	Txn Count
1	 Wrapped Ether (WE...	3,182,430
2	 Tether USD (USDT)	800,438
3	 Pepe (PEPE)	353,638
4	 USD Coin (USDC)	297,302
5	 XEN Crypto (XEN)	248,393
6	 Turbo (TURBO)	109,550
7	 CLIPS (CLIPS)	73,899
8	 MongCoin (\$MONG)	66,320
9	 POOH (POOH)	58,407
10	 BOB (BOB)	52,268

Source: Etherscan.

2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



Transfer activity is at one-year highs on Ethereum, Bitcoin, and the Litecoin network. These transfers have been driven primarily by fungible token activity, not just wallet transactions for the native assets.

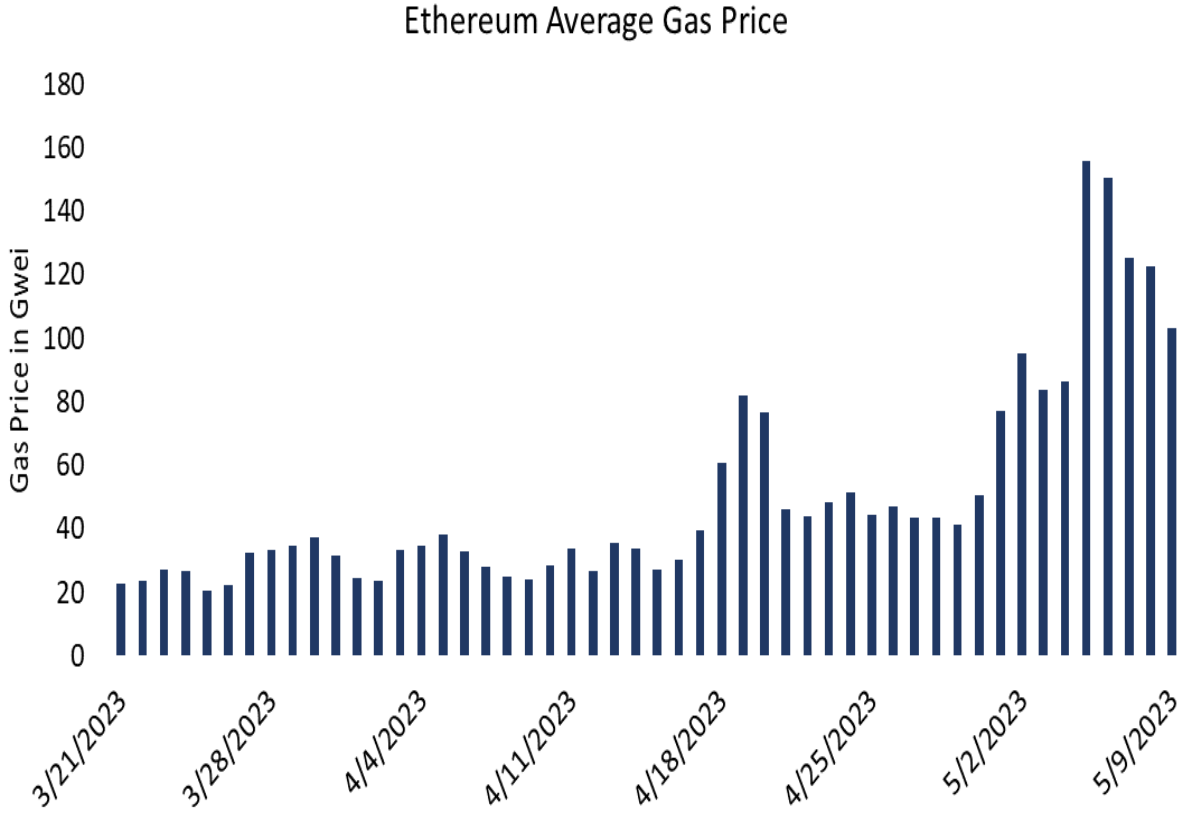
Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Coinbase Core	56	3	2	28	96	16	83	37	38	95
Coinbase Size Tilt	57	5	5	36	88	20	74	45	40	93
Bitcoin	53	-2	-3	16	98	19	93	23	25	100
Ethereum	63	12	14	51	99	7	64	65	68	86
Polygon	31	-3	-19	32	1	1	9	36	34	99
Litecoin	69	24	40	31	100	98	97	59	35	65
Cardano	62	13	9	93	53	24	40	92	36	94

*Snapshot from the One River Digital Pulse on 5/10/2023. 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. Asset Scores are unique, and sensitive to changes in a particular asset. Readers should not compare Asset Scores across assets. See MVIS for more information on the [Coinbase Core Index](#) and [Coinbase Size Tilt Index](#).

3. ETHEREUM GAS COST SURGES AS TOKEN TRANSACTIONS INCREASE

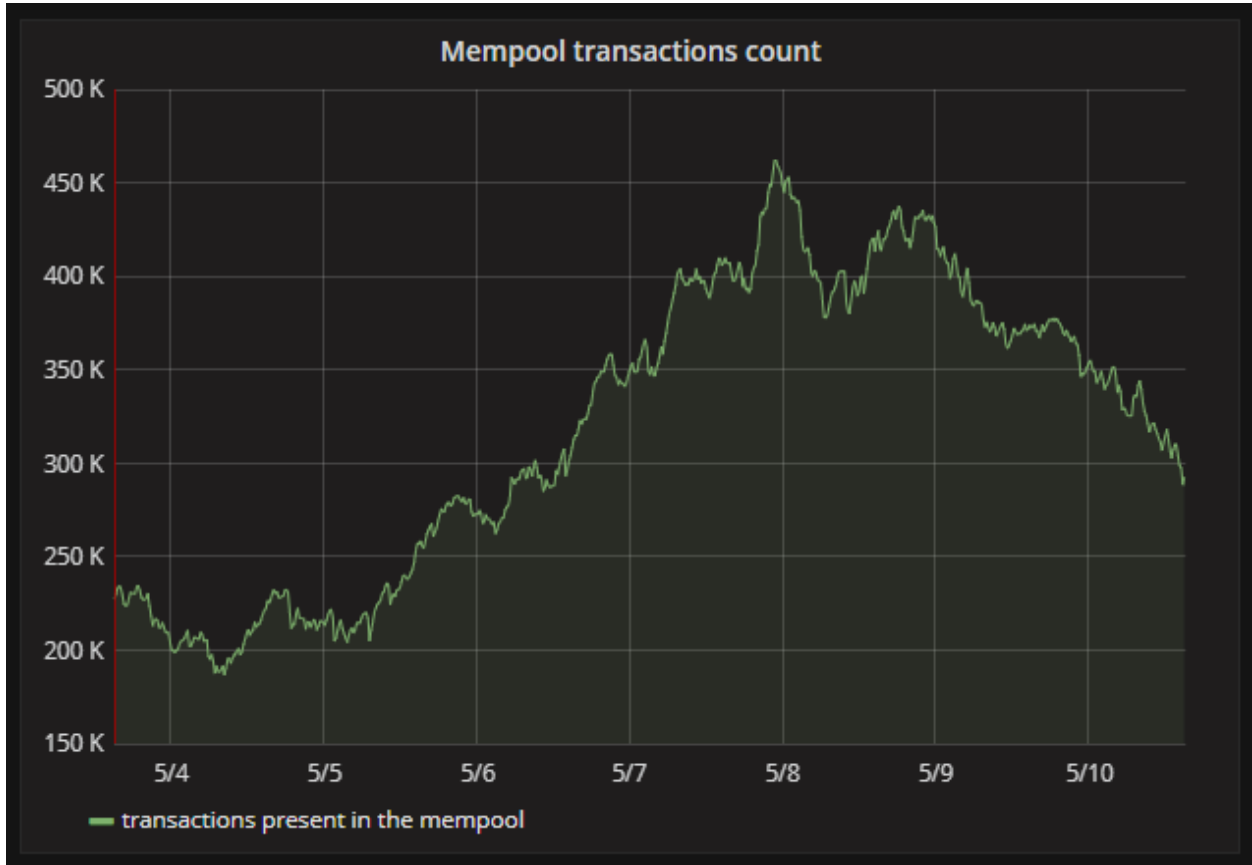
The recent surge in token transactions on Ethereum has caused gas prices to rise over 300% since the beginning of the month, peaking on Friday May 5th.



Source: Etherscan.

4. BITCOIN MEMPOOL SIZE AND CONGESTION

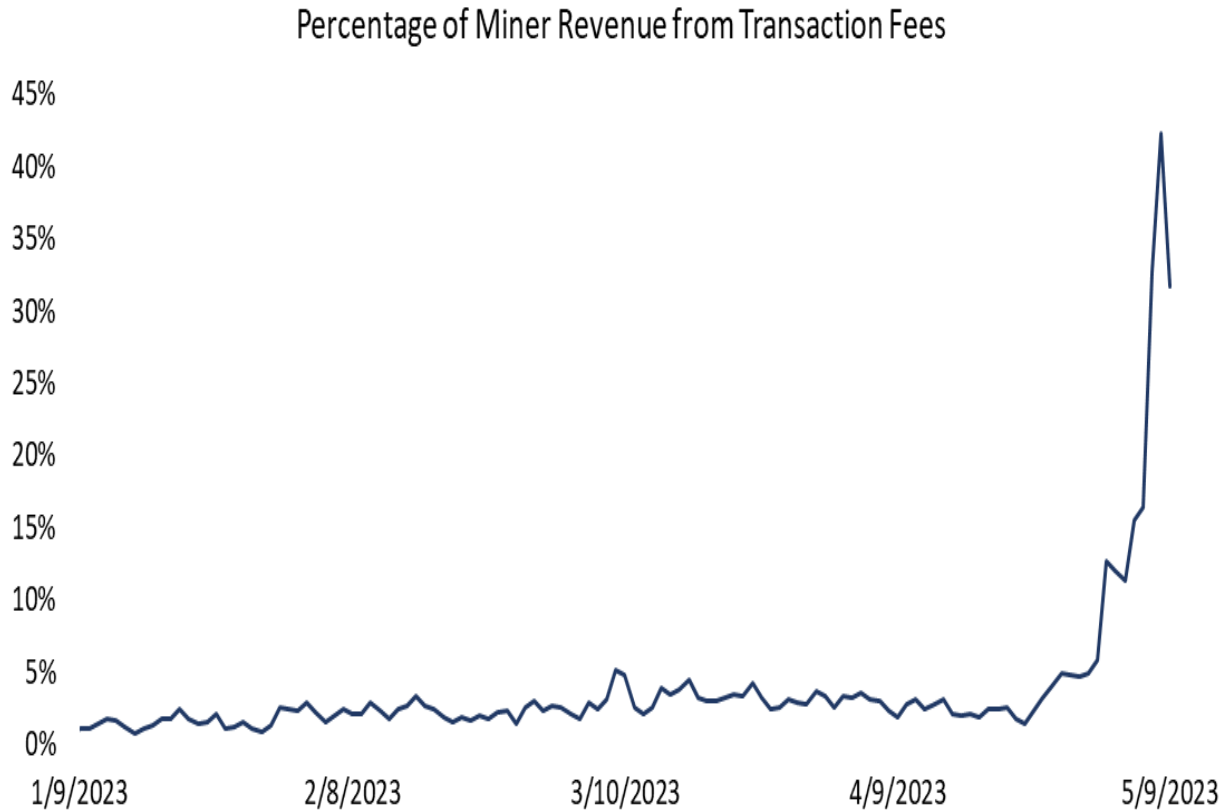
Transactions queued in the Bitcoin mempool, waiting for block inclusion, have doubled over the last week. There were extended wait times for financial transactions. Much of the newly created activity relates to BRC-20 tokens, a fungible token standard that recently emerged on Bitcoin. Bitcoin is being used as a computer, not just financial rails. And demand is high.



Source: txstats.com

5. MINER REVENUE FROM TRANSACTION FEES GOES PARABOLIC

Bitcoin mining revenue from fees has now risen from a year-to-date average of 2.4% at the beginning of May to nearly 42% at the peak on May 8th. There has been a corresponding 20x increase in transaction fees paid for securing the network.



Source: Coin Metrics.

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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