

# 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



6 April 2023

One River Digital  
Research

# Weekly Pulse: Cosmos Playground

Cosmos Playground: Growth of cities was spurred by the industrial revolution. Urban progressives fought for mandatory playground spaces in cities and schools. The initiative was clear: the foundation of societal growth is diverse interactions, socialization, and collaborations. Cosmos Hub is taking the role of playground connector in the digital ecosystem, fusing independent blockchains. The Cosmos Software Development Kit (SDK) and Inter-Blockchain Communication protocol (IBC) are at the center of the network effect. The Cosmos SDK allows independent blockchains to be created while the IBC fosters sharing of data, security, and other resources. This means a newly created blockchain can leverage the security of a more established one. So far, the Cosmos network has expanded to over [\\$61 billion](#) in assets under management with 274 apps and services. Notable blockchains built on Cosmos include [Osmosis](#), [Crypto.org](#), and [Terra](#). (Yes, that Terra and its UST stablecoin.) In its prime, the UST stablecoin held a major share of the liquidity in the Cosmos DeFi ecosystem. And market forces are working to fill the void left by UST's demise. Circle's [partnership](#) with [Noble](#) will bring the first native stablecoin to the Cosmos ecosystem. The move aligns with dYdX's transition to Cosmos, as USDC, Circle's stablecoin, is the collateral used by dYdX exchange. Benefits for dYdX in this transition are evident: improved scalability and greater access to liquidity pools. There are new toys on the Cosmos playground to spur creative exploration. Transformative growth follows.

## 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.

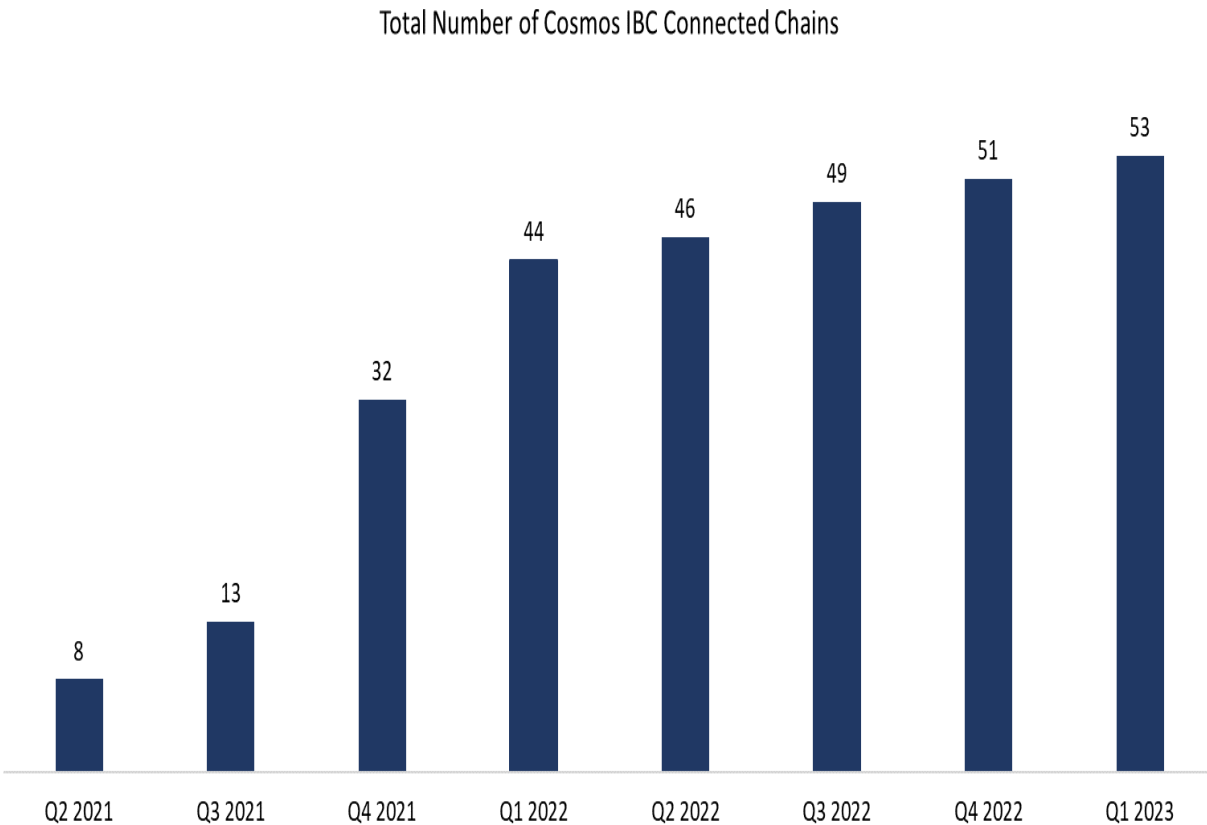
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## WEEKLY BEATS

1. Chart of the Week – Cosmos IBC Expansion
2. Fundamental Pulse – High
3. Cosmos IBC Transactions
4. dYdX and Cosmos
5. Cosmos Ecosystem flourishing but Cosmos ATOM Trailing.

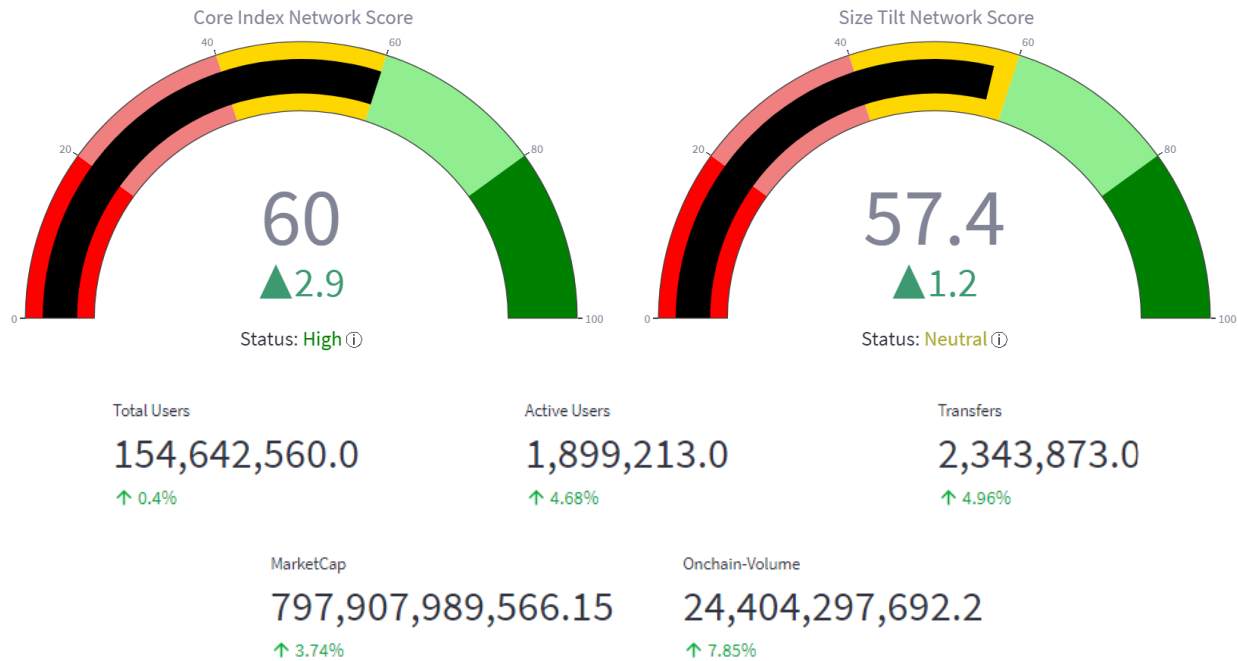
### 1. COSMOS IBC EXPANSION

Independent blockchains in the Cosmos Network are connected by the Inter-Blockchain Communication protocol (IBC). Over the last two years, IBC has established itself as a leading interoperability standard in the blockchain space. The Cosmos IBC roadmap includes expanding the Cosmos ecosystem to include Ethereum, Polygon, and other EVM chains as well as bringing IBC to Bitcoin.



Source: Cosmos Network.

## 2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



A slight change in the fundamentals this week led by Bitcoin. This move has been inspired once again by Ordinals, which have now crossed 900k inscriptions. Bitcoin transactions and active users are now crossing 12-month highs. Are Ordinals positive for Bitcoin over the long term? Check these past reports – [here](#) and [here](#).

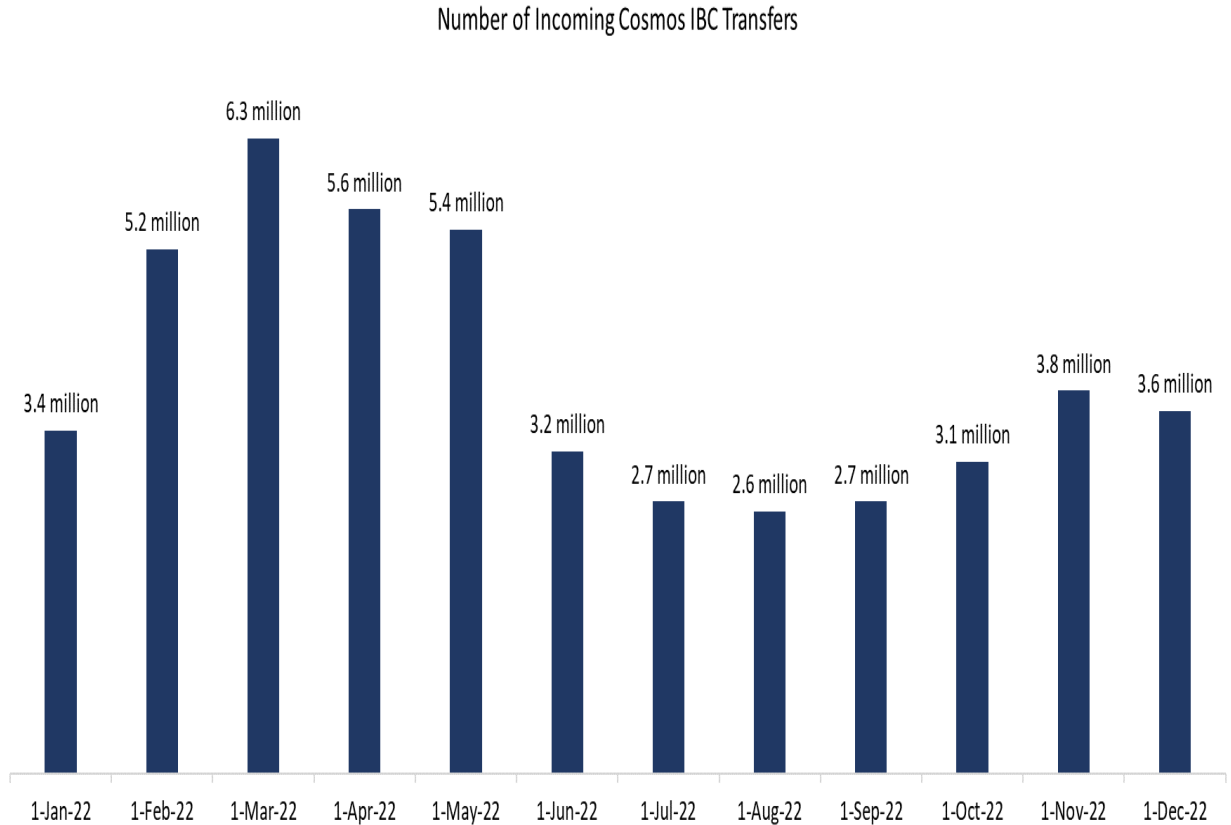
Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Core	60	3	5	26	82	75	54	36	49	94
Size Tilt	57	1	5	31	70	63	51	40	49	91
Bitcoin	61	6	0	21	92	88	52	30	47	100
Ethereum	59	-3	22	36	71	56	63	48	55	82
Cardano	48	-8	-1	31	62	57	36	35	15	99
Polygon	33	-1	-23	13	20	19	41	32	48	59
Litecoin	58	1	-1	83	15	16	34	83	77	100

\*Snapshot from the One River Digital Pulse on 4/5/2023. 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. COSMOS IBC TRANSACTIONS

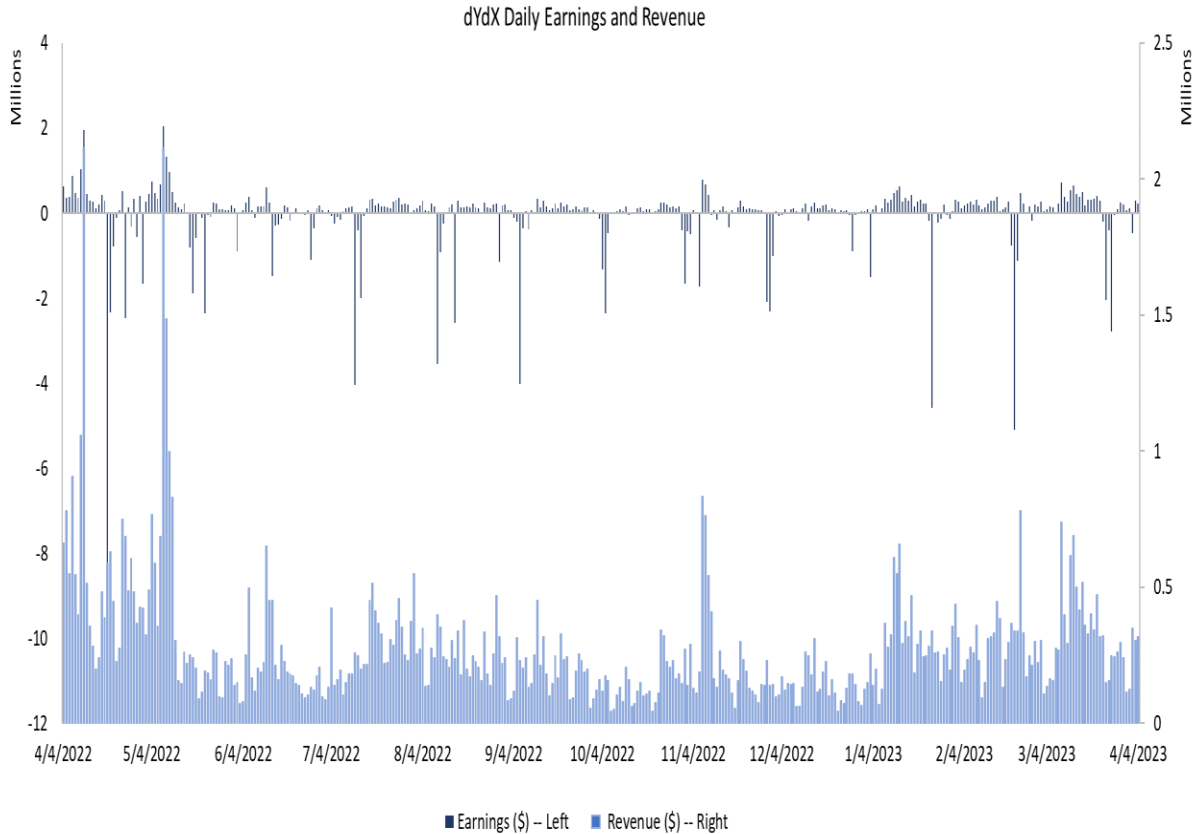
While the Terra LUNA crisis hampered activity between chains in May 2022, activity slowly picked up gradually to close 2022. From January 2022 to February 2023, the Cosmos IBC handled about 52 million transactions with over \$29 billion in transfers. The introduction of native USDC is expected to attract more liquidity and broader growth in the ecosystem.



Source: Cosmos Network.

## 4. DYDX AND COSMOS

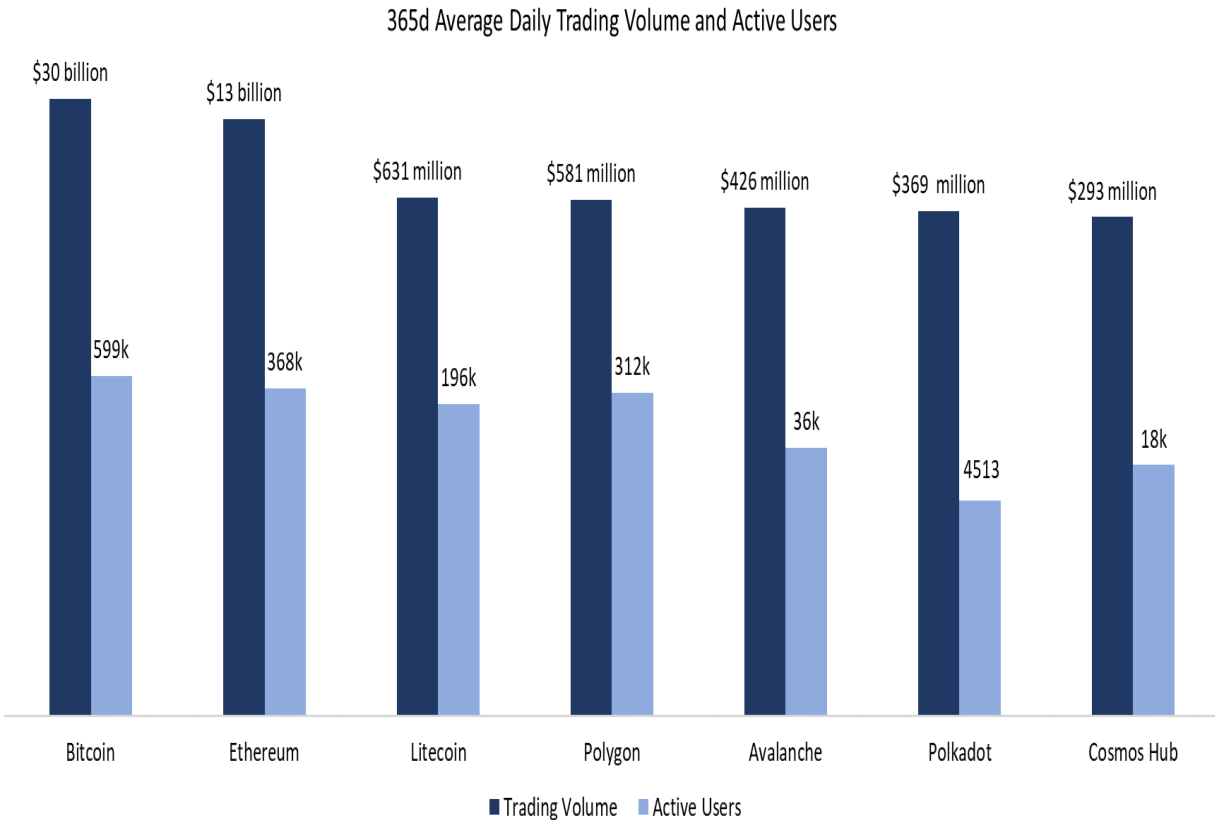
Leading decentralized exchange, dYdX, announced its plans to create its own custom blockchain using the Cosmos Software Development Kit (SDK). By doing so they can integrate custom features that tailor to the needs of a decentralized exchange. One of them is scalability, high speed to run a fully onchain order book and low transaction fees. More [here](#). So far its high Ethereum transaction fees have been a deterrent to traders. The transition is expected to alleviate some of these issues improving earnings over the long run.



Source: Token Terminal. Earnings = Revenue – Token Incentives (Protocol governance tokens distributed to users)

## 5. COSMOS ECOSYSTEM FLOURISHING BUT COSMOS ATOM TRAILING.

Although the Cosmos ecosystem is flourishing, the native Cosmos ATOM token pales in trading volume compared to its direct competitors, like Polkadot and Avalanche. It also lags in active users compared to other One River Digital Index assets. This is because the Cosmos ATOM token is primarily used for staking and in governance participation. The Cosmos network has taken active [steps](#) in developing mechanisms to drive more token utility and increase adoption.



Source: Token Terminal

# 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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