

One River Digital Pulse



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One River Digital
Research

Weekly Pulse – Solana’s Resurgence

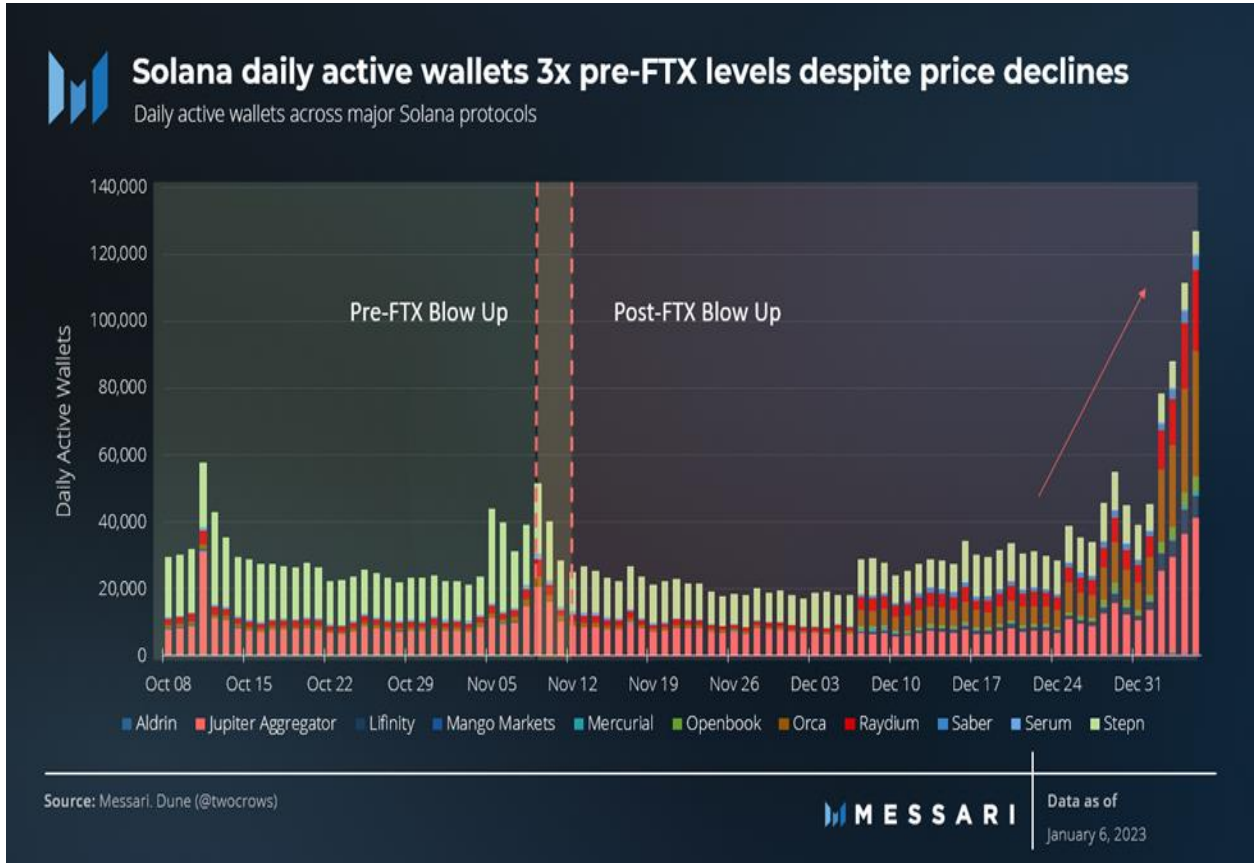
Solana’s Resurgence: Solana ended the year on a weak note. Whereas leading digital assets recovered from the November FTX crash, Solana fell to fresh lows. A new beginning? Solana has surged to two-month highs, led by Vitalik’s [support](#) and an NFT meme-coin [launch](#). The airdrop of the Solana-based, Bonk, served as a reminder of Solana’s potential to support NFT activities, re-igniting community interest. Are we right back to a cycle of excess speculation? Inflows into Solana’s ecosystem are massive, and Bonk token yields went [bonkers](#). But market capitalization is down nearly 90% from a year earlier, even after this resurgence. Recovery is more about Solana fighting for relevance. And broader network fundamentals demonstrate resiliency. Solana continues to have the highest volume of daily transactions. In active users, it trails only the Binance Smart Chain and Ethereum. Network validators remain [strong](#), having recovered to pre-FTX levels, and [installations](#) of development kits are trending higher. Network activity is concentrated in NFT marketplaces, with [Magic Eden](#) drawing the most share. Can the NFT market support a stronger valuation of the Solana network? The [announced](#) departure of the top two NFT projects on Magic Eden casts doubt. Solana’s future may lie in innovative, decentralized infrastructure. For now, the Solana mobile phone and integrations with the decentralized wireless network, [Helium](#), are the highest-profile applications. Use cases will be the differentiator for blockchains coming out of this bear market. Solana’s resilience keeps it alive to play a role in that trend.

WEEKLY BEATS

1. Chart of the Week – Solana Users’ Resurgence
2. Fundamental Pulse – Neutral
3. Solana Public Development Activity
4. Solana Lead in Daily Transactions
5. Solana NFT Activity

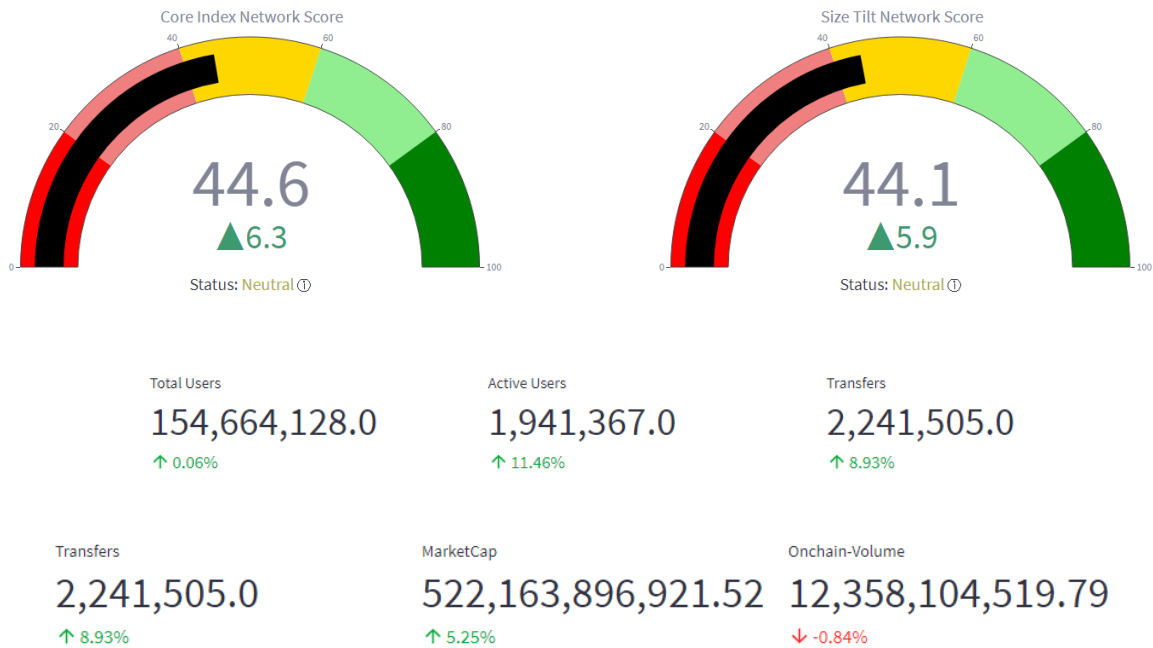
1. SOLANA USERS’ RESURGENCE

Recent activity involving the Solana-based meme coin has injected fresh liquidity into the ecosystem. While the sustainability of these volumes remains in question, data indicate user activity has remained stable, even trending higher post-FTX.



Source: Messari.

2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



Pulse Network values have recovered from the holiday slump, returning to neutral levels. Ethereum leads this charge, with NFTs taking the bulk of [transaction fees](#) compared to other transaction types.

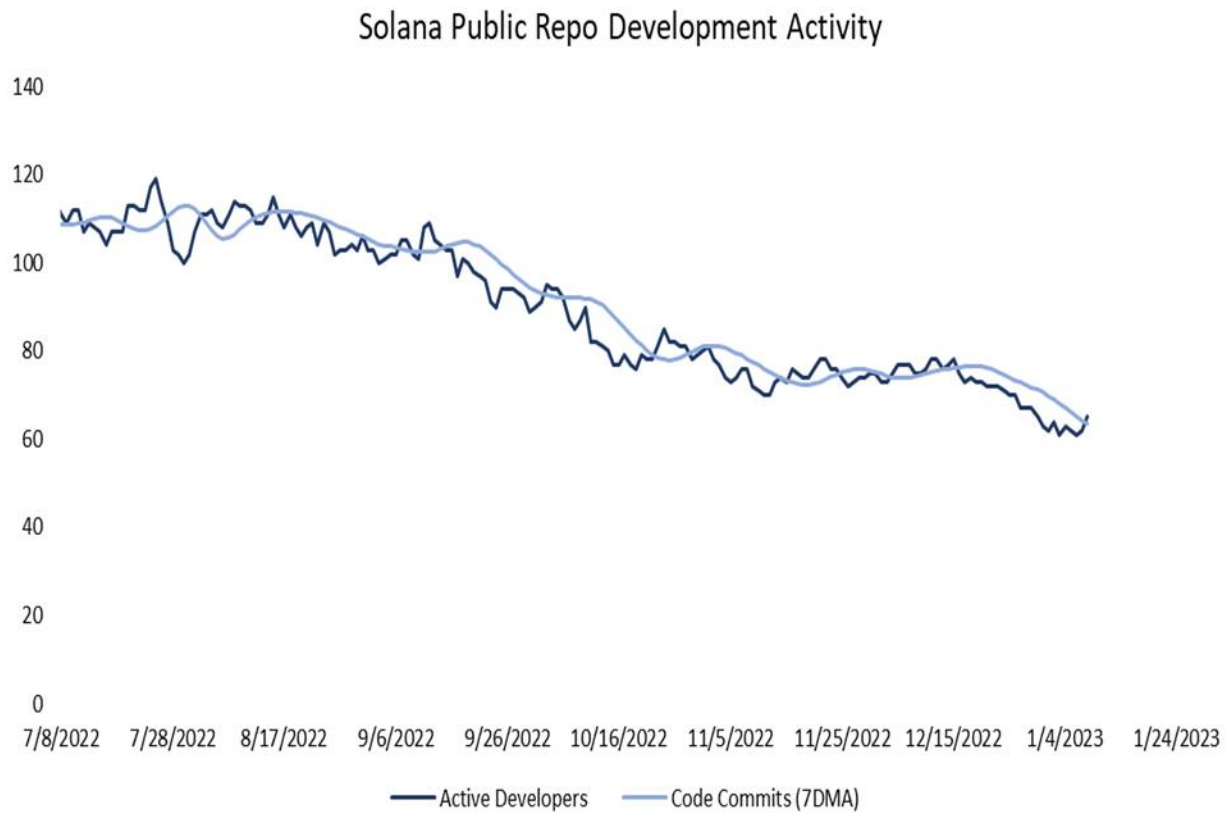
Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Core	45	6	1	16	47	49	39	11	55	95
Size Tilt	44	6	0	19	46	46	36	16	52	93
Bitcoin	48	4	3	10	44	47	51	6	76	100
Ethereum	38	13	-5	25	55	55	16	19	10	85
Cardano	51	3	1	23	44	29	44	14	100	100
Polygon	46	5	1	38	38	51	30	37	27	100
Litecoin	42	-2	-4	8	27	30	27	45	88	67
Stellar	40	2	10	33	46	36	47	14	1	100

*Snapshot on 1/10/2023. 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.

3. SOLANA PUBLIC DEVELOPMENT ACTIVITY

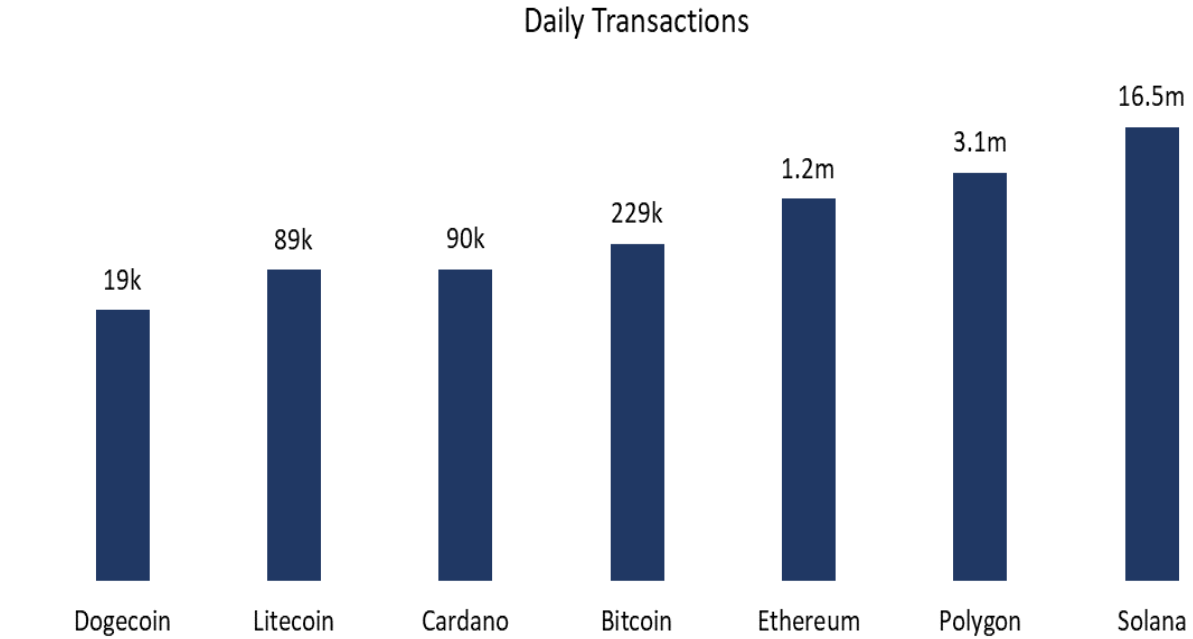
Viewing Solana development activity on public repositories alone ignores much activity happening on Github's private repositories. However, it provides a general sense of the reduced confidence and activity amongst developers on Solana.



Source: Token Terminal.

4. SOLANA'S LEAD IN DAILY TRANSACTIONS

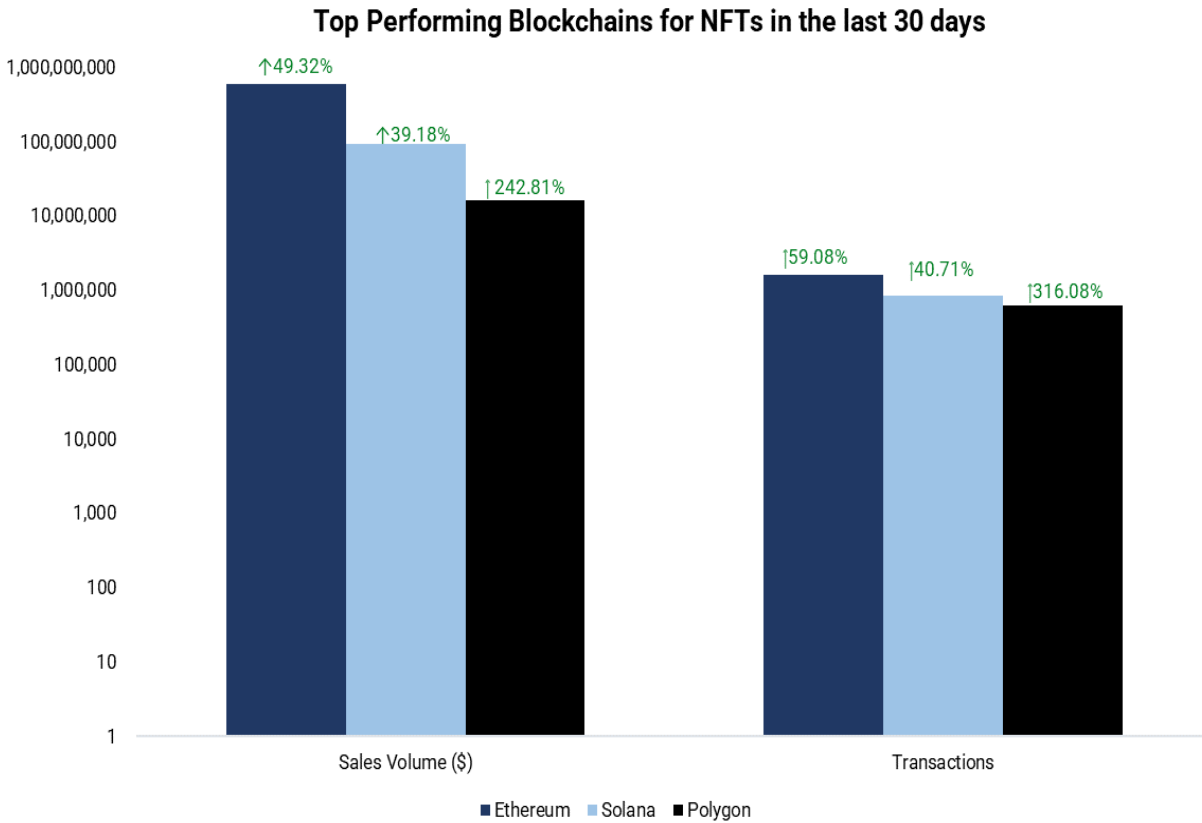
Solana's daily non-voting transactions have now dropped from their pre-FTX average of about 20 million daily transactions. However, Solana still maintains a strong lead over its rival blockchains.



Source: Artemis, CoinMetrics.

5. SOLANA NFT ACTIVITY

NFTs have taken up the majority share of network activity on Solana since the FTX downturn. Despite initial the negative price action on Solana, user activity on NFT marketplace, Magic Eden, has been surprisingly strong in the past month. Solana trails only Ethereum in NFT sales over this period.



Blockchain	Sales Volume (\$)	Transactions
Ethereum	606,838,470	1,629,677
Solana	93,355,031	856,447
Polygon	16,302,202	640,071

Source: Cryptoslam.

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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w: oneriveram.com | e: info@oneriveram.com
2200 Atlantic Street, Suite 310, Stamford, CT 06902
NFA ID: 0461647 | FINRA: 167835