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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



1 June 2023

One River Digital
Research

Weekly Pulse: Slowly and Steady

Slow and steady: A time-tested strategy and Cardano's mantra. But coming from behind to win is unlikely unless you can accelerate. Cardano is now visible in the DeFi race. Our Digital Pulse signals on-chain volume at its peak for the year, with total value locked also at yearly highs. In contrast, the broader digital ecosystem continues to struggle with liquidity – thinner order-book depth mirrors a broader market tightening. Yields across most DeFi protocols for digital assets have dropped consistently below off-chain assets. However, a few outliers still serve the need for speed of aggressive traders. Cardano's SNEK memecoin is reportedly offering ~200% APR and is driving activity on the Minswap DEX, one of a few applications accelerating network activity. It's welcome news to a Cardano DeFi ecosystem that has, so far, materially trailed its rivals with only 38 dApps and less than 0.1% of total value locked in DeFi across blockchains. Recent forward motion is the long-awaited proof of concept for developers and users alike. Yet, the price of Cardano's native asset has lagged in the past month, demonstrating that investors are scrutinizing the value of digital assets. Patience is a path forward – a hallmark trait of Cardano. But this emerging ecosystem and its native asset must accelerate to stay in this fiercely competitive race.

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.

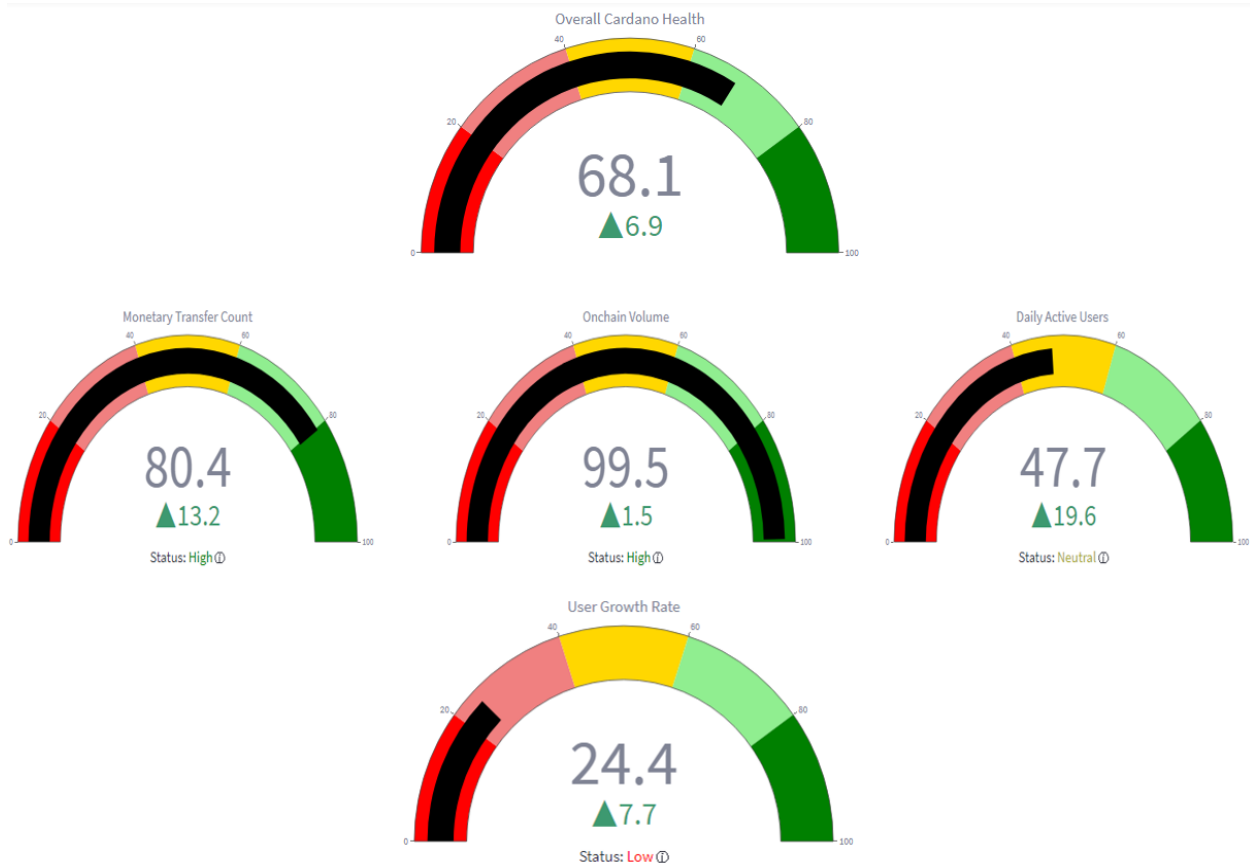
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WEEKLY BEATS

1. Chart of the Week – Cardano’s Surge in Network Activity
2. Fundamental Pulse – Neutral
3. Cardano’s DeFi Growth
4. Cardano in Comparison to Competitors
5. Cardano Development Activity

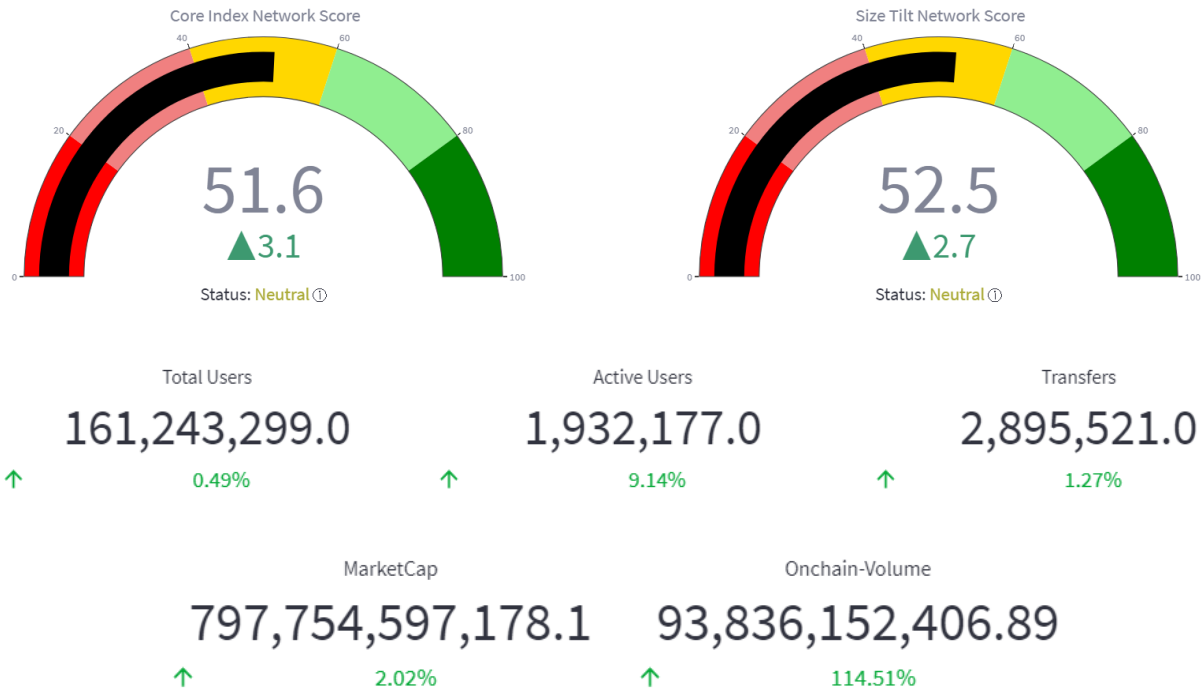
1. CARDANO’S SURGE IN NETWORK ACTIVITY

Because of a recent surge in memecoin transactions and bustling trade on the Minswap exchange platform, there has been a powerful uptick in the Cardano network over the past week. Seasoned Cardano wallets are driving most of the trading activity. The network has yet to witness large-scale participation from new users, a key metric to watch for.



Source: Coinbase Asset Management Pulse.

2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



The month of May ended with improvements seen in onchain liquidity, active users, and transfers for most assets. Second to Litecoin, Cardano demonstrated the most individual network growth over the past month achieving an 18-point gain.

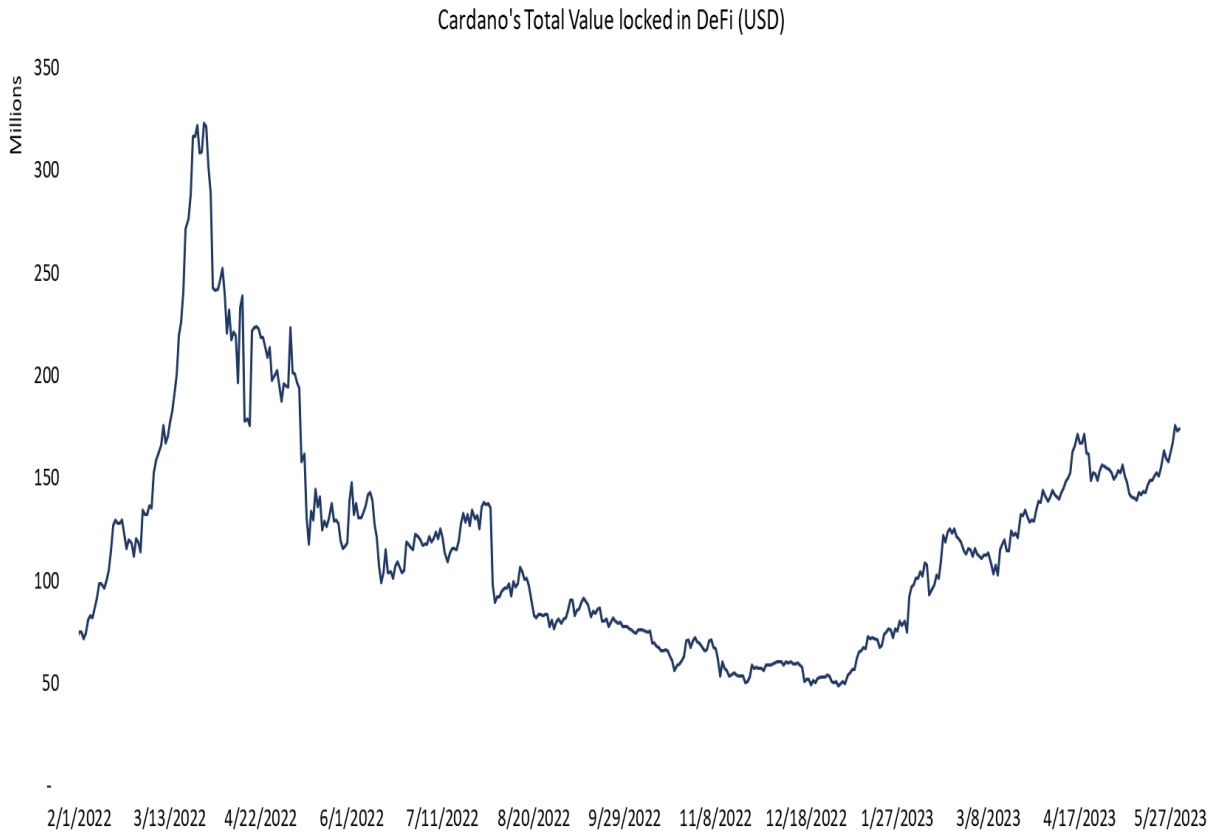
Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Coinbase Core	52	3	-1	27	90	37	52	33	32	91
Coinbase Size Tilt	53	3	2	35	84	37	47	42	35	89
Bitcoin	51	5	-3	21	94	45	61	25	16	99
Ethereum	51	-3	1	34	86	16	33	46	72	72
Polygon	26	0	-6	25	7	5	10	26	12	97
Litecoin	72	5	35	56	95	93	74	81	26	82
Cardano	68	7	18	100	80	48	24	99	27	98

*Snapshot from the One River Digital Pulse on 5/31/2023. 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. Due to incomplete data coverage, index scores exclude Solana. 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. CARDANO'S DEFI GROWTH

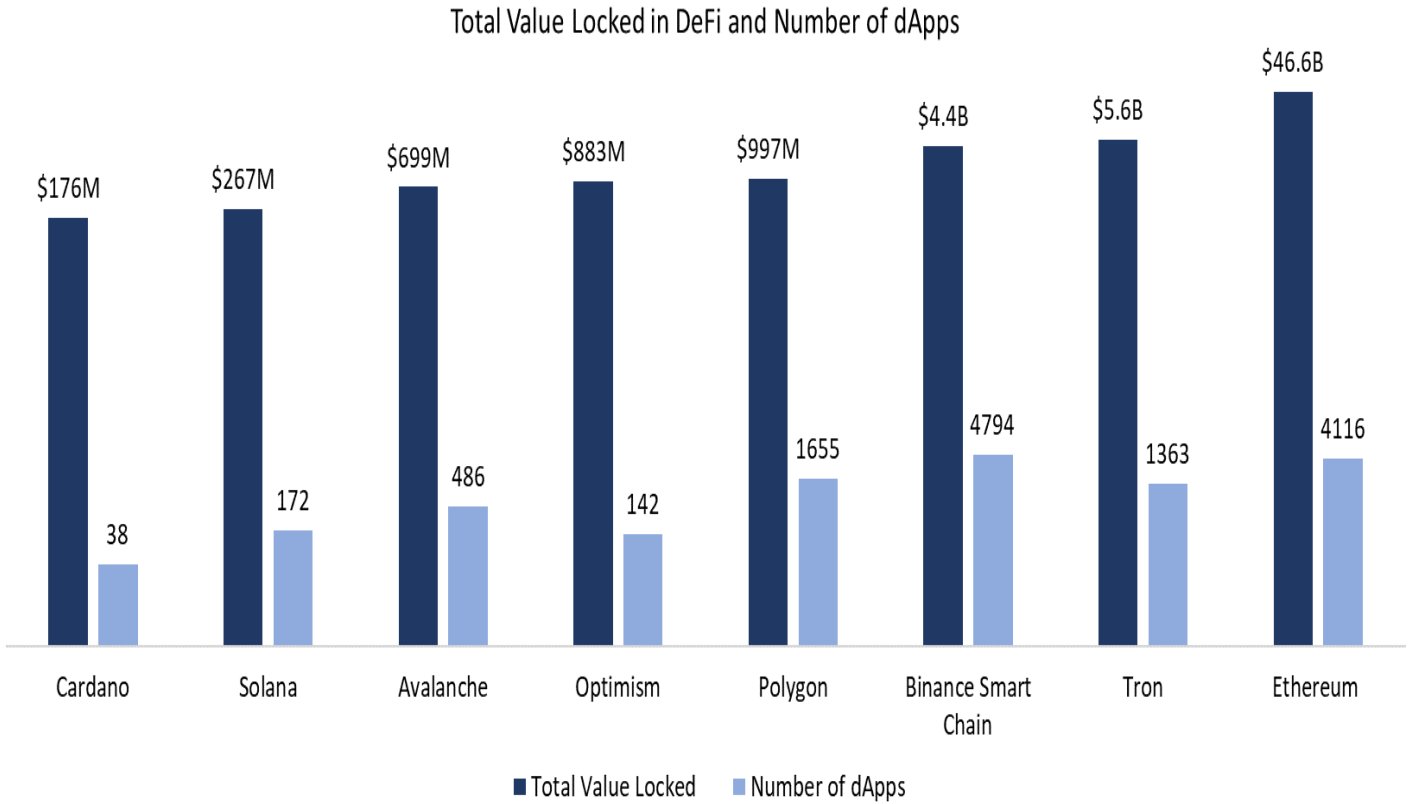
Cardano's Defi total value locked has slowly risen to its highest value for the past year. This rise coincided with the introduction of native stablecoins, which enhanced liquidity, and the increasing adoption of the Minswap decentralized exchange. Notably, the liquidity pools for meme coins have offered remarkable yields, attracting speculative trading.



Source: DefiLlama.

4. CARDANO IN COMPARISON TO COMPETITORS

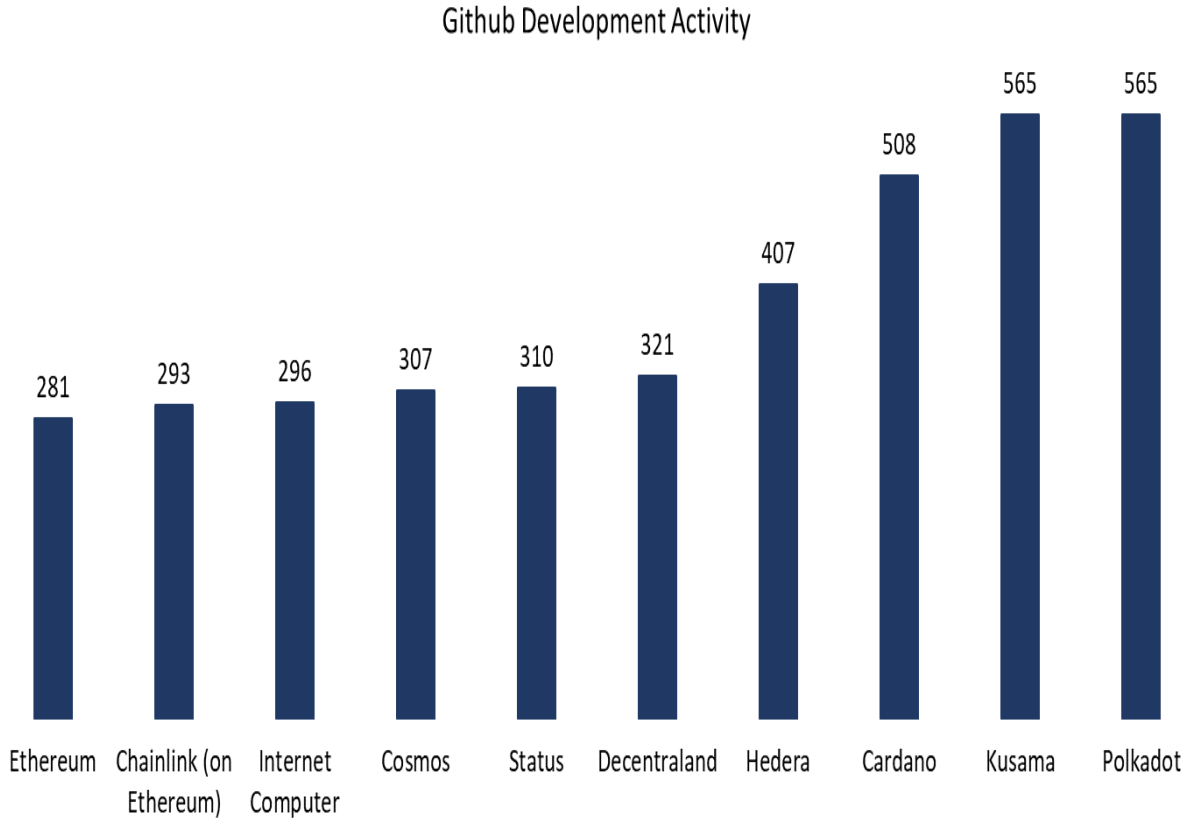
While Cardano’s recent numbers are impressive, they pale in comparison to the broader DeFi ecosystem, representing a minute portion of total DeFi. Enhancing Cardano’s presence in DeFi requires addressing challenges such as scalability, user experience and smart contract functionality.



Source: DefiLlama. Dappradar. As of May 31,2023.

5. CARDANO DEVELOPMENT ACTIVITY

Cardano is known for a conservative approach to development, prioritizing careful deliberation before releasing updates. The Hydra Layer 2 solution is a recent enhancement to scalability that has fostered greater dApp development on Cardano. If Cardano continues to surprise on [public development activity](#), investors will monitor the chain's progress more closely.



Source: Santiment. [Development Activity Index](#) calculated by Santiment as of May 31, 2023.

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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