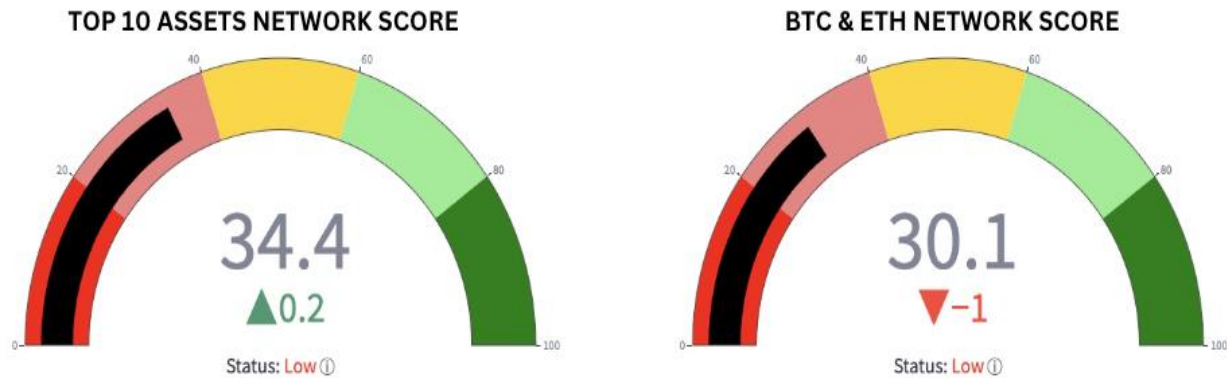


Digital Pulse Report: Predictability Wins... (for now)

FUNDAMENTAL PULSE – WEEKLY NETWORK PERFORMANCE



WEEKLY NETWORK PERFORMANCE OF THE TOP 10 ASSETS

TOTAL USERS	ACTIVE USERS	TRANSFERS	MARKET CAP	ONCHAIN VOLUME
210,841,178.0 ↑ 0.22%	1,870,868.0 ↑ 1.51%	2,521,066.0 ↑ 5.29%	847,063,566,477.57 ↑ 2.32%	22,672,025,495.37 ↓ -13.22%

Bitcoin and Ethereum's network activity dipped, lowering their Pulse scores last month. However, low coin velocity suggests a preference for holding rather than frequent trading.

ASSETS	ASSET SCORE	7D CHANGE	30D CHANGE	VOLUME	TRANSFERS	ACTIVE USERS	USER GROWTH	VALUATION	NETWORK DISTRIBUTION	VELOCITY
Top 10 Assets	34	0	-8	31	34	30	29	38	68	10
BTC & ETH	30	-1	-13	28	29	35	27	40	50	4
Bitcoin	37	2	-18	24	21	30	43	46	93	0
Ethereum	23	-4	-9	32	37	39	10	33	6	7
Ripple	36	6	6	39	48	5	18	41	100	1
Dogecoin	35	-2	3	35	41	14	27	30	99	0
Cardano	46	-3	3	37	34	9	15	30	99	100
Polygon	23	-2	-3	19	27	22	15	18	63	1
Litecoin	36	4	3	74	21	16	39	11	95	0
Bitcoin Cash	34	-3	-9	15	57	58	68	36	1	0
Chainlink	62	-1	9	62	53	50	37	67	73	89
Stellar	50	5	-2	21	88	79	30	25	100	10

*Snapshot from the Coinbase Asset Management Pulse on 10/18/2023. Pulse Report includes the top ten assets by market capitalization. More than 70 assets and risk management tools are available for demonstration on request.

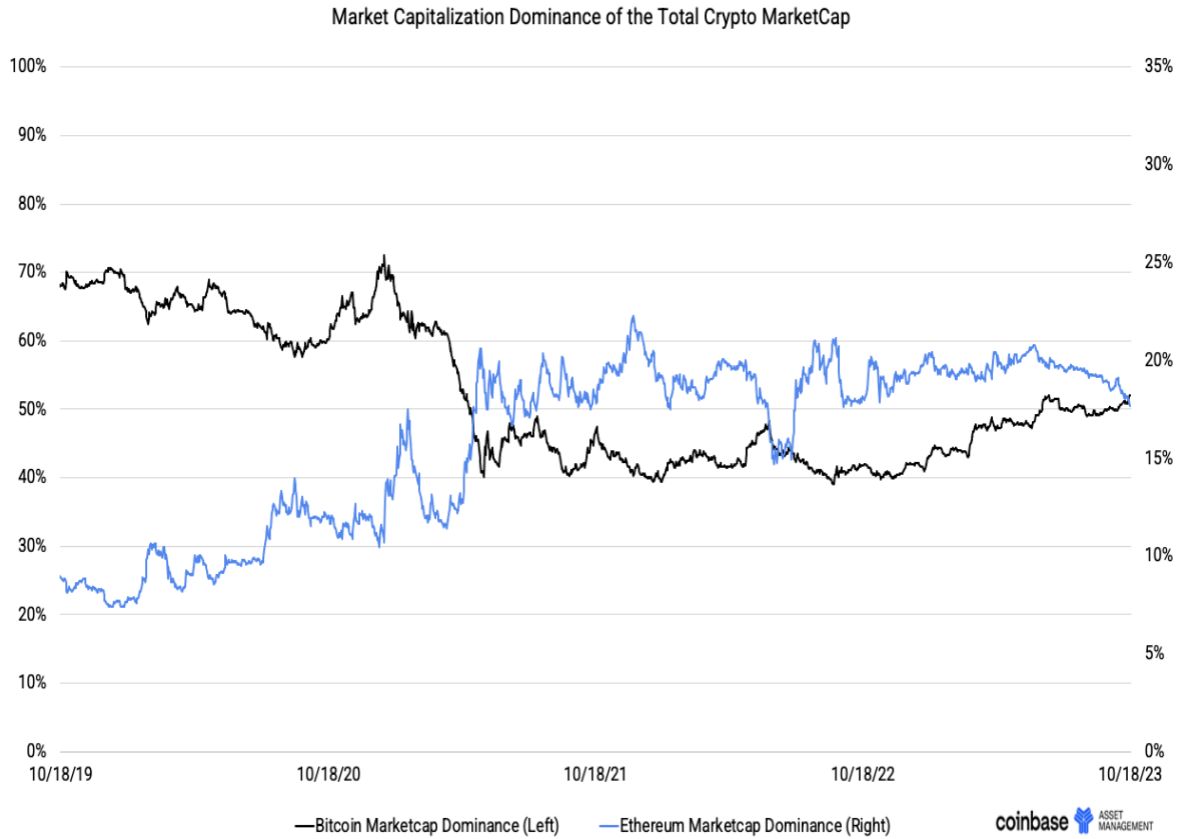
Notes: The Scores are 12-month trailing percentile values. Changes on the gauge chart represent the seven-day change. "Top 10 Assets" are size-tilt weighted, the square root of market capitalization. "BTC & ETH" are equally weighted. High > 60, Neutral 40 to 60, Low < 40. A score of 41.8 means the score is better than 41.8% of its values in the past 365 days. Asset Scores are unique and sensitive to changes in a particular asset. Readers should not compare Asset Scores across assets.

Please see metric descriptions endnotes for details.

Predictability Wins...for now: Cyclical dynamics in markets are like a dance, guided by response and rhythm. Mastering cyclical patterns brings a sense of order. And when capital excesses are stripped, orthodoxy takes center stage. In cryptocurrency markets, the orthodoxy is aided by Bitcoin's fixed supply schedule. In contrast, Ethereum, Bitcoin's closest competitor, operates differently in its economic design. Ethereum has a supply schedule that adjusts to demand. Supply declines when transaction fees rise from increased demand. What happens when demand is stale? Supply is stronger, and Ether prices struggle, like now. The decrease in meme coin activity within the Ethereum ecosystem and the diversion of activity to Layer 2 solutions have elevated ether supply. Ethereum dominance has waned in the past months, making way for Bitcoin to rise to its highest market in 2 years. Yet, both assets share a common investment trend – a shift towards longer-term holders and away from shorter-term traders. Investors in both assets are sending signals of where they see value in the two assets – Bitcoin as a store of value, Ethereum as the infrastructural bedrock for flexible smart contracts. And in economic viability, one relies more on user growth compared to the other. These digital assets are navigating the market's cyclical nature in their own distinct ways. For now, predictability is the order of the day.

BITCOIN DOMINANCE CLIMBS AS ETHER WANES

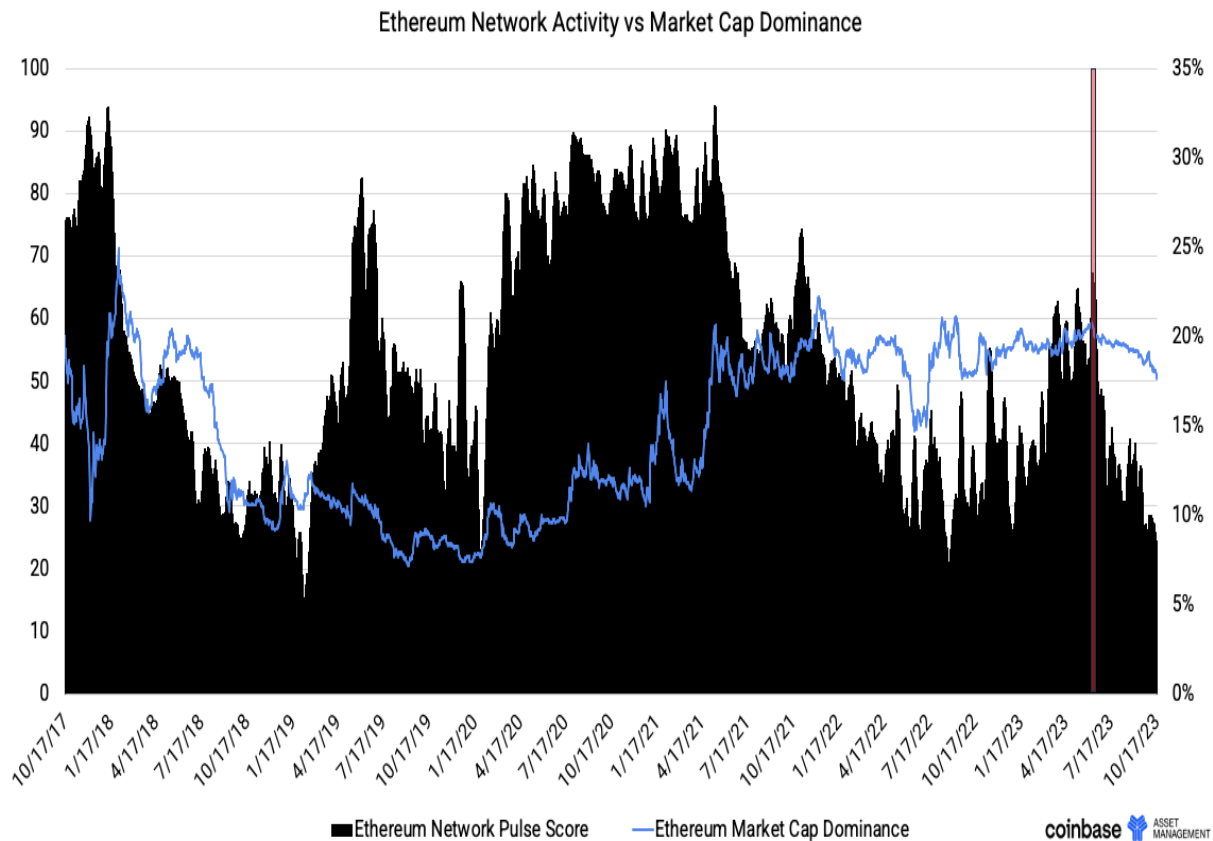
Ethereum's share of crypto market cap has been declining since June while Bitcoin's dominance is on the rise. For Bitcoin, it's the highest level seen since April 2021.



Source: TradingView.

ETHEREUM SUPPLY IMPACT ON VALUATION

Ethereum's supply schedule is dynamic compared to Bitcoin's fixed supply schedule. It is intricately linked to the reduction of supply through transaction fee burning. However, with a decrease in meme coin and NFT activity on the Ethereum network in July, the supply issuance of Ethereum has risen even more. Consequently, this exerted additional downward pressure on Ethereum's price and overall market capitalization.



Source: TradingView. Coinbase Asset Management 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.

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