

CHARTING THE TIDES

2025 Trends: Data-Driven Insights Into the Crypto Market

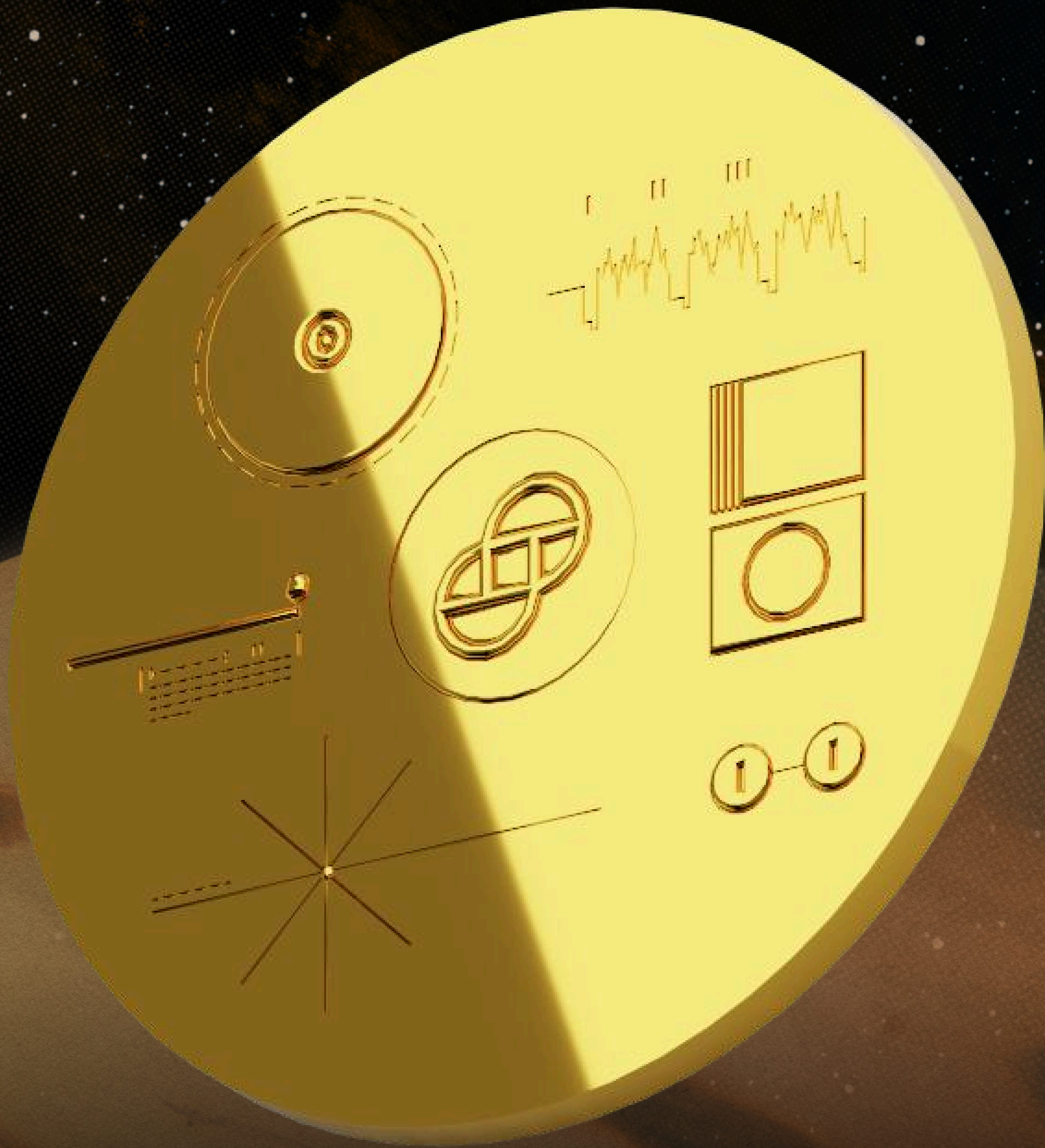


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About

As part of Gemini's mission to offer trusted information for institutional investors, we collaborated with Glassnode, a leading analytics firm, for a comprehensive report on capital flow trends for digital assets. The report offers trading insights on bitcoin, ethereum, and solana, as well as futures momentum, regional breakdowns, ETF flows and more information about institutional and retail participants in the crypto markets.

GEMINI

Gemini is a global crypto platform founded by Cameron and Tyler Winklevoss in 2014. Gemini offers a wide range of crypto products and services for individuals and institutions in over 70 countries. Gemini's simple, reliable, and secure products are built to unlock the next era of financial, creative, and personal freedom.

Gemini Institutional is a compliant, regulated and secure platform serving businesses, professional traders, institutional investors, private wealth, fintechs and banks.

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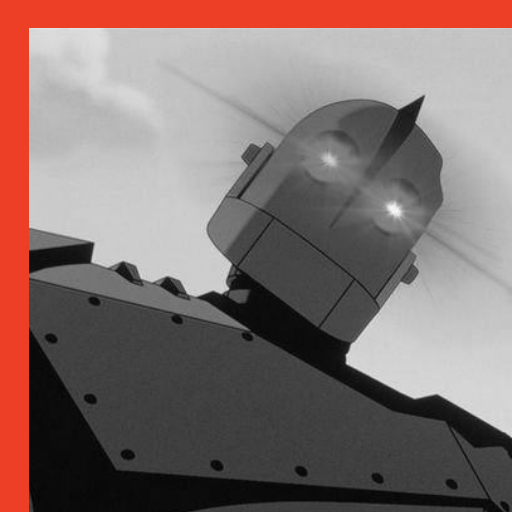
Glassnode is the leading market intelligence provider in the digital asset space, primarily focused on institutions. Glassnode's platform delivers unparalleled on-chain analytics and deep insights into Bitcoin, Ethereum, and selected major digital assets.

Founded in 2017, Glassnode equips institutional investors, hedge funds, banks, and asset managers with near real-time, data-driven intelligence, enabling informed decision-making in a highly dynamic trading environment.

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DEMAND AND CAPITAL FLOW

Demand and Capital Flow

Digital Asset Prices Have Recovered Following 2022 Decline

The major digital assets (BTC, ETH, and SOL) have all experienced a significant rise in capital inflows throughout 2024. Bitcoin continues to receive the largest inflows by size, however, Solana has emerged as one of the fastest growing digital asset ecosystems.

Major Assets: Price Performance Since Cycle Low [Nov2022]

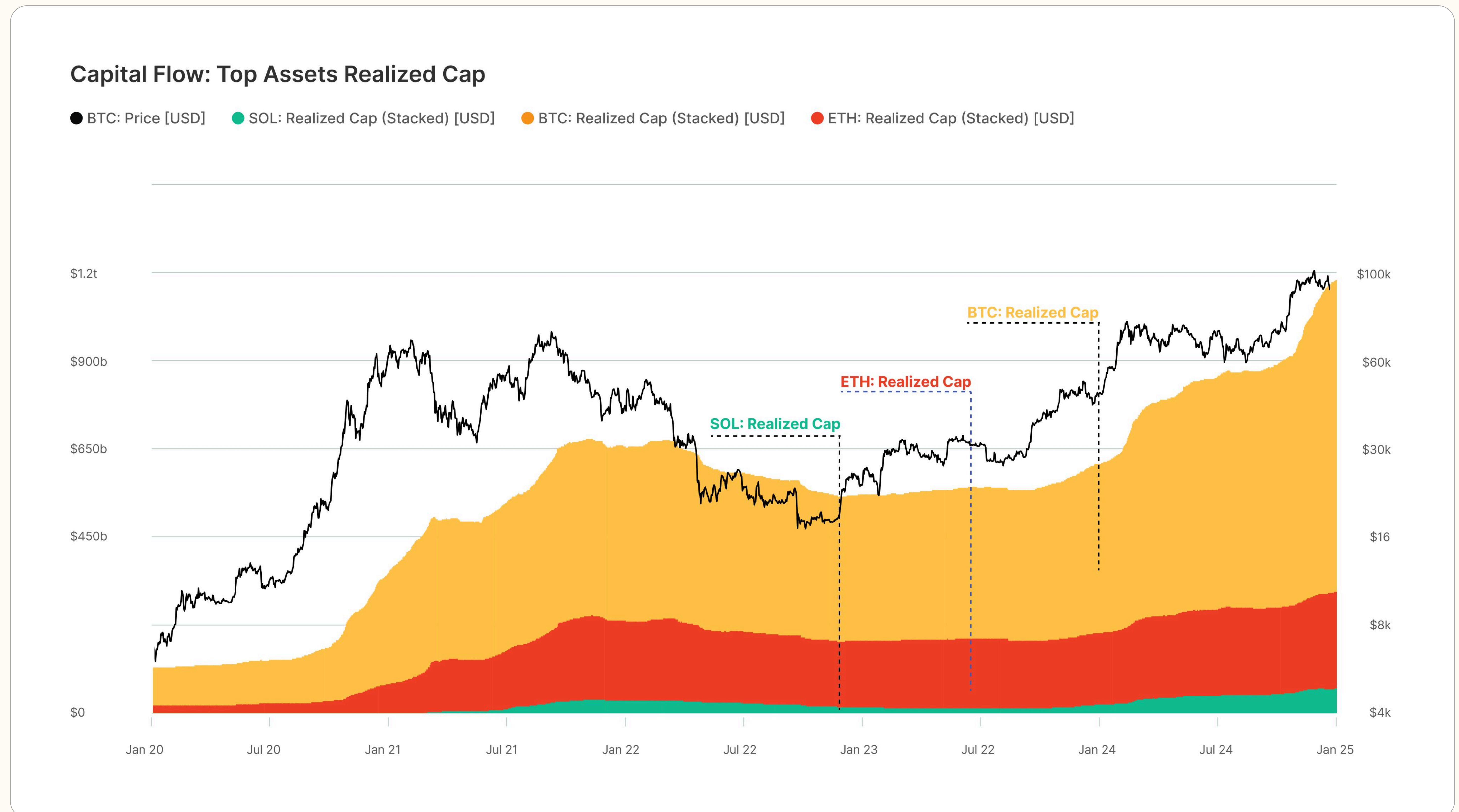
● BTC: Price Performance [Nov 2022] ● ETH: Price Performance [Nov 2022] ● SOL: Price Performance [Nov 2022]



- 2024 saw increased investment activity in the digital asset landscape, attracting the investment attention and capital of both retail and institutional investors.
- Comparing the price performance of the major assets (BTC, ETH and SOL), solana recorded the strongest relative performance, followed by bitcoin and ethereum, respectively.
- Since the cycle low in November 2022, solana outperformed bitcoin and ethereum on 344 out of 727 trading days, highlighting its substantial growth and market demand.

Demand and Capital Flow

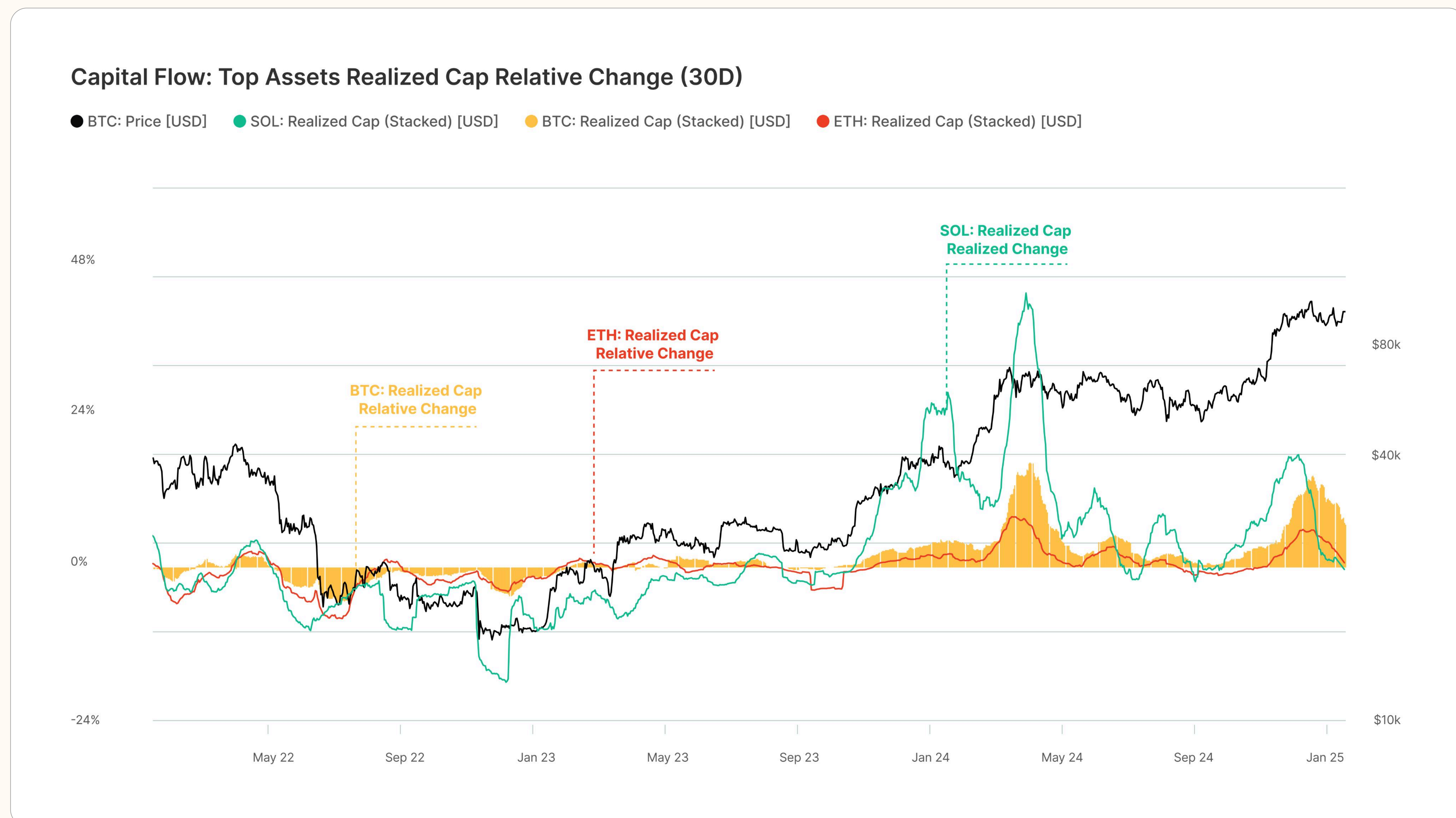
Digital Asset Prices Have Recovered Following 2022 Decline cont'd



- To evaluate the magnitude of capital flow increases across the major assets, we can utilize the realized cap metric, which assesses the cumulative net capital flow since its inception.
- Since January 2023, the summary change in the realized cap for each asset is as follows:
 - Bitcoin's realized cap has grown from \$381B to \$843B (+121%).
 - Ethereum's realized cap has risen from \$176B to \$256B (+45%).
 - Solana experienced the highest relative growth, with its realized cap surging from \$21B to \$83B—a 295% increase.
- Among these assets, bitcoin holds the largest share of the realized capital at 70.6%, followed by ethereum at 22.4%, and solana at 6.9%.
- On an absolute basis, bitcoin has remained the dominant asset, outpacing both ethereum and solana on several occasions.

Demand and Capital Flow

Digital Asset Prices Back on Firm Footing After 2022 Dip cont'd



- By assessing the monthly *relative* change in the realized cap, we can gauge the percentage growth in capital across the major assets.
- Since mid-July 2023, solana's realized cap growth has consistently exceeded bitcoin's and ethereum's on a relative basis, reflecting robust capital inflows alongside its growing proportion of market share and investor attention.

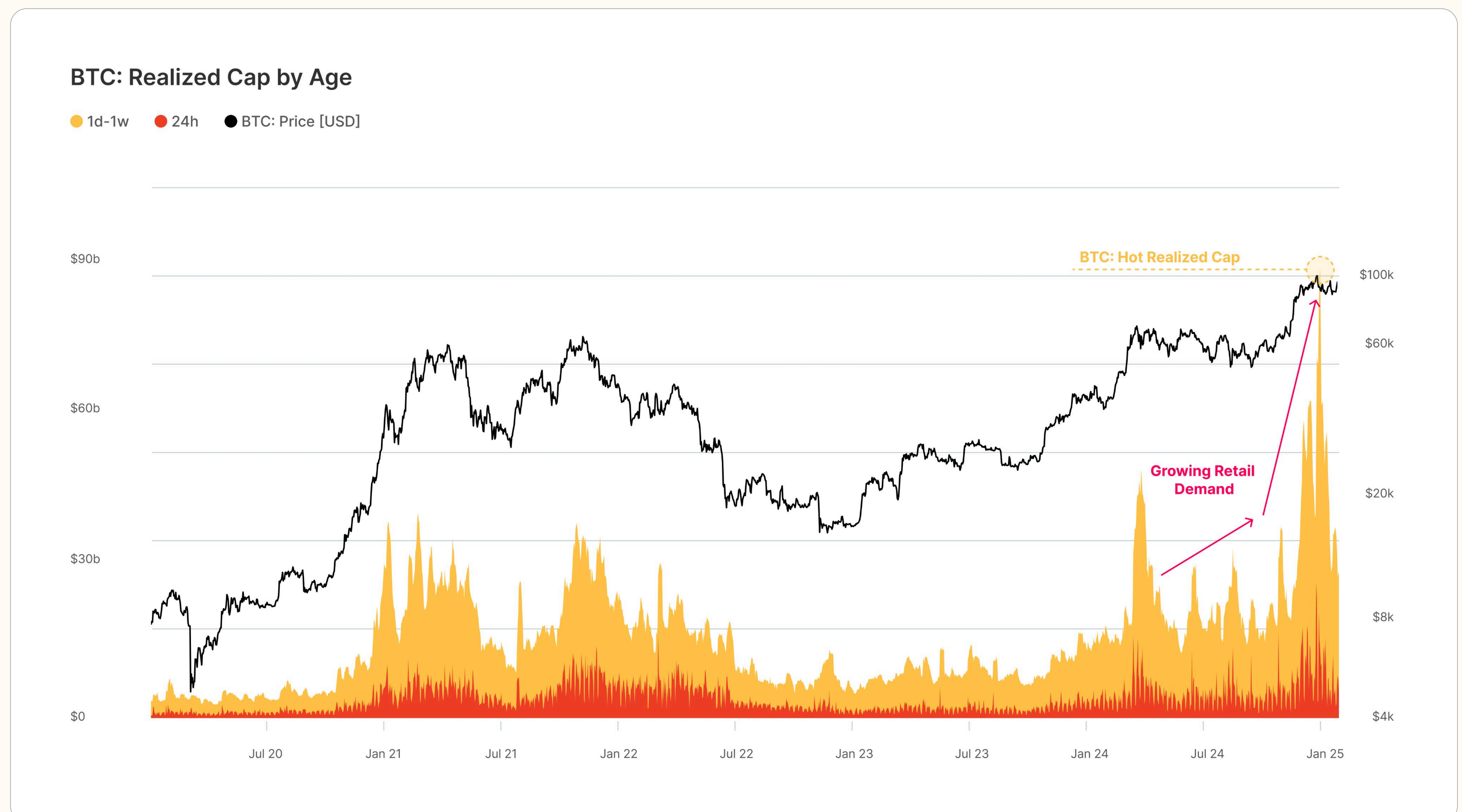


RETAIL ACTIVITY

Retail Activity

Retail Investors Surge Back Across Digital Assets

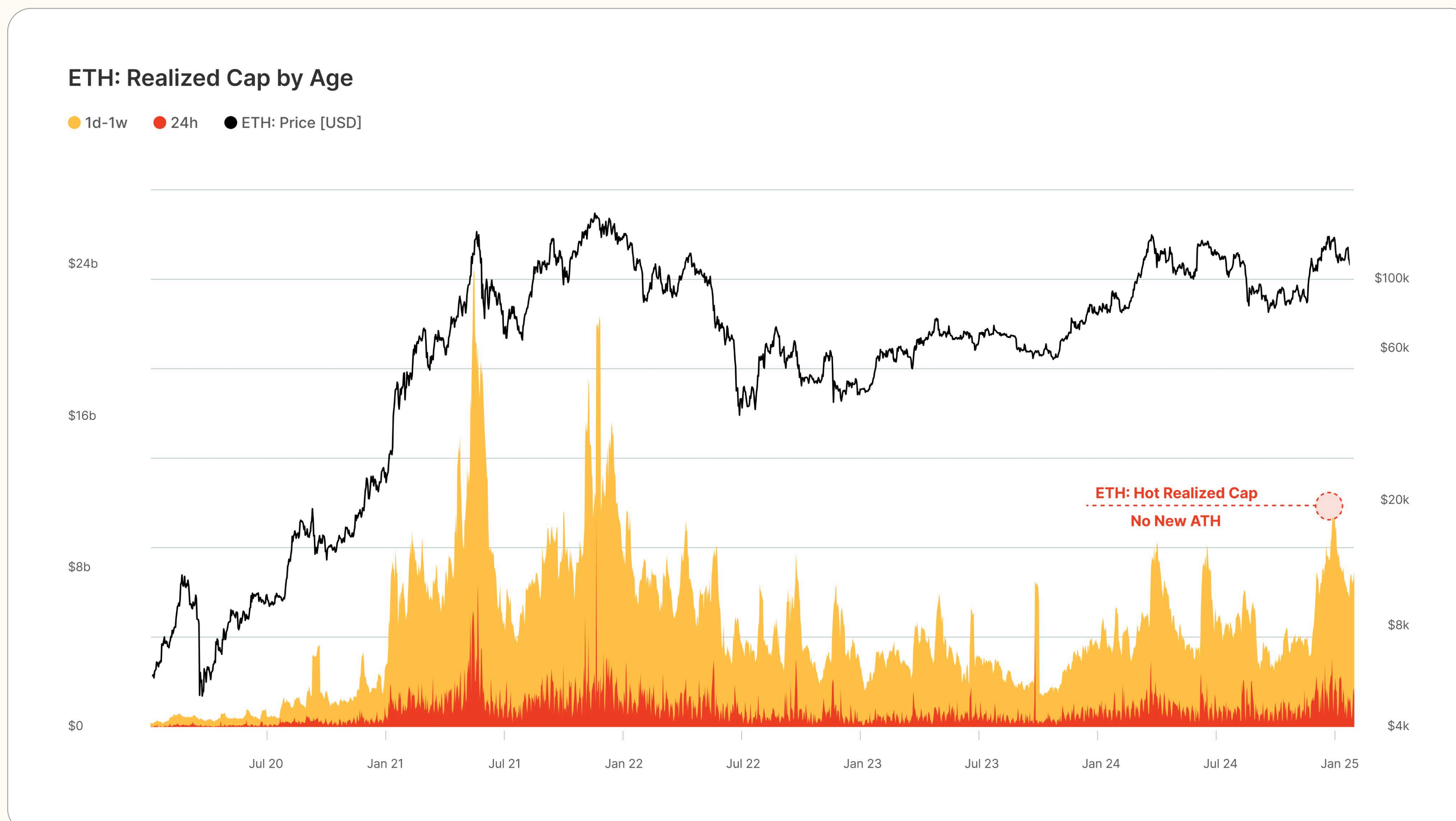
Bull markets are characterized by a gradual transfer of wealth from long-term investors to newer and often more speculative investors. A significant portion of the speculative investors are likely to be retail investors, attracted by the surging price appreciation and the allure of quick returns.



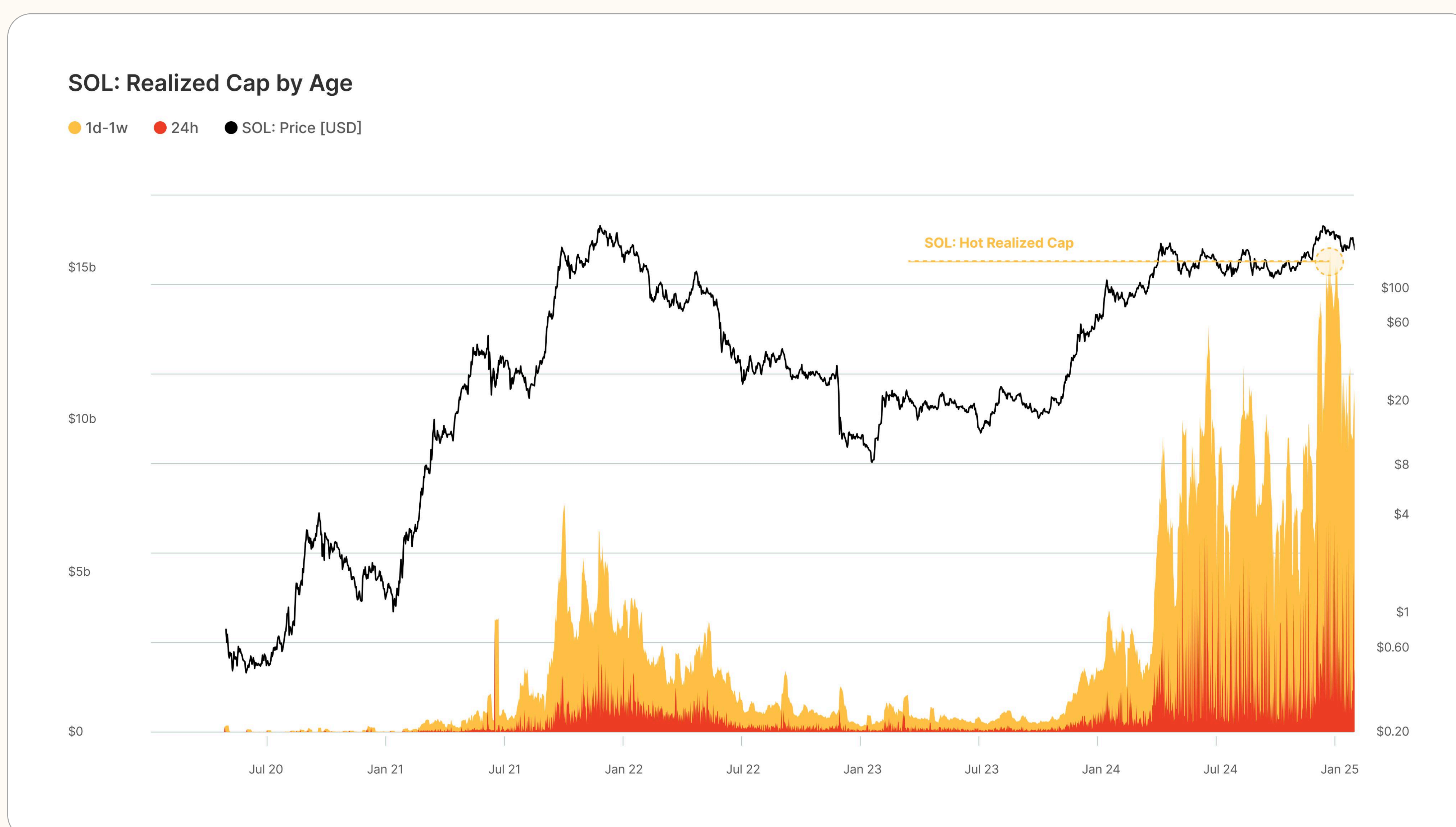
- To assess the influx of new demand, we can isolate the realized cap for coins that have recently changed hands ('hot realized cap'). This metric assesses the capital held by accounts that have been active in the last seven days.
- We can utilize this metric as a proxy to evaluate the current magnitude of new market demand. By this measure, the major digital assets have experienced an uptick in new demand.
- Across the \$100k ATH, new bitcoin investors held \$99.6B of the network's capital, equivalent to 13.7% of the total network wealth. The last cycle peaked at a value of \$45.3B, with a network share of 22.5%. The increase in the hot realized cap suggests both strong market demand and the return of retail investors, while also inferring room for further growth.

Retail Activity

Retail Investors Surge Back Across Digital Assets cont'd



- The ethereum hot realized cap current cycle peak is \$11.6B, equivalent to 4.7% of total network wealth. However, the asset remains well below the all-time high set in May 2021.
- This suggests that Ethereum has lagged both Bitcoin and Solana in attracting attention this cycle, especially amongst speculators and retail investors.

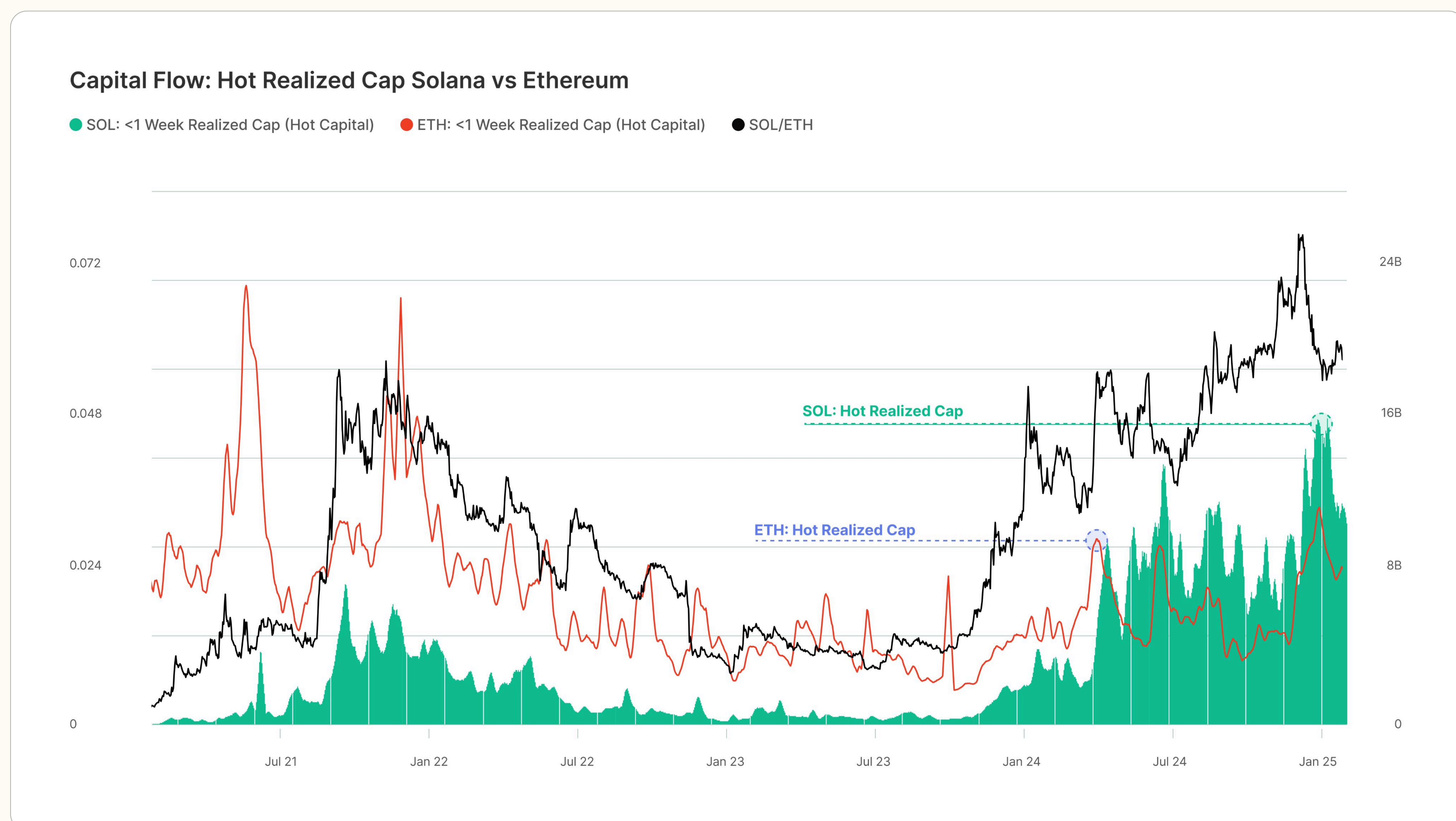


- Moving to Solana, new investor wealth held has currently peaked at a value of \$15.8B, equivalent to 21% of the total capital.
- The large proportion of realized cap held by new demand investors suggests that SOL has been the choice asset amongst market speculators this cycle, acquiring significant capital from retail participants.

Retail Activity

Retail Investors Bet Big On Solana

For the first time in history, Solana has surpassed Ethereum in terms of the capital held by retail investors, providing another metric to showcase its dominance as the choice asset for new investors.

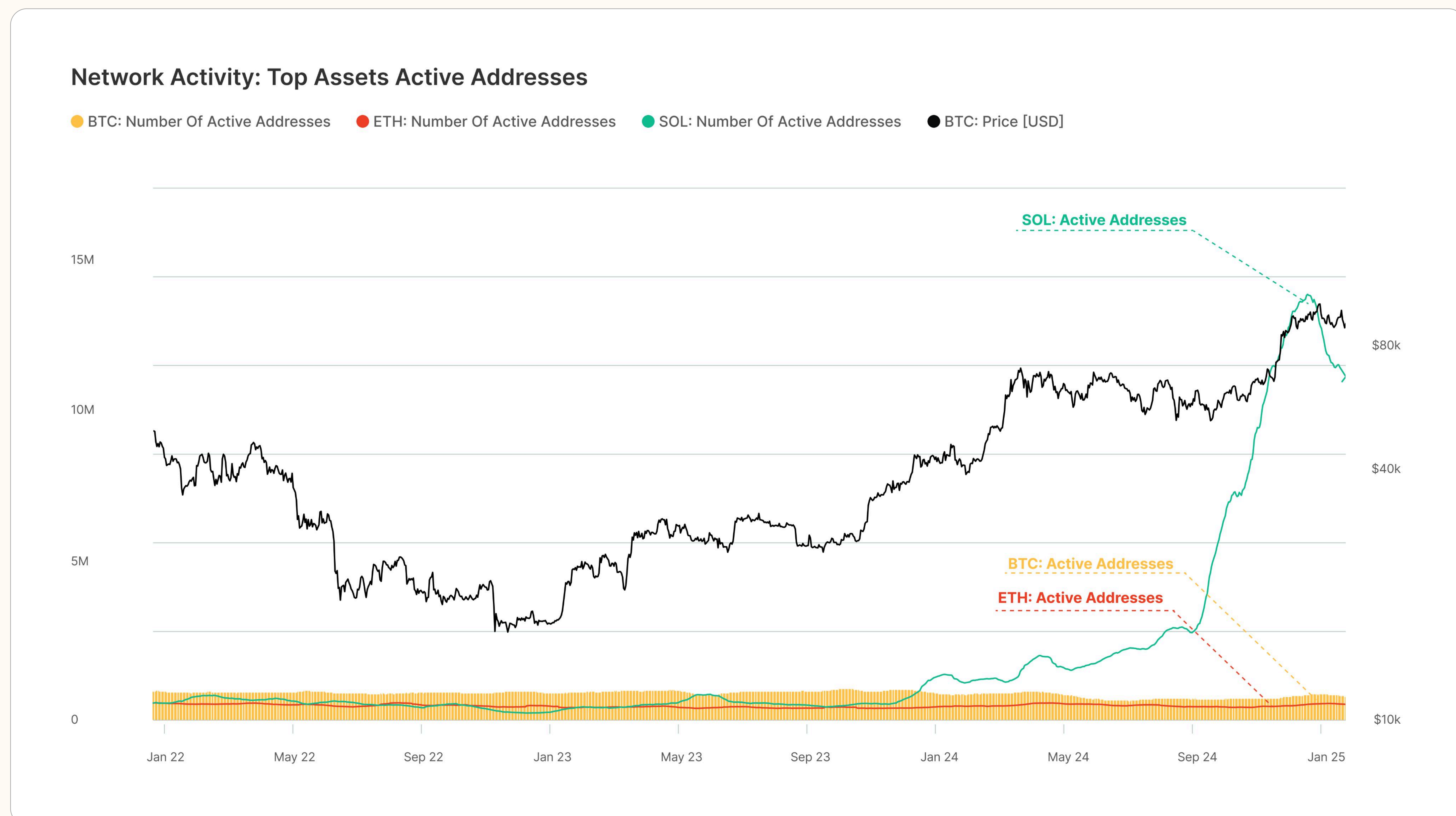


- When comparing the magnitude of new capital acquisition between Solana and Ethereum, we can observe that Solana has overtaken Ethereum for the first time in history, highlighting its robust demand profile and growing market relevance.
- Notably, there has been more active capital entering Solana compared to Ethereum, which has been a driving factor for growth and outperformance.
- The influx of capital began in October 2023, marking the upward inflexion point in the SOL/ETH ratio.

Retail Activity

Active Solana Addresses Exceed Bitcoin

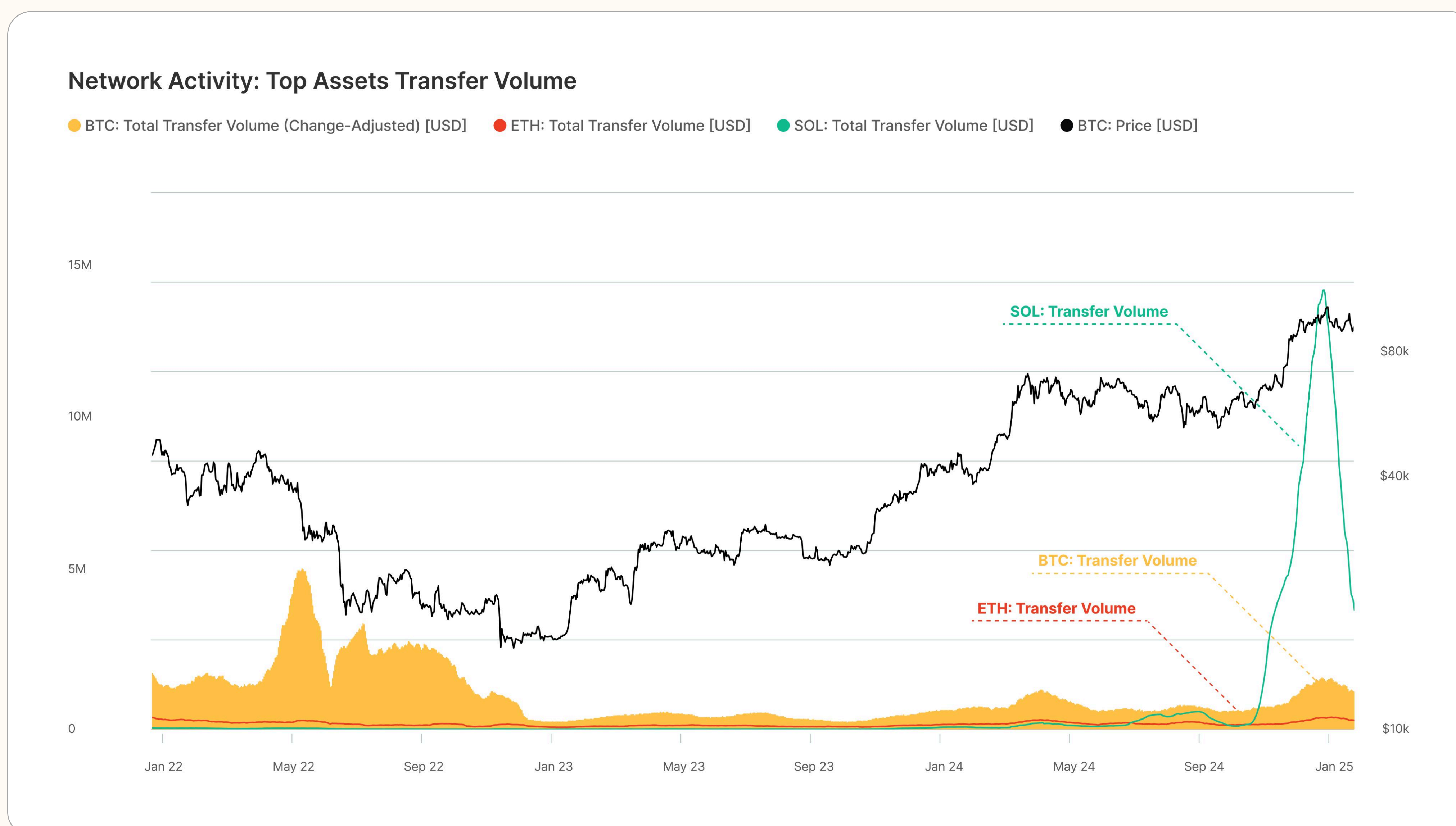
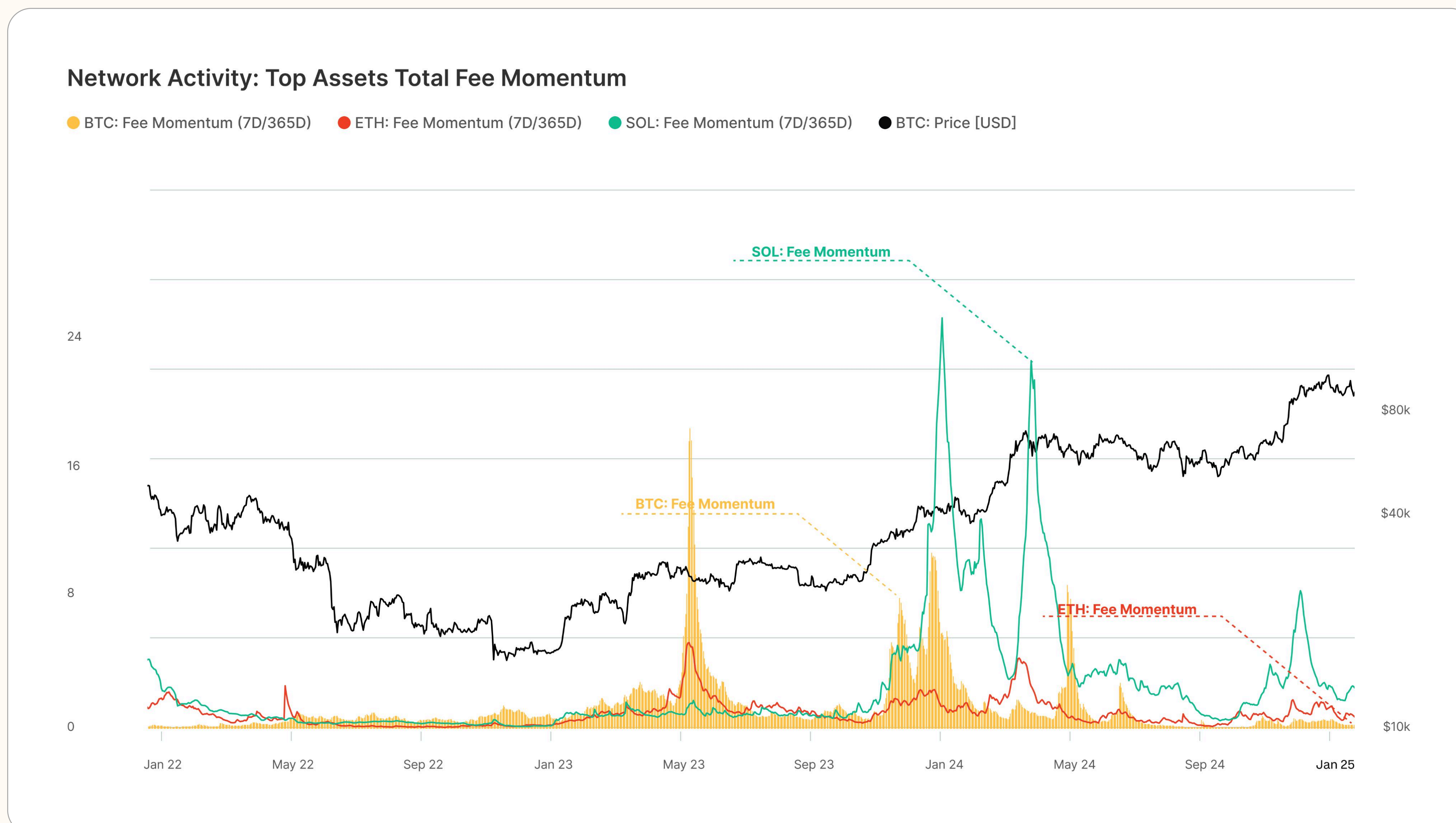
Another method for evaluating network activity is to measure the active addresses, transfer volume, and fees across the major blockchains. Periodic elevations in these metrics can be used as a proxy for retail activity in the market. Notably, the Solana network is dominant across all three measures.



- Active addresses (the number of unique addresses that were active in the network either as a sender or receiver) on Solana have surpassed those on Bitcoin (~760K addresses/day) and Ethereum (~501k addresses/day) by a significant margin since December 2023.
- With 12.3M daily active addresses, Solana currently has 16.2x more active addresses than Bitcoin and 24.6x more than Ethereum.

Retail Activity

Solana Shows Elevated Fee and Transfer Activity



- Large spikes in network fee momentum can also be utilized to gauge the intensity of activity. The fee momentum is calculated as the ratio between the fast, seven day moving average (7DMA) and slow, 365 day moving average (365DMA) of total user fees for block inclusion and thus demand to interact with the network.

- Notably, both Bitcoin and Solana experienced multiple periods of elevated fee momentum, signaling strong retail interest in both assets during this cycle. In contrast, Ethereum has shown fewer comparable waves of activity from this measure.

- When assessing the transfer volume settled across the three major networks, a similar trend to active addresses appears, with the Solana network processing the most volume, followed by Bitcoin and Ethereum, respectively.

- **Bitcoin settles \$22B/day.**
- **Ethereum settles \$5B/day.**
- **Solana settles \$37B/day.**

- It is worth noting that some component of both Ethereum and Solana's high transfer volume is due to MEV extraction (bots which execute transactions for profit by reordering, inserting, and censoring transactions within blocks), and automated trading activity. However, these dynamics do tend to follow user demand in most cases.

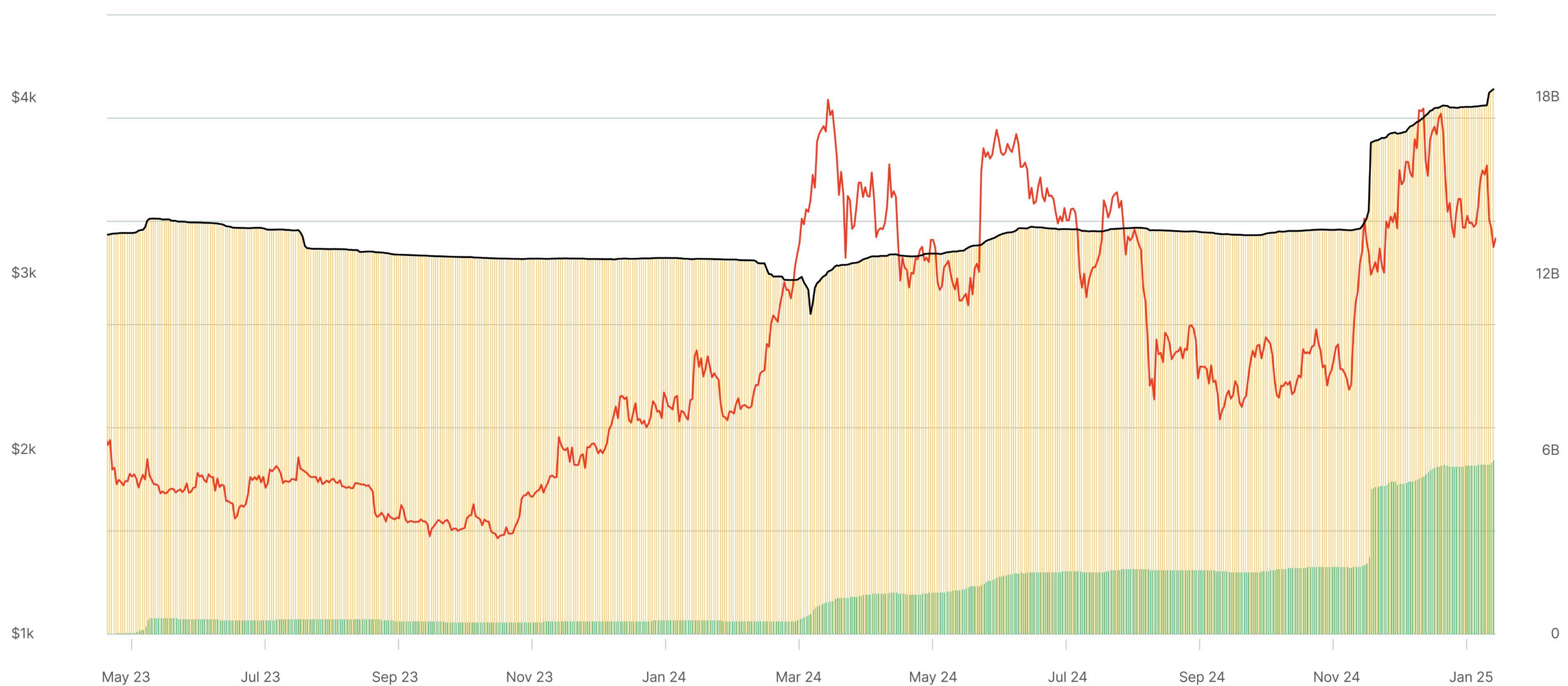
Retail Activity

Memecoin Mania

Memecoins have been a prominent feature of our current cycle, garnering significant attention and capital from retail investors. Notably, the memecoin sector on Solana has witnessed a significantly higher relative capital inflow compared to Ethereum, underscoring the preference of retail investors to speculate on native Solana assets.

Demand: Top Ethereum MEME Realized Cap

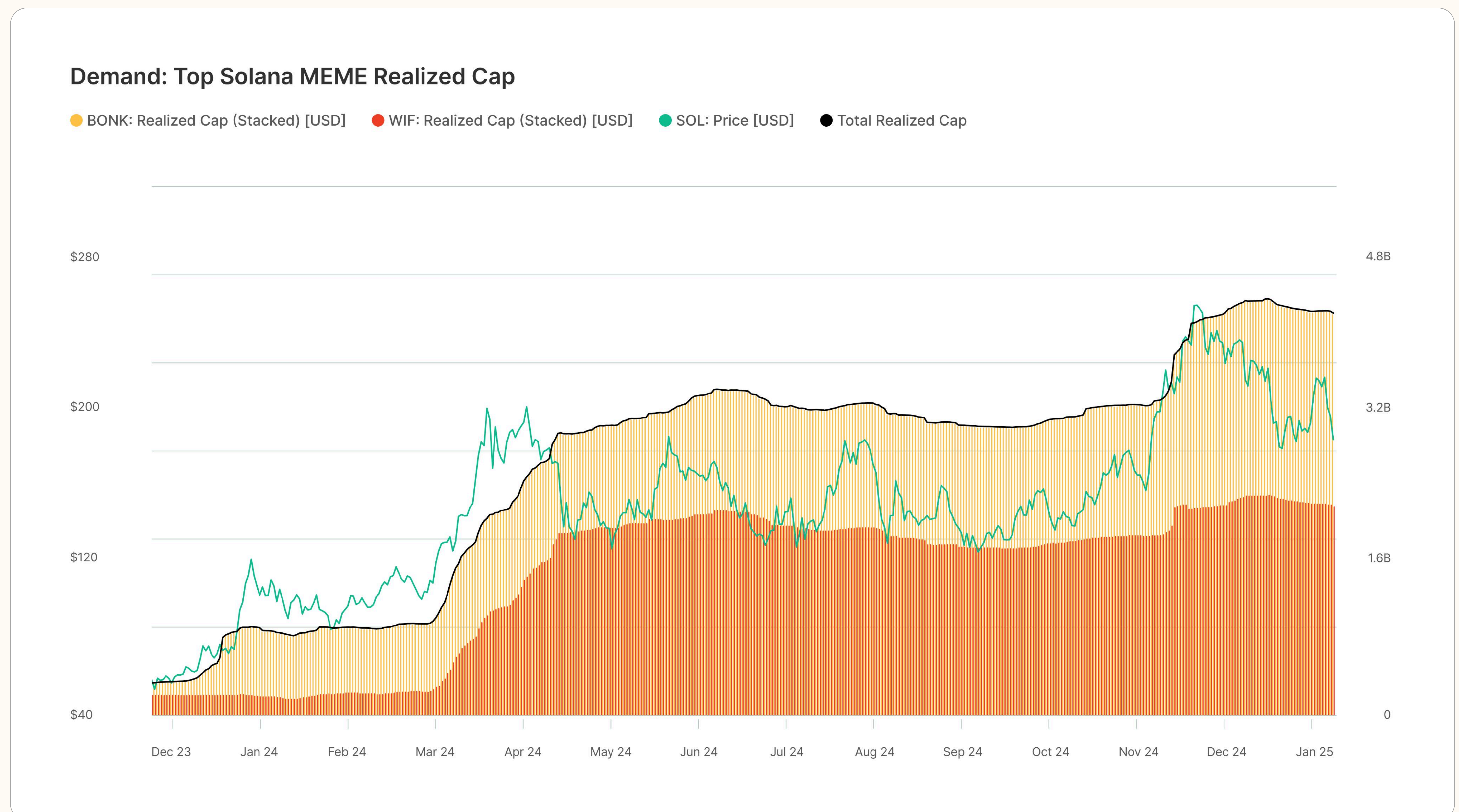
● SHIB: Realized Cap (Stacked) [USD] ● PEPE: Realized Cap (Stacked) [USD] ● ETH: Price [USD] ● Total Realized Cap



- Altcoins initially gained market relevance on the Ethereum network during the 2017 ICO boom and have since attracted significant capital. This growth was further accelerated in 2021 due to liquidity injections following the COVID-19 pandemic, which propelled altcoin valuations to remarkable heights.
- Throughout 2024, memecoins were a prominent feature of the cycle, attracting the largest share of capital across altcoins.
- When measuring the aggregate realized cap of the top two meme assets on Ethereum (SHIB & PEPE) since January 2024, we can observe that the realized cap has grown from \$12.7B to \$18.4B, equivalent to a +\$5.7B (+45%) increase.

Retail Activity

Memecoin Mania cont'd



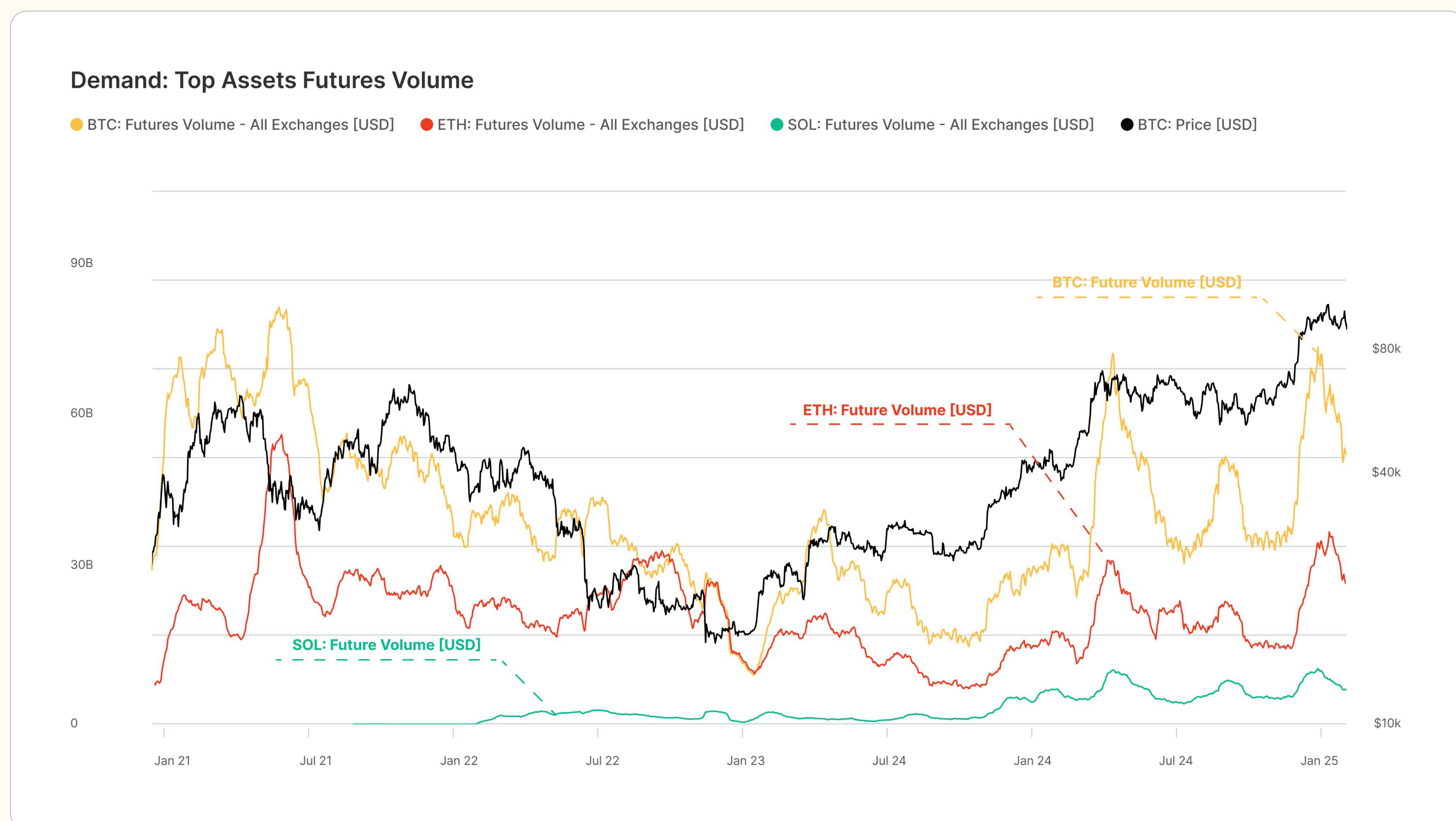
- Measuring the aggregate realized cap of the top meme assets on Solana (BONK & WIF) across the same time period, we can observe that the realized cap has grown from \$901M to \$4.3B, equivalent to a +\$3.4B (+477%) increase.
- The relative capital inflow for Solana's top two memecoins is significantly higher than that of Ethereum's top two memecoins, indicating strong retail interest in Solana-based assets.

CRYPTO FUTURES TRENDS

Crypto Futures Trends

Crypto Futures Surge in Popularity

The derivatives markets for digital assets have experienced significant growth in recent years as the industry matures and institutional adoption increases. Since 2021, futures markets have generally accounted for a majority of trade volume and open interest in the space.



- After bitcoin broke the psychological \$100K price, futures trading volumes across the three major assets surged to a new ATH of \$120B per day, highlighting a level of demand comparable to the 2021 peak.

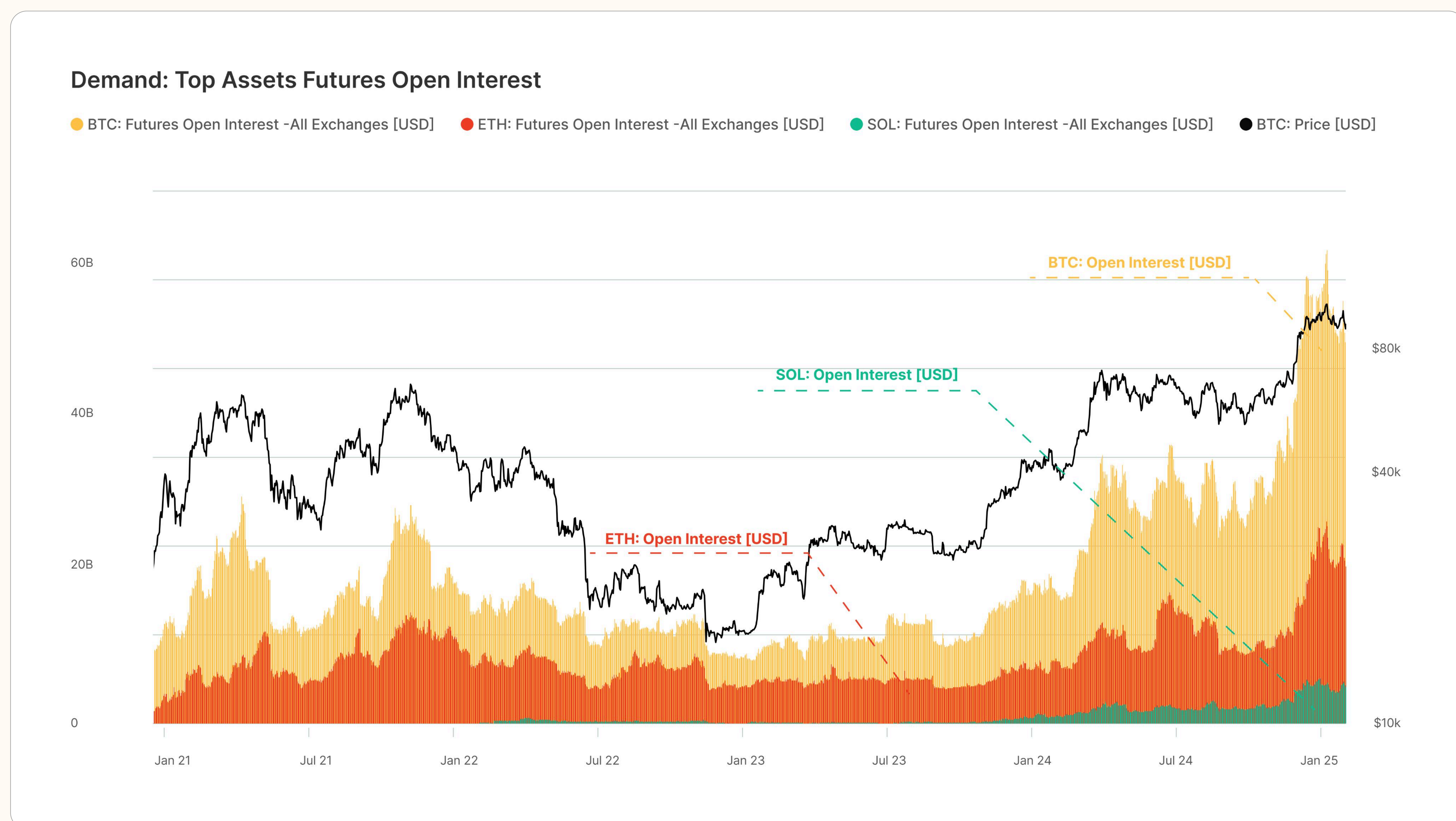
- Futures volumes have experienced a slight decline since bitcoin reached a new all-time high, but remain extremely elevated with respect to historical levels.

- Bitcoin futures volume traded: \$53.5B/day.
- Ethereum futures volume traded: \$24.4B/day.
- Solana futures volume traded: \$7.8B/day.

Crypto Futures Trends

Open Interest Sees Strong Growth

Open interest across all three major assets has seen strong growth over the past year, largely due to the bigger institutional capital active within the space. This suggests a growing demand for digital asset exposure for both directional and hedging activities.

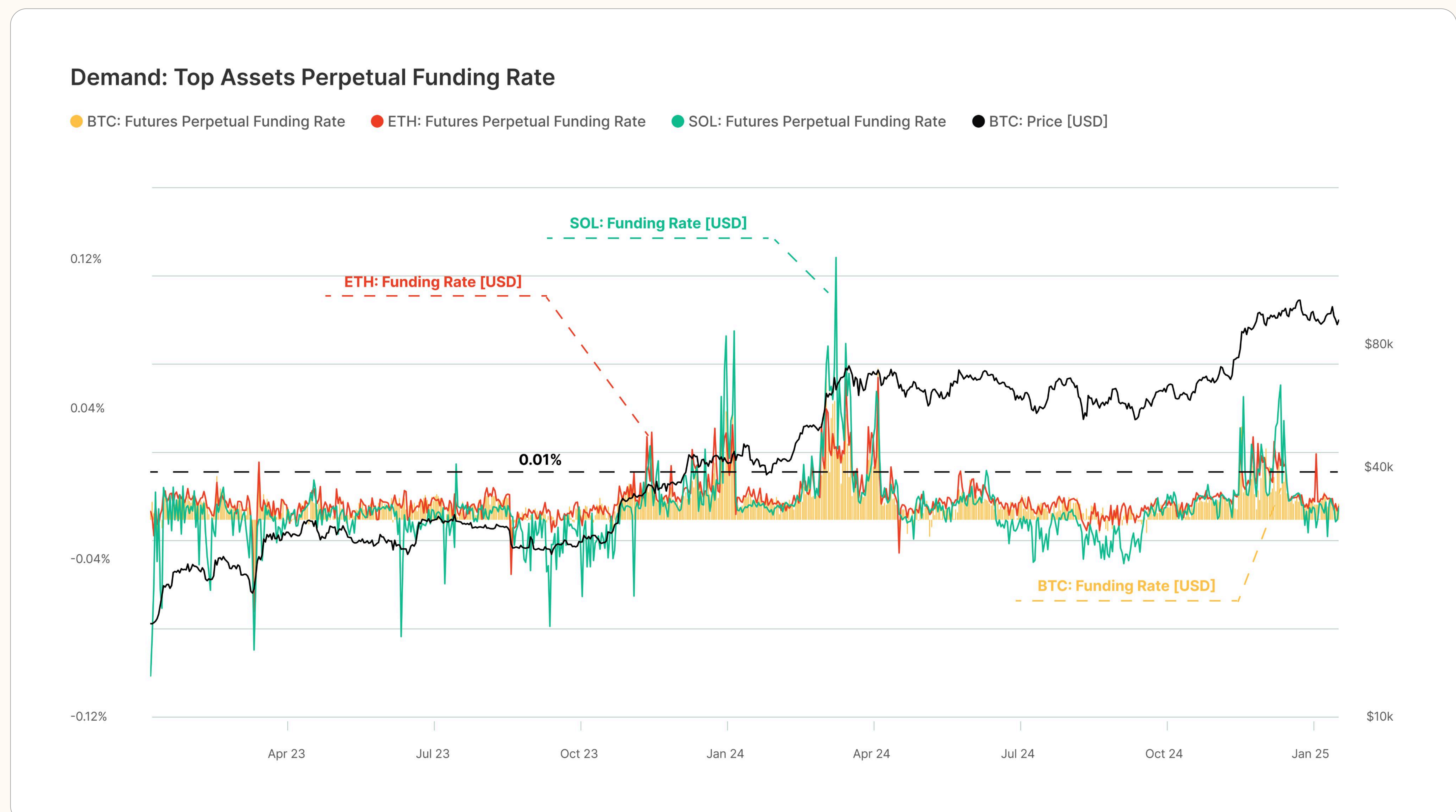


- Since January 2024, bitcoin's open interest has grown from \$16.1B to \$50.9B (+216%).
- Ethereum's open interest has risen from \$6.7B to \$19.8B billion (+196%).
- Solana has experienced the largest relative growth, with open interest surging from \$1.3B to \$5.1B (+292%).

Crypto Futures Trends

Funding Rates Indicate Universal Long Bias

Funding rates across the major assets have expanded and remain similar across the board, suggesting a universal long bias in trading activity, this highlights an increasing appetite for speculation, with investors paying a higher interest rate to take on leverage for long positions.



- Funding rates provide us with a view into the directional bias of futures markets. They represent an interest rate paid between long and short side traders, with the rate depending on the deviation between the price of the perpetual contract and the spot price.
- We can use funding rates to discern market extremes—periods where funding rates reach large positive or negative values. When we compare funding rates across different assets, they can also hint at the relative long to short bias, size of trade activity and interest, and liquidity profile of the asset.
- During the most euphoric phases of the 2023-24 bull market, funding rates for solana tended to trade somewhat higher than for bitcoin and ethereum. This again highlights a relative dominance of speculative activity surrounding solana this cycle.

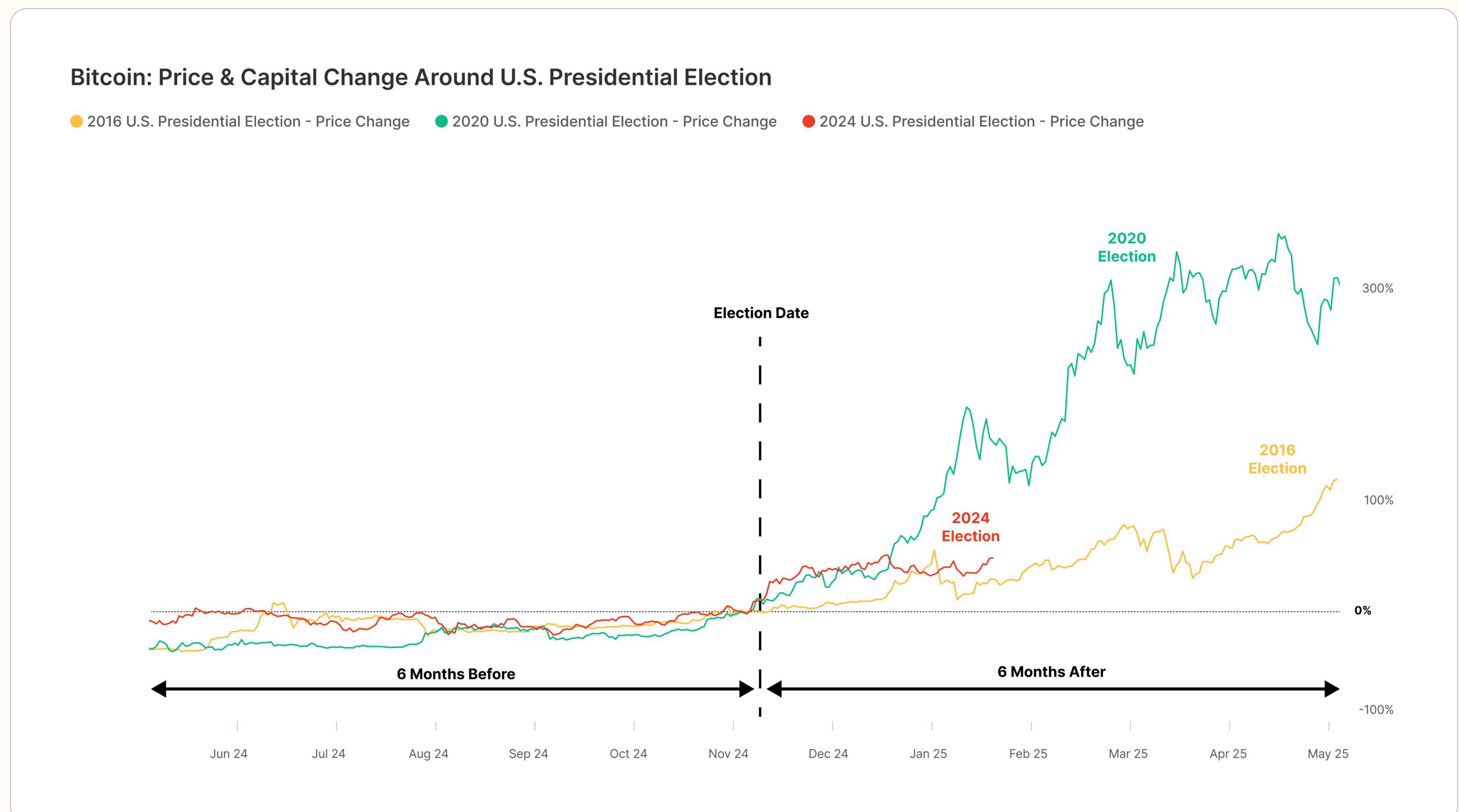


REGIONAL TRENDS

Regional Trends

Changing Volatility Profile Pre and Post Election

With the completion of the 2024 election cycle, we can compare the price performance of bitcoin following the last election cycles to see how markets have responded to a change in US leadership. Typically, markets experience a period of heightened volatility following the election.



- Across the six months preceding the election, the market is usually stable and within a low-volatility phase. This suggests a degree of uncertainty amongst investors regarding the administration's outcome and incoming policy changes.
- However, following the election, the market's volatility profile drastically increases, regardless of the preceding macroeconomic condition or administration. This highlights a significant uptick in investor speculation and activity as the long-term impact of the election becomes clearer.
- During his first week in office, President Donald Trump created a more positive environment for crypto in the US when he signed an executive order to launch a working group that will study opening a strategic bitcoin reserve and present a regulatory framework for digital assets, among other priorities.

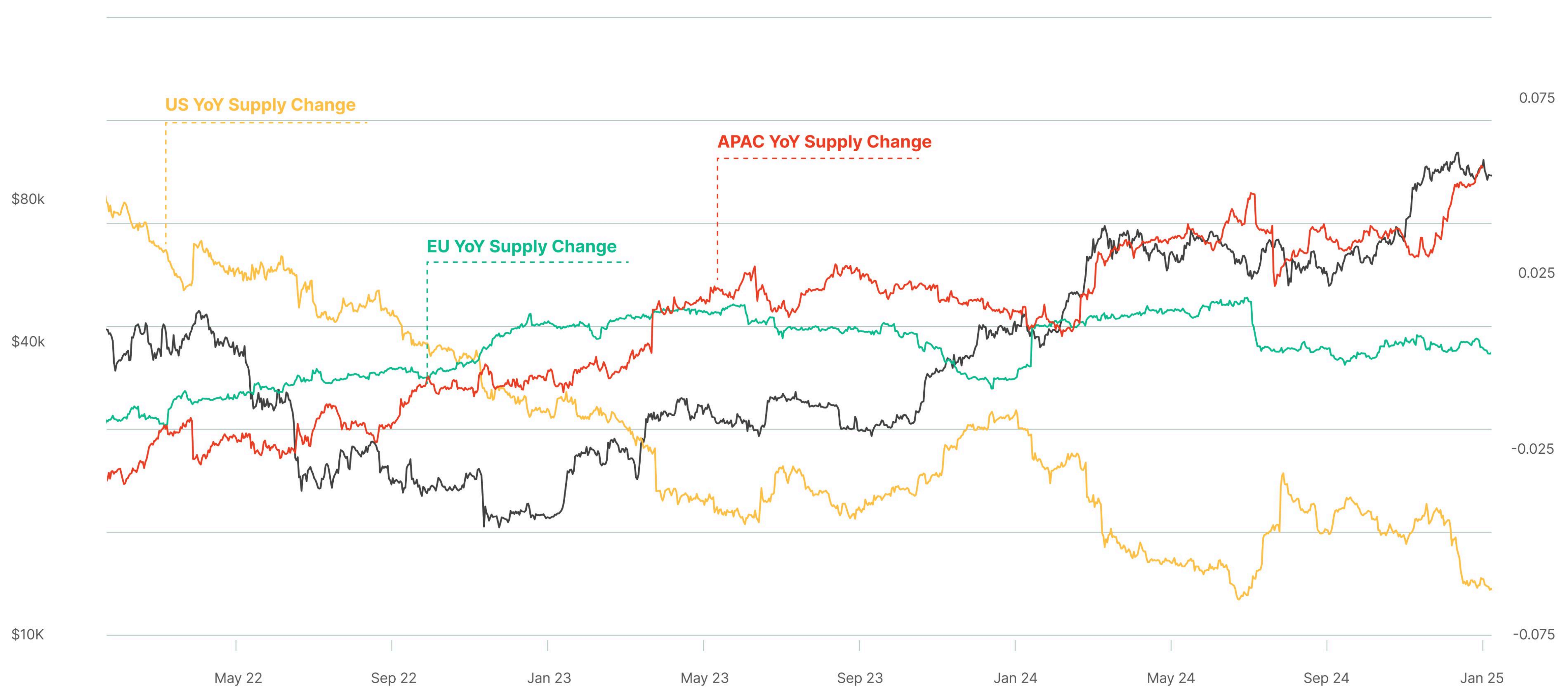
Regional Trends

Onchain Activity Continues to Grow in APAC

When excluding exchanges and ETF flows, retail activity in the APAC region has grown at a faster clip than other geographies. By timestamping all transactions created by an entity (a cluster of addresses controlled by the same individual) with the working hours of different geographical regions, we can determine the probabilities for each entity being located in the US, Europe, or Asia.

Bitcoin: Year-over-year Supply Change for US, EU and Asia

● BTC: Price [USD] ● BTC: US Year-over-Year Supply Change ● BTC: EU Year-over-Year Supply Change ● BTC: Asia Year-over-Year Supply Change



- Digital assets are global in nature, and regulations and policies often differ by jurisdiction. As a result, there are variations in the movement of capital in and out of digital assets based on different geographical regions.
- When evaluating since the cycle low in December 2022:
 - **APAC YoY Supply Growth: +6.4%**
 - **US YoY Supply Growth: -5.7%**
 - **EU YoY Supply Growth: -0.7%**
- The highlight of the year for the digital asset ecosystem has been the movement of spot bitcoin ETFs to US capital markets. However, when we exclude the activity of exchanges and ETF flows (institutional presence), we are seeing large retail and individual growth outside of the US.
- This observation is interesting, reflecting an inverse in behavioral activity between the US and APAC areas, suggesting a shifting dominance in retail activity between the two regions.



INFLUENTIAL FACTORS

Influential Factors

Impact of the Halving

As crypto matures as an asset class, one of the side effects is that the price of bitcoin aligns more closely with intrinsic events impacting the industry such as the US launch of ETFs, and negative black swan events such as the collapse of FTX and the collapse of LUNA. The most recent halving did not cause a dramatic increase in prices, as it was largely priced in.

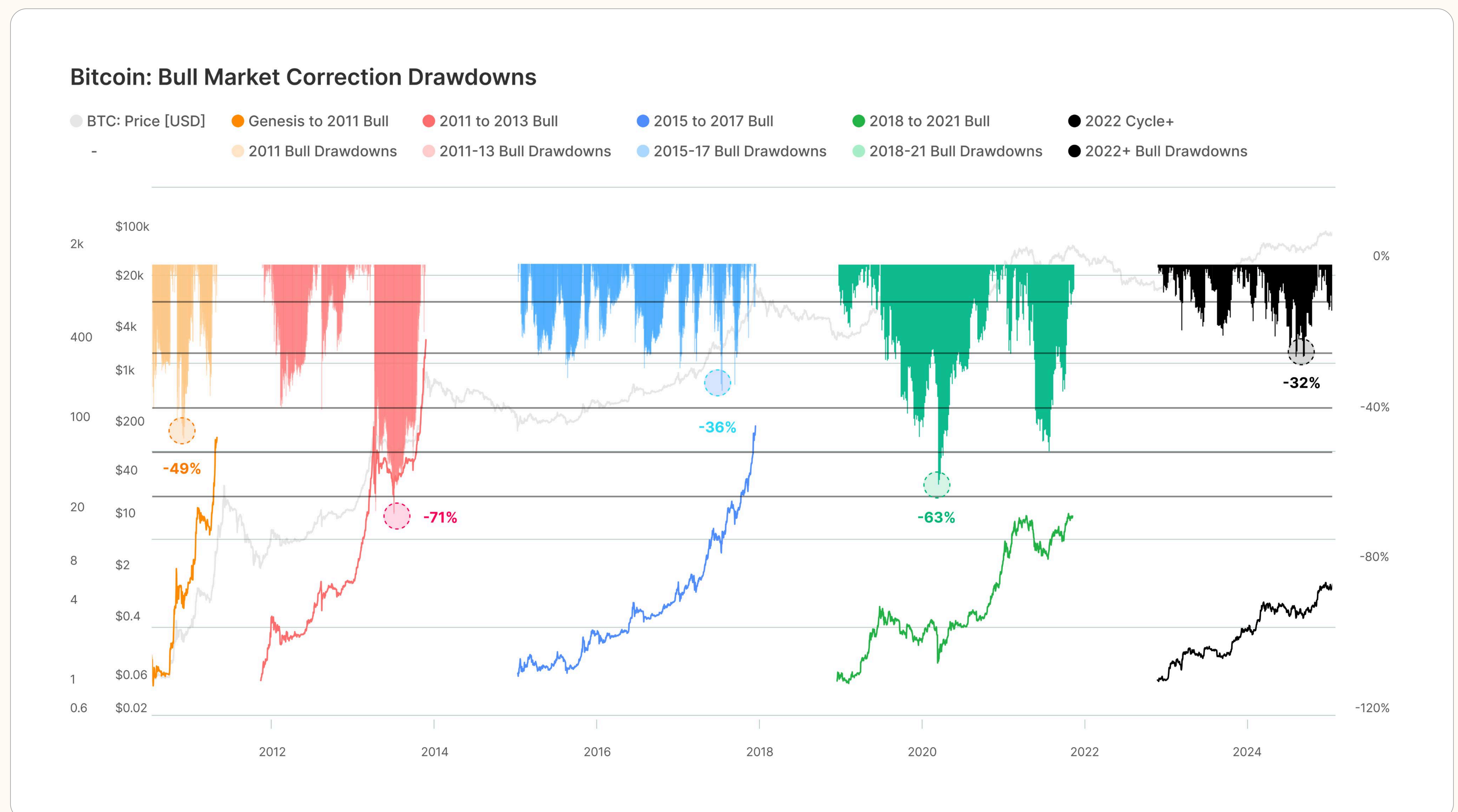


- The Halving is a well-documented endogenous event occurring every 210,000 blocks (roughly a four year time period), where a pre-determined reduction in issuance occurs, reducing the newly minted bitcoins by 50%.
- The 2024 halving experienced slightly different price performance compared to previous cycles. The price of bitcoin reached a new cyclical ATH of \$73K in March before the halving occurred in April. The market then proceeded to consolidate and correct for around seven months.
- Historically, halvings have occurred prior to the setting of a new cycle ATH and were followed by strong price appreciation. While the 2024-25 cycle has rallied since then, this represents a notable break from prior cycle behavior.
- Unlike the halving, unpredictable exogenous events such as the China mining ban, the FTX collapse, and the launch of the US spot bitcoin ETFs have had a much greater impact on the market.

Influential Factors

Bull Market Drawdowns

The intensity of market corrections during bull markets has declined during the 2023-25 uptrend. An increasingly institutional investor base coupled with advancing educational tools have led to a deeper understanding of the asset class.



- The severity of market drawdowns during each bull market uptrend has declined as the market grows, despite the large scale profit taking which is typical during bull markets.
- This can be considered a significant feat when accounting for the many headwinds faced in this cycle. Notable examples include the long-awaited Mt.Gox distribution, the Grayscale unwind, and the German government sell-side pressure.
- It is likely that the launch of the US spot ETFs in January 2024 have played a key role in this, opening up new opportunities for retail and institutional investors to get exposure to bitcoin. In addition, education and understanding of the asset class has largely improved, leading to a maturing investor profile.

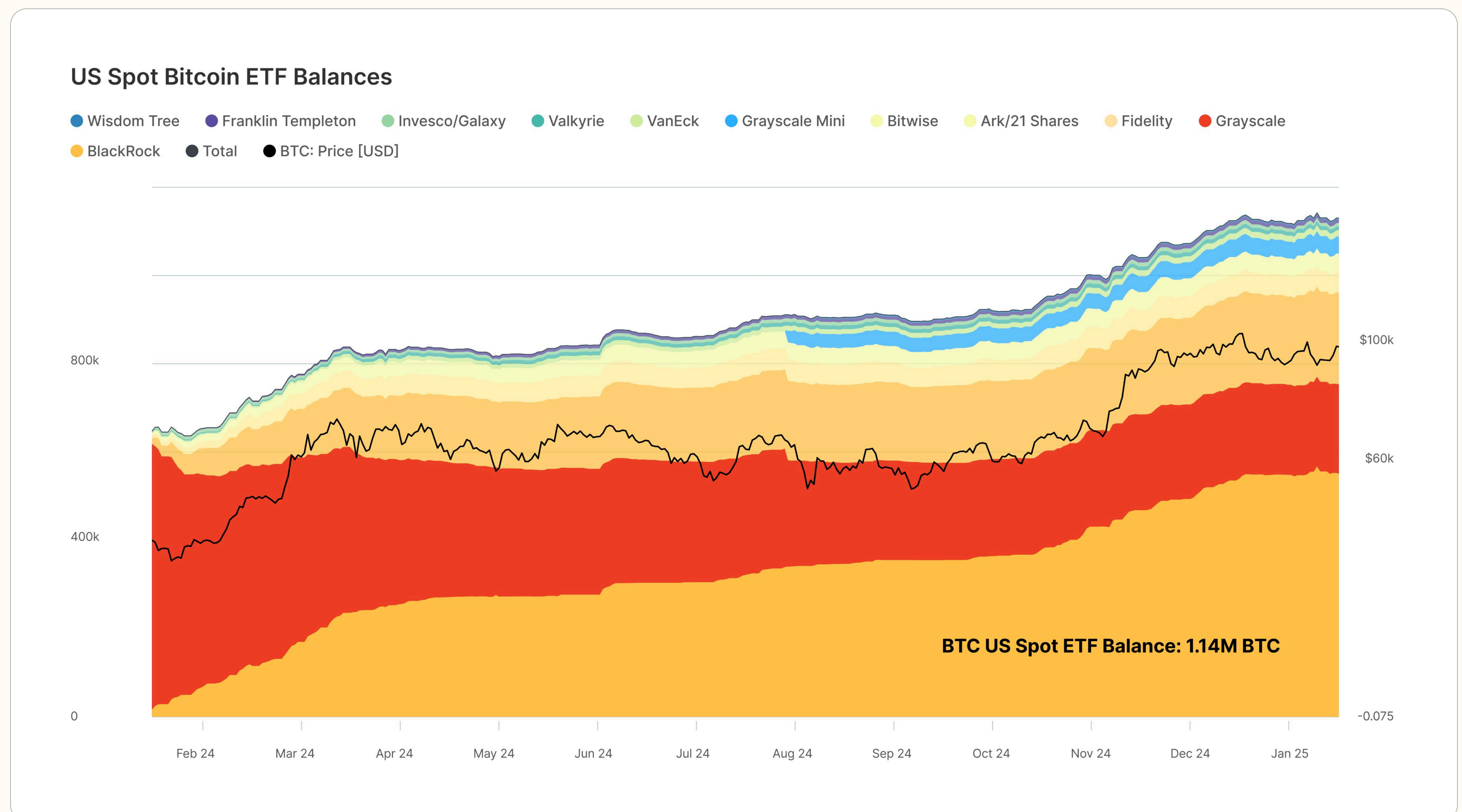


ETFs

ETFs

ETFs Represent a Growing Portion of Circulating Supply

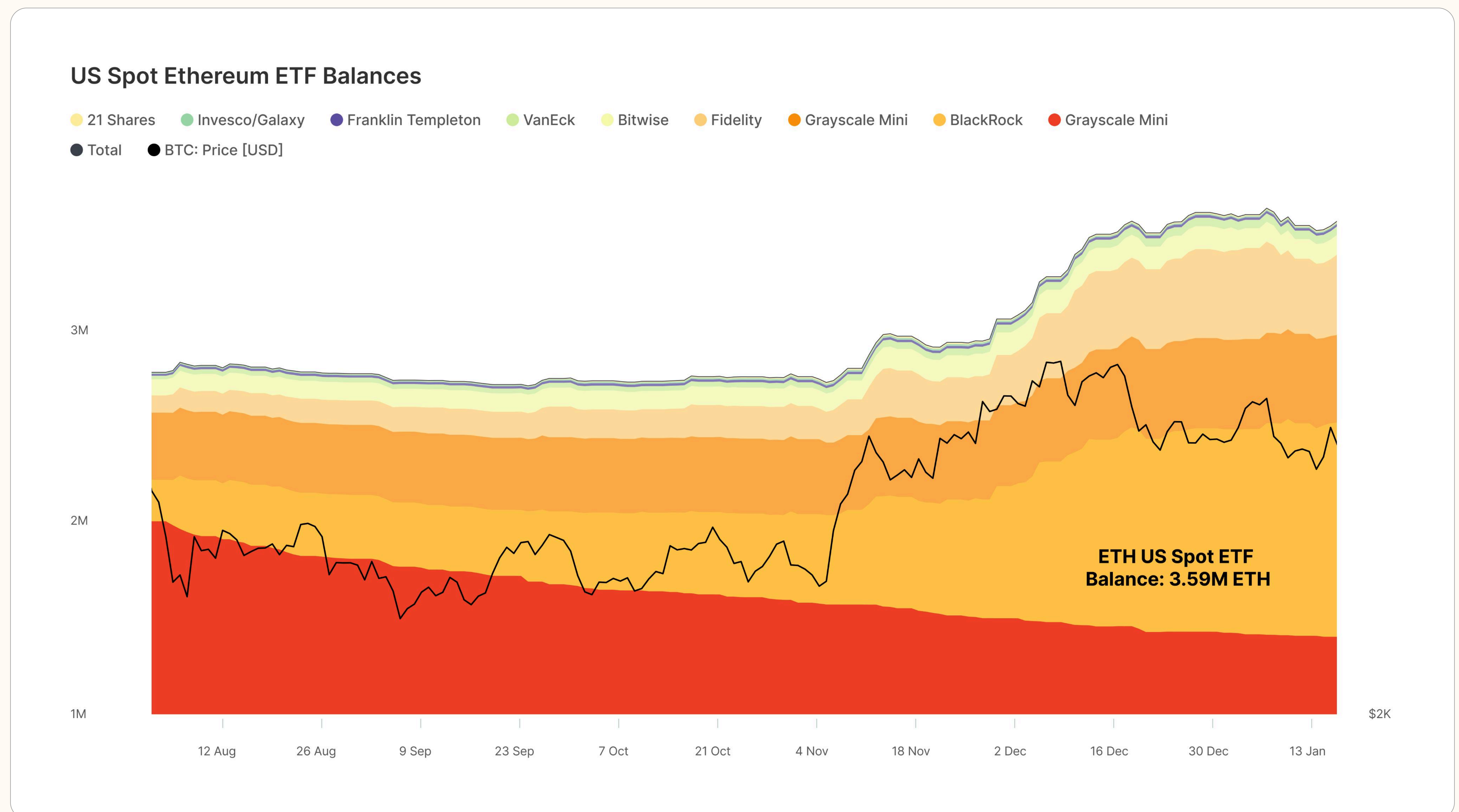
The launch of spot ETFs for both bitcoin and ethereum in 2024 is a major highlight and catalyst for the prevailing bull cycle. They are some of the best performing ETFs in history, and have achieved total assets under management of \$114.4B for BTC and \$12.0B for ETH.



- On January 10, 2024, the first US spot bitcoin ETFs were approved, marking a monumental moment for the digital asset ecosystem. These ETF instruments provide institutional-grade investors with regulated spot exposure for the leading digital currencies (BTC and ETH), unlocking a new source of previously untapped demand.
- The institutional demand for regulated bitcoin exposure has been substantial, with the total assets under management across all ETF instruments now at a market value of \$114.4B, equivalent to 5.9% of the circulating bitcoin supply.
- The growth and demand of bitcoin and ethereum ETFs becomes apparent when compared to the gold ETFs. The first gold ETF started trading on March 28, 2003, and currently hold a combined \$271B AUM. In the space of just 1 year, the bitcoin and ethereum ETFs have accrued 47% (\$126.4B) of gold ETFs total AUM, underscoring the significant institutional demand for regulated digital asset instruments.

ETFs

ETFs Represent a Growing Portion of Circulating Supply cont'd

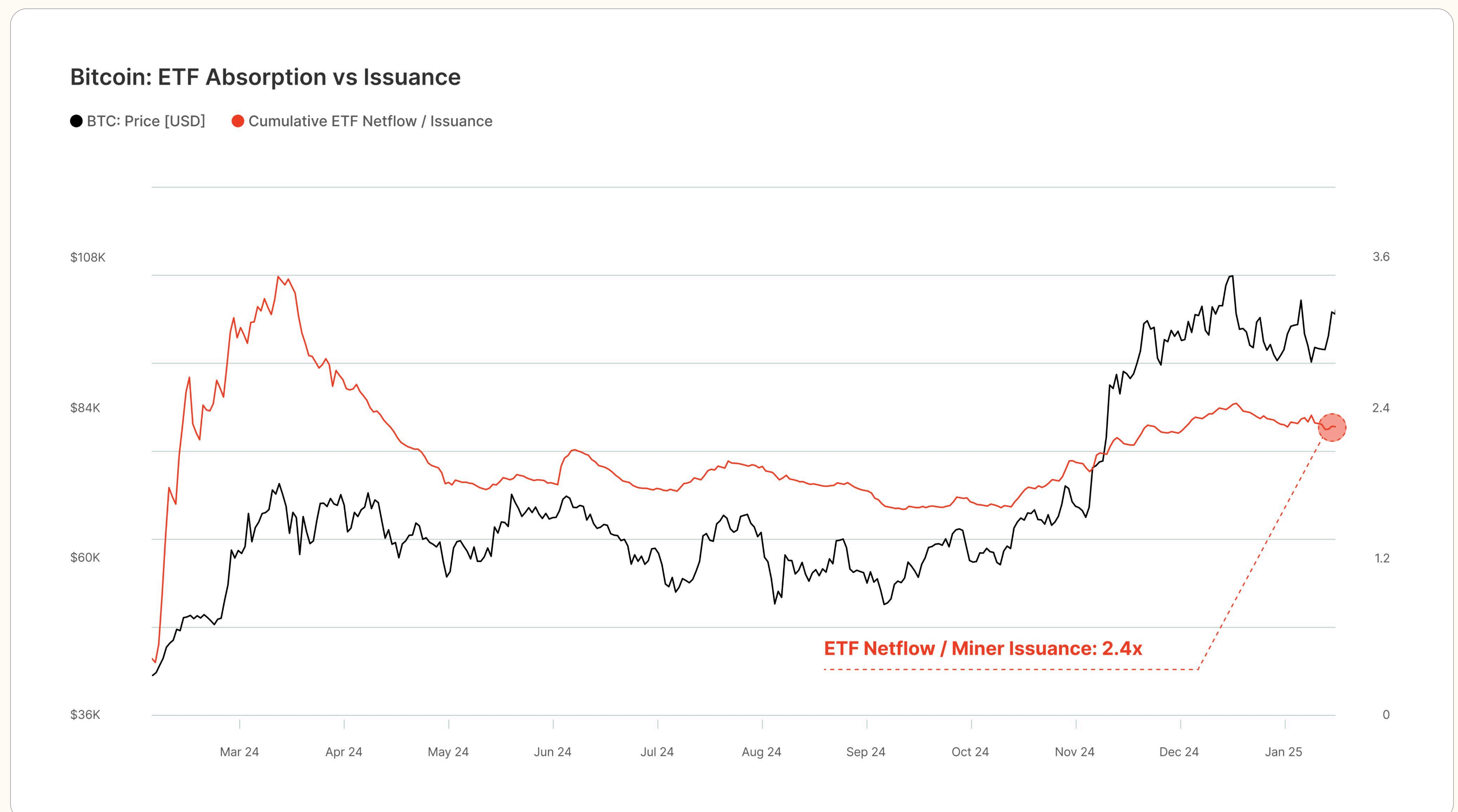


- On July 23, 2024, US spot ethereum ETFs were approved, further broadening the instruments available for regulated spot exposure for the leading digital assets.
- Upon launch, the US spot ethereum ETFs experienced a decline in AUM, largely led by significant outflows from the Grayscale Trust (ETHE). Nevertheless, demand for the ETF has picked up in recent months, with the total assets under management residing at a market value of \$12B, equivalent to 3.1% of the circulating supply.
- Moving into 2025, many investors expect the approval of the first solana ETF, with several major asset managers having submitted applications for the product. Alongside this, the incoming pro-crypto administration could potentially reduce friction across SEC approvals.

ETFs

ETFs Absorbing a Significant Number of Coins

ETFs have absorbed a significant amount of supply, recording a cumulative net inflow of +515K BTC since the inception of the first spot bitcoin ETF. This is equivalent to 2.4x all coins minted across the aforementioned period.

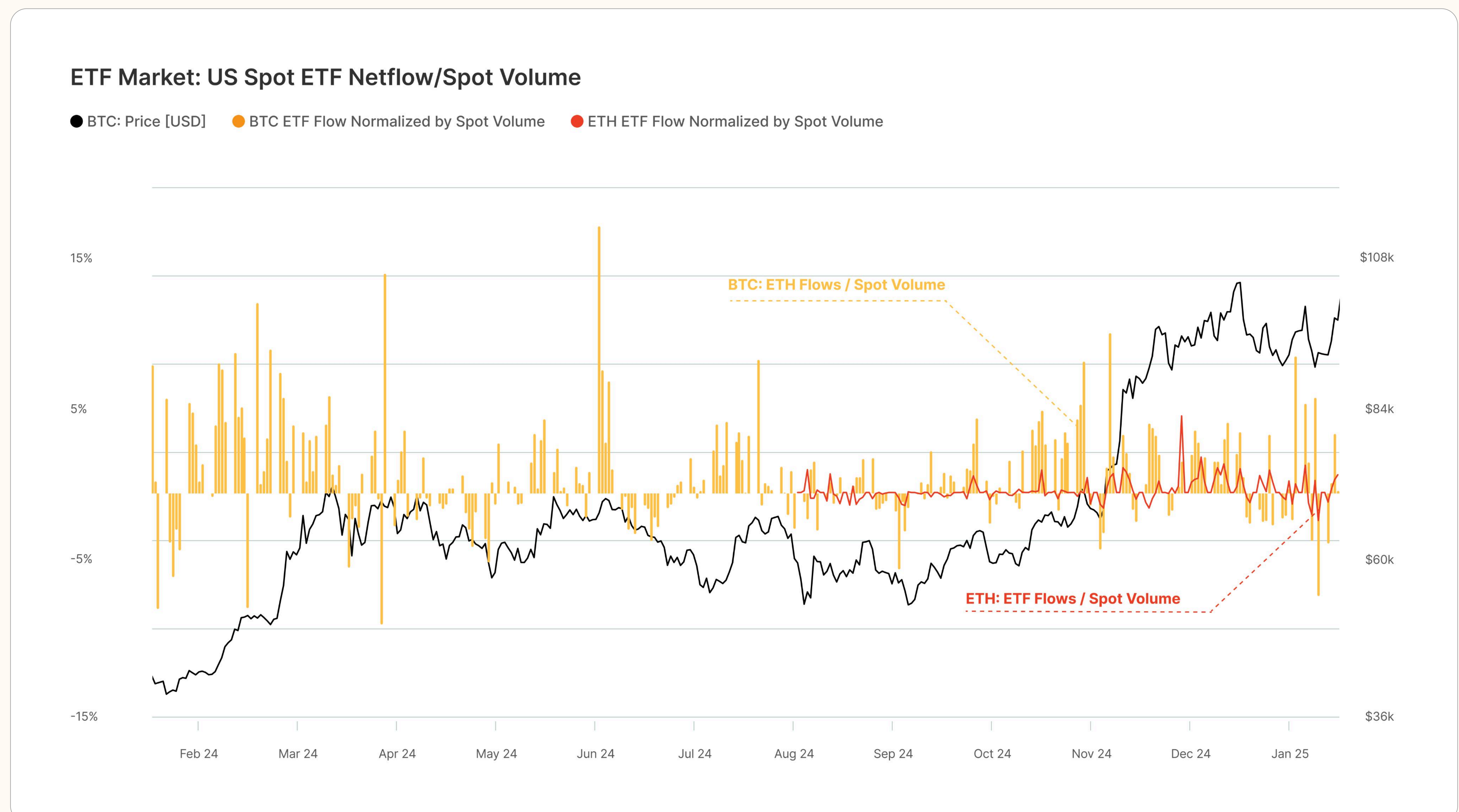


- As previously mentioned, the successful launch of the US spot bitcoin ETFs unlocked a source of latent demand for regulated exposure to the leading digital asset.
- Since the product's inception just over 1 year ago, US spot bitcoin ETFs have acquired a substantial +515K BTC.
- Bitcoin miners are an essential entity within the Bitcoin network, responsible for the building and ordering of blocks, and the defense against reorganization of the chain. As a reward, miners receive newly issued coins and transaction fees.
- When measuring from the inception of the US spot bitcoin ETFs, miners have issued +215K BTC into the circulating supply.
- When we compare the coins acquired by the ETFs to the coins issued by miners, we find that the ETFs have acquired 2.4x the number of coins issued, underscoring the elevated level of demand for the product.

ETFs

Demand for Ethereum ETFs Is Increasing

The influence of US spot bitcoin ETFs remain robust, while the impact of spot ethereum ETFs on the ETH market are beginning to strengthen. Ethereum flows have increased since October 2024, showing the potential capital rotation and an expanding investment expression beyond bitcoin.

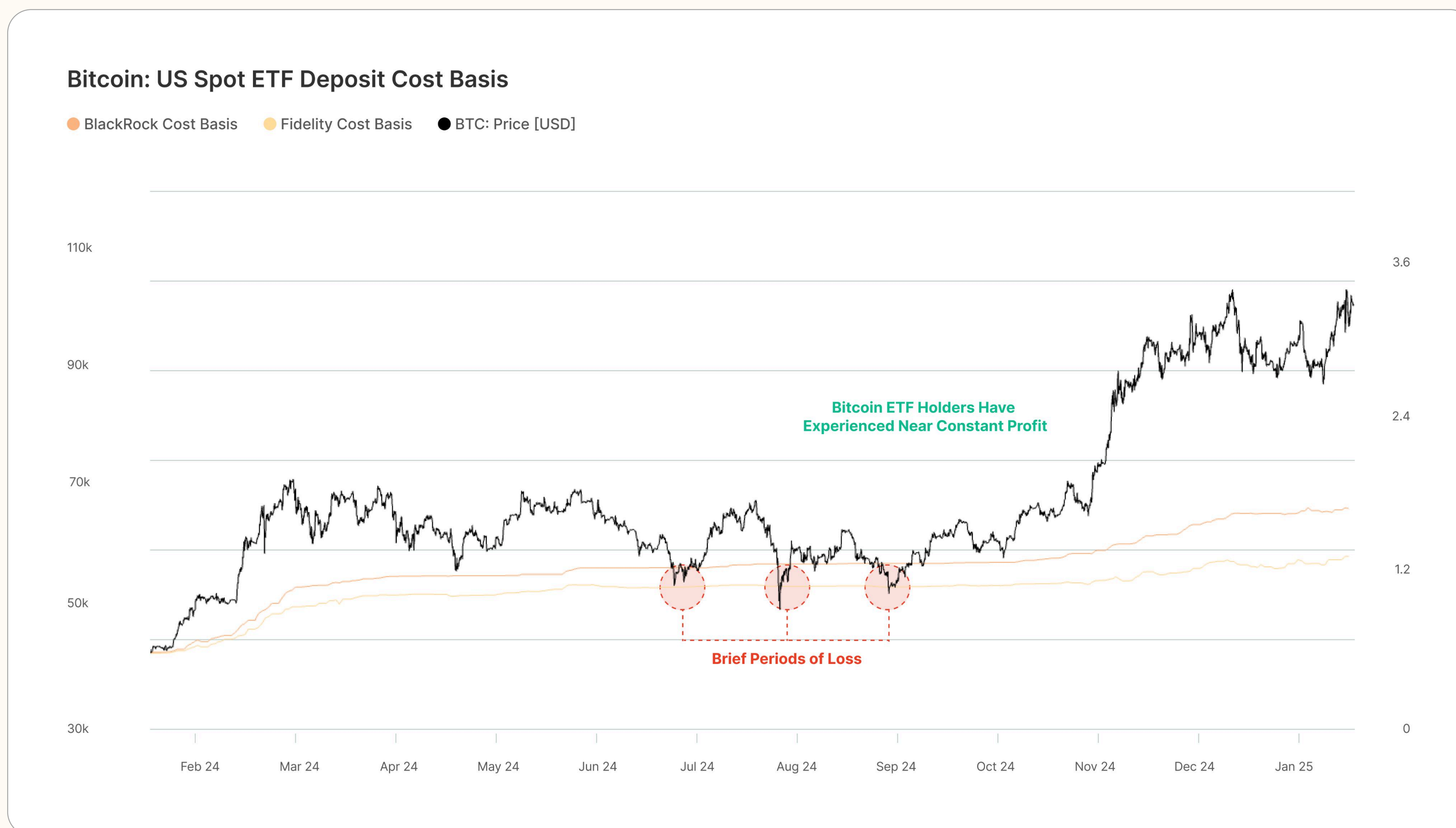


- To compare the impact of the ETFs on the bitcoin and ethereum markets, we have normalized the ETF netflow volume (inflow volume - outflow volume) by their corresponding spot volumes, allowing for a direct comparison of the relative weight of both ETFs.
- Bitcoin ETFs launched in January 2024 during a period of price appreciation, attracting significant inflows. On the other hand, Ethereum launched in July 2024 during choppy/downwards market conditions, and had to absorb the ETHE overhang across a less energetic market.
- However, the relative influence of ETFs on the ethereum market has significantly grown since October 2024, with the percentage of ETF netflows expanding from $\pm 1.5\%$, to $\pm 5\%$ of the spot volume across centralized exchanges.
- Notably, ethereum's range of $\pm 5\%$ is now comparable to $\pm 10\%$ for the bitcoin ETF.

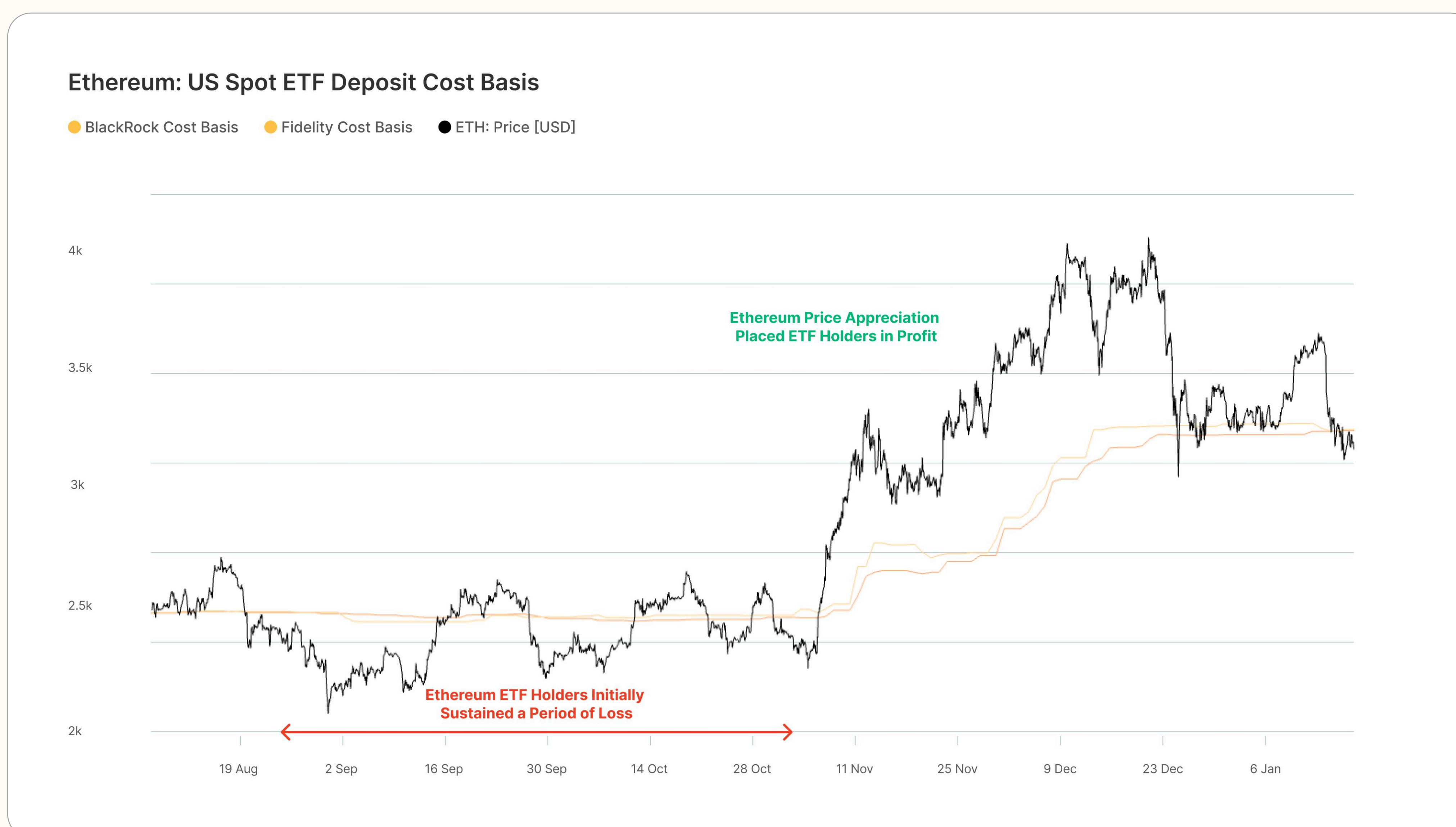
ETFs

ETF Investors Holding Substantial Unrealized Profits

Cost-basis indicates that holders of both bitcoin and ethereum US spot ETFs are now sitting on considerable paper gains.



- The aggregate bitcoin ETF depositors have remained in a profitable position since the ETFs' inception, currently holding a 51% and 74% profit (BlackRock) and 75% profit (Fidelity).
- To evaluate capital gains, we can compute an average cost basis for new ETF demand by monitoring the flow of funds in and out of ETFs. We can calculate the average cost-basis of the ETF investors since launch by aggregating the average price for investors' ETF inflow volumes.
- Discrepancies in the estimated cost basis of the two ETF products arise from the varying magnitude of inflows occurring at different price points.



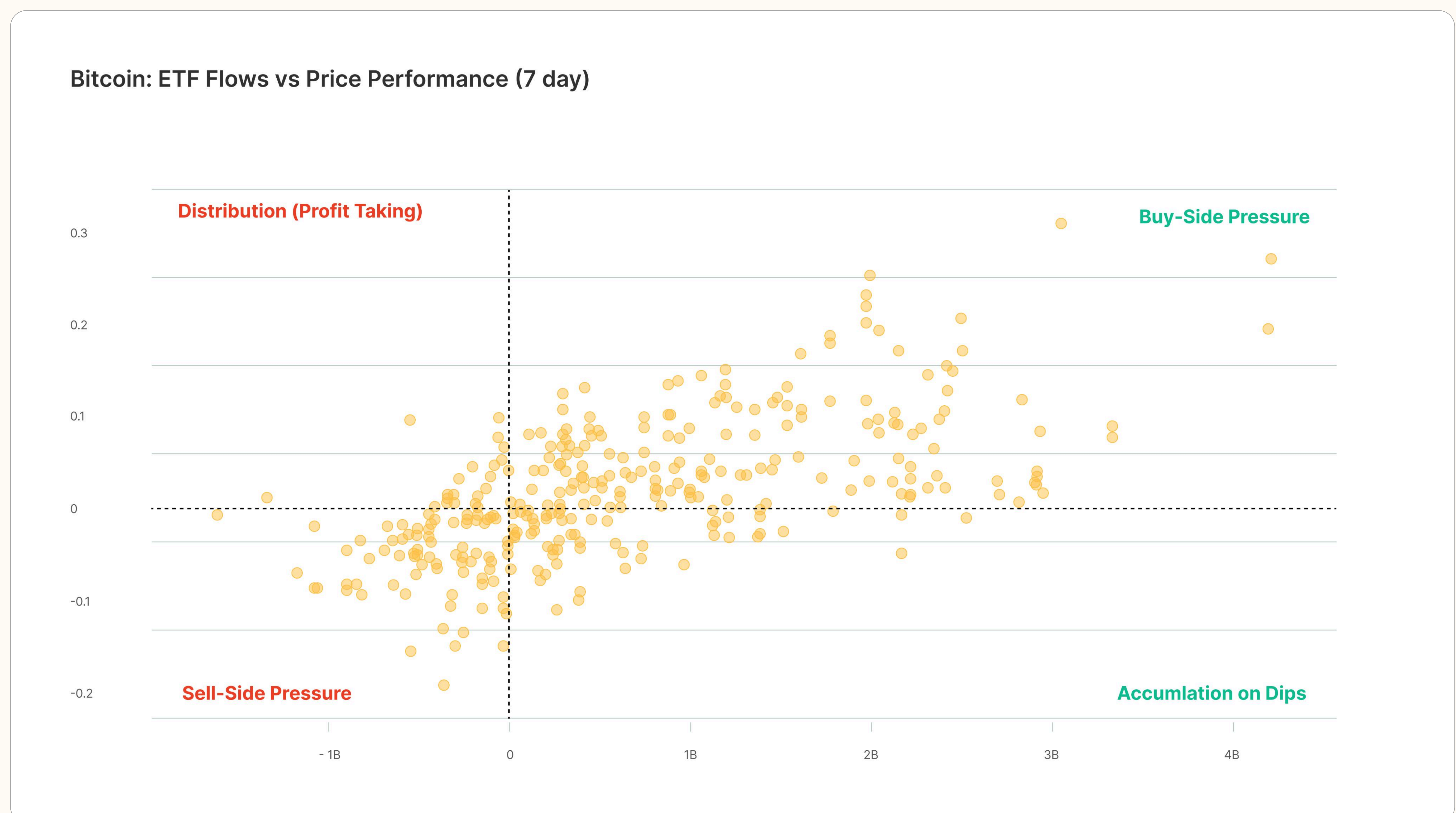
- In contrast to bitcoin, the ethereum ETF had a more difficult start, given it was launched during a down-trending market whilst also absorbing outflows from the ETHE product.
- Nevertheless, the market has now retested this cost-basis (price) in December 2024 and again in late January 2025, bringing BlackRock and Fidelity investors back to breakeven profit.
- However, starting in early November 2024, ethereum started to perform, bringing investors into profit.
- Interestingly, for both bitcoin and ethereum, the spot price has established strong support around the ETF cost basis of BlackRock and Fidelity depositors. This highlights the growing influence of these institutions on market behavior.

ETFs

ETFs have a strong influence on price action

The direction and magnitude of ETF netflow volumes display a strong correlation with the price performance for the bitcoin ETFs, highlighting their scale and influence on market dynamics.

We can assess the impact by analyzing the relationship between US spot bitcoin ETF inflows and the corresponding seven day price performance.

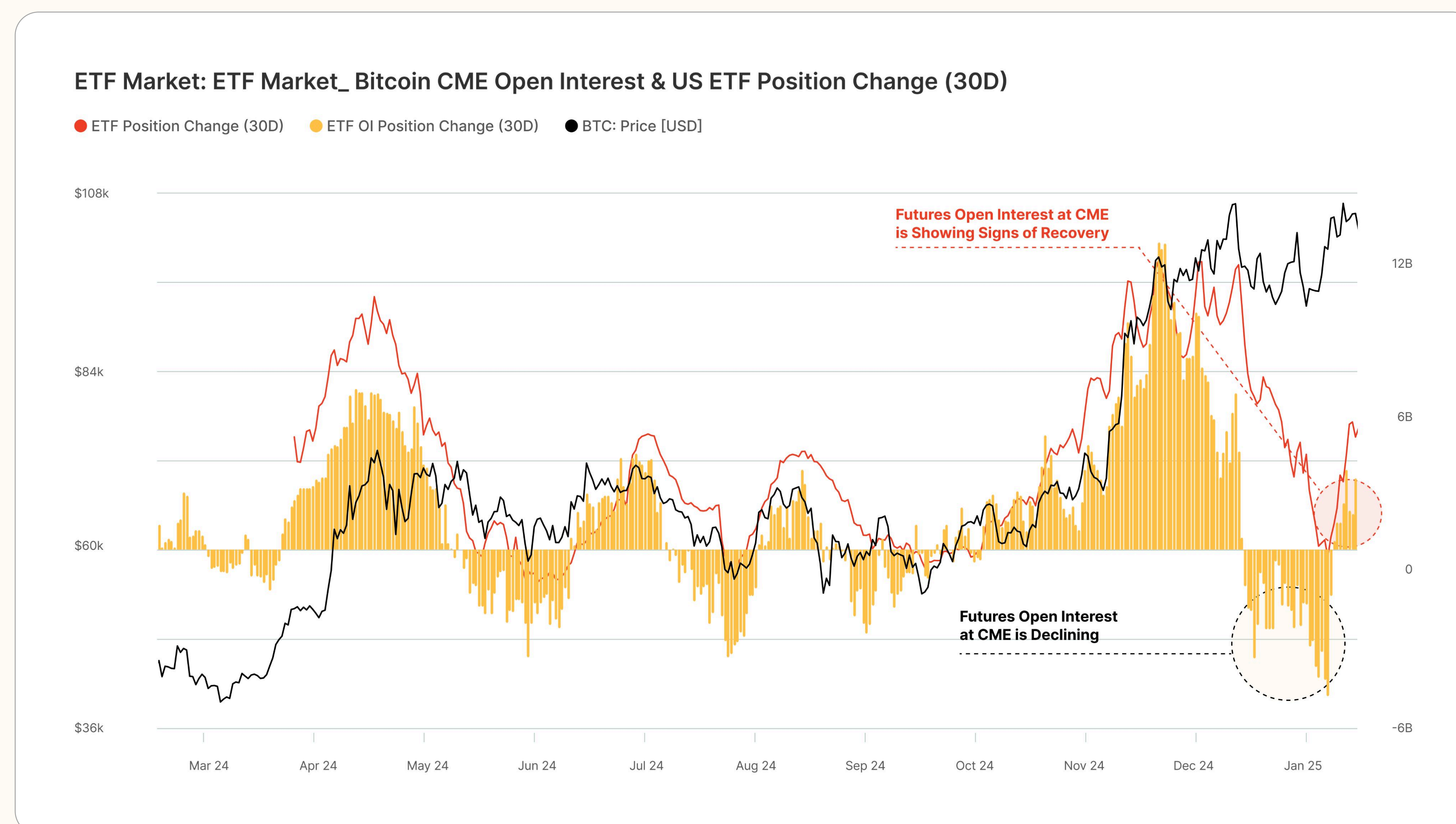


- Net outflows have typically correlated with a decline in price, with only a few data points recording a positive performance.
- Net inflows have historically aligned with a positive price increase, with the largest increase occurring in tandem with statistically large netflows.
- With typical outflows of less than \$1B, drawdowns are of a magnitude of -10%. Whereas, inflows of up to \$4B have produced a price appreciation of up to +35%.
- Notably, price declines amid net capital inflows can be considered “accumulation on dips” investments, highlighting the robust conviction amongst institutional investors. Alternatively, price increases alongside net outflows (profit taking) remain sparse, underscoring the assuredness of the investor profile.

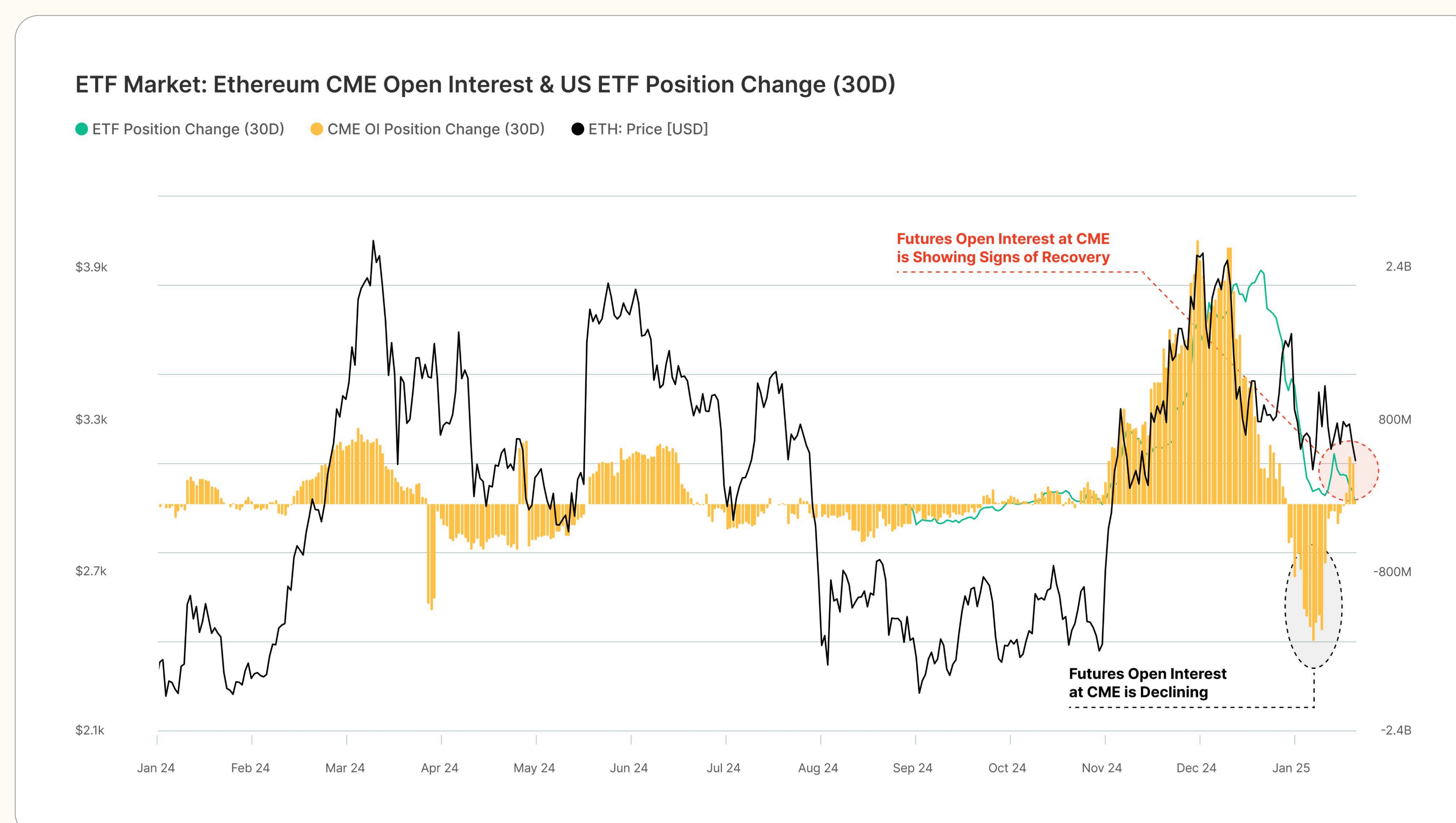
ETFs

New Arbitrage Opportunities Are Emerging

A sign that the digital asset ecosystem is maturing is the emergence of institutional arbitrage and yield-capture strategies. ETFs now offer investors the opportunity to get regulated spot exposure, while subsequently shorting via futures to capture the premium. With an increasingly institutional investor base, the US spot ETF and CME Group futures contracts have provided the necessary tooling to conduct a regulated cash-and-carry trade.



- Evidence of an increased cash-and-carry trade can be found by comparing the 30D sum of ETF netflows and the 30-day (30D) change in CME open interest. We can observe a similar magnitude between these two metrics, suggesting a relationship between long-spot positions via bitcoin ETFs and a short position via CME futures contracts to capture the yield.
- This arbitrage involves a market-neutral position, coupling the purchase of a long spot position, and the sale (short) of a futures contract of the same underlying asset which is trading at a premium.
- However, open interest growth across CME Group futures contracts has started to decline as of December 2024, showcasing a slowdown typical of end of year behavior. Nevertheless, moving into late January 2025, CME open interest has begun to recover.



- A similar trend can be observed when evaluating the relationship between US spot ethereum ETF inflows and the ethereum CME open interest.
- The cash-and-carry trade works to deepen liquidity and allows investors with larger sizes to safely enter and exit positions.

GLOSSARY

Realized Cap

The Realized Cap is the cumulative sum of all Realized Profits minus Realized Losses. It can be considered aggregate capital that has flowed into the Bitcoin network minus capital flowing out via losses. It tends to move in two distinct regimes:

- Steep and sharp repricing higher in bull markets as investors who accumulate cheap coins in the bear market distribute coins to new buyers at elevated and increasingly expensive prices.
- Sideways plateaus and declines in bear markets as expensive coins are revalued lower until complete investor capitulation occurs. This has historically accompanied a lengthy market consolidation where coins transact and gradually change hands, moving back towards higher conviction holders.

Active Addresses

The number of unique addresses that were active in the network either as a sender or receiver

Netflow

The net difference between inflow volume and outflow volume.

Funding Rate

Funding rates provide us with a view into the directional bias of futures markets. They represent an interest rate paid between long and short-side traders depending on how over or under the spot index the futures market trades.

Hot Realized Cap

The Hot Realized Cap is a variant of the Realized Cap that assesses the cumulative sum of Realized Profits minus Realized Losses for coins that are less than 1 week old. This metric can be used as a proxy to assess the current magnitude of new market demand or active capital within the network.

Cost Basis

The average acquisition price of an investor. Understanding the positioning of an investor enables the assessment of support and resistance, as well as price levels where investor sentiment may shift.

Entity

Entities are defined as a cluster of addresses that are controlled by the same network entity and are estimated through advanced heuristics and Glassnode's proprietary clustering algorithms.

Open Interest

The total amount of funds allocated in open futures contracts.

Cash-and-Carry Trade

A delta-neutral arbitrage trade which involves buying the underlying asset of a futures contract (spot exposure), whilst subsequently shorting via futures to capture the premium.

MEV Extraction

Miner Extractable Value (MEV) bots execute transactions for profit by reordering, inserting, and censoring transactions within blocks.

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