FLOWnomics Cheat Sheet & Beginner Guide

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Introduction

Welcome to the FLOWnomics Cheat Sheet! This guide explains the 41 FLOWnomics metrics in simple terms for crypto beginners. Each metric helps you understand the value of utility tokens (like XRP) by comparing them to a fleet of delivery trucks moving goods. Tokens are like trucks, and the goods they move are the transactions on the blockchain. Let's dive in to see what each metric means and why it's important!

1 Core Valuation Metrics

These metrics show how much the delivery fleet (tokens) is worth based on the goods it moves (transactions).

- **Current Effective Circulating Supply**
  - *What is it?* The number of trucks (tokens) ready to make deliveries, after removing those parked in storage (locked or staked tokens).
  - *Why it matters?* Only trucks on the road count for deliveries, so this shows the actual supply available for transactions.
  - *Analogy*: If you have 100 trucks but 20 are in the garage, only 80 are working. This is the 80.
- **Current Market Capitalization**
  - *What is it?* The total value of all working trucks, calculated as the number of trucks times their price.
  - *Why it matters?* It shows how much the market thinks the fleet is worth, but it might not match the goods they deliver.
  - *Analogy*: If each truck costs $10,000 and you have 80 working trucks, the fleet's value is $800,000.
- **FLOW (Economic Base)**

  - *What is it?* The total money needed to keep the fleet moving the goods (Annual Settlement Volume, or ASV) based on how often each truck is used (velocity).
  - *Why it matters?* It shows the minimum value the fleet needs to handle all deliveries, like the fuel and maintenance budget.
  - *Analogy*: If your trucks move $1 billion in goods yearly and each truck makes 5 trips, you need a $200 million fleet to keep up.
- **Adjusted FLOW (with buffer)**
  - *What is it?* The FLOW plus extra money for unexpected needs, like spare trucks for busy days.
  - *Why it matters?* It ensures the fleet can handle surprises, like sudden demand for deliveries.
  - *Analogy*: If FLOW is $200 million, adding a 20% buffer means budgeting $240 million for extra trucks.
- **Implied Price per Token**
  - *What is it?* The fair price of each truck, based on the adjusted FLOW divided by the number of working trucks.
  - *Why it matters?* It shows what each token should cost if priced by the deliveries it supports, not market hype.
  - *Analogy*: If the fleet needs $240 million and you have 80 trucks, each truck should be worth $3 million.
- **Fair Market Gap (%)**
  - *What is it?* The percentage difference between the fair price per truck and the current market price.
  - *Why it matters?* A positive gap means trucks are underpriced (a bargain). A negative gap can mean they're overpriced *or* that the fleet is priced to handle bigger deliveries in the future, like preparing for a huge new contract.
  - *Analogy*: If a truck's fair price is $3 million but it's selling for $4 million, the gap is -25%. This might mean it's too expensive or ready for more deliveries, like $1 trillion in goods.
- **FLOW-to-Price Ratio**
  - *What is it?* Compares the fleet's needed value (FLOW) to its market value (price × trucks).
  - *Why it matters?* A ratio above 1 means the fleet's delivery work is worth more than its market price, suggesting undervaluation. A ratio below 1 can mean overvaluation or that trucks are priced for future delivery growth, like XRP scaling to bigger transactions.

  - *Analogy*: If FLOW is $200 million but the fleet's market value is $180 million, the ratio is 1.11—trucks are underpriced. If it's 0.8, they might be overpriced or ready for bigger jobs.

- **FLOW Premium (%)**
  - *What is it?* The percentage difference between the market value and the adjusted FLOW.
  - *Why it matters?* A positive premium means the market undervalues the fleet's delivery work. A negative premium can mean overvaluation or that the fleet is priced for future delivery volume, preparing for increased transactions.
  - *Analogy*: If the market values the fleet at $180 million but adjusted FLOW is $240 million, the premium is -25%. This might mean overpricing or gearing up for more deliveries.

2 Efficiency & Utility Metrics

These metrics show how well the fleet uses its trucks to deliver goods.

- **FLOW Yield**
  - *What is it?* The amount of delivery work (FLOW) per dollar of market value.
  - *Why it matters?* A high yield means each dollar spent on the fleet supports a lot of deliveries.
  - *Analogy*: If FLOW is $200 million and the fleet's worth $150 million, each dollar supports $1.33 in deliveries.
- **FLOW Efficiency**
  - *What is it?* The amount of goods moved (ASV) per dollar of market value.
  - *Why it matters?* A high value shows the fleet moves a lot of goods for its price, making it efficient.
  - *Analogy*: If you move $1 billion in goods with a $150 million fleet, you get $6.67 in deliveries per dollar.
- **Settlement Elasticity**
  - *What is it?* How much the goods moved change when the fleet's market value changes.
  - *Why it matters?* It shows if adding more trucks (or value) boosts deliveries a lot or a little.
  - *Analogy*: If buying 10% more trucks increases deliveries by 20%, the elasticity is 2—very responsive.

- **Effective vs. Nominal Velocity**
  - *What is it?* Compares how often trucks are actually used (effective velocity) to how often they could be used (nominal velocity).
  - *Why it matters?* A low ratio means trucks aren't being used to their full potential.
  - *Analogy*: If trucks make 5 trips a year but could make 10, the ratio is 0.5—they're underused.
- **Utilization Rate**
  - *What is it?* How much of the fleet's delivery capacity (adjusted FLOW) is used for actual deliveries (ASV).
  - *Why it matters?* A rate near 1 means the fleet is fully used; above 1 means it's overworked.
  - *Analogy*: If trucks can handle $240 million in goods but move $200 million, the rate is 0.83—they're not maxed out.
- **Gas Efficiency Index**
  - *What is it?* The amount of goods moved per unit of gas (transaction costs).
  - *Why it matters?* A high index means the fleet moves goods cheaply, saving money.
  - *Analogy*: If you move $1 billion in goods using $1 million in gas, you get $1,000 per gas unit—very efficient.
- **Settlement per Wallet**
  - *What is it?* The amount of goods moved per driver (active wallet).
  - *Why it matters?* It shows how much each driver contributes to deliveries, reflecting user activity.
  - *Analogy*: If 1,000 drivers move $1 billion in goods, each handles $1 million in deliveries.
- **Active User Concentration (Gini)**
  - *What is it?* Measures if a few drivers handle most deliveries or if work is spread evenly.
  - *Why it matters?* A high Gini (near 1) means a few drivers do most of the work, which can be risky.
  - *Analogy*: If one driver handles 90% of deliveries, the Gini is high—the fleet relies too much on them.

3 Liquidity & Stability Metrics

These metrics check if the fleet can handle disruptions, like traffic jams or sudden demand.

- **Liquidity Stress Buffer Ratio**
  - *What is it?* The extra capacity (buffer × FLOW) compared to the fleet's market value.
  - *Why it matters?* A high ratio means you have spare trucks ready for unexpected demand.
  - *Analogy*: If you have $40 million in spare trucks for a $200 million fleet, the ratio is 0.2—good backup.
- **Slippage Resilience Score**
  - *What is it?* How well the fleet handles big delivery orders without slowing down.
  - *Why it matters?* A high score means the fleet can manage large orders without price spikes.
  - *Analogy*: If you have enough trucks to handle a $1 billion order without delays, your score is high.
- **Price Stability under 10% Velocity Drop**
  - *What is it?* How much the truck price changes if trucks make 10% fewer trips.
  - *Why it matters?* A value near 1 means prices stay stable even if deliveries slow down.
  - *Analogy*: If trucks make 9 trips instead of 10, but prices barely change, the fleet is stable.
- **Burn Amplification Factor**
  - *What is it?* How much truck prices rise if some trucks are retired (burned).
  - *Why it matters?* A high factor means retiring trucks boosts the value of remaining ones.
  - *Analogy*: If you retire 10 trucks and prices double, the factor is 2—burning has a big impact.
- **Lock-up Flex Impact**
  - *What is it?* How much prices change if more trucks are parked (locked up).
  - *Why it matters?* A high impact means locking trucks increases the value of active ones.

  - *Analogy*: If parking 10% of trucks doubles prices, the impact is 2—locking matters a lot.

- **Liquidity Depth Ratio**
  - *What is it?* The number of spare trucks available compared to goods moved.
  - *Why it matters?* A high ratio means there are enough trucks to handle current deliveries smoothly.
  - *Analogy*: If you have $1 billion in spare trucks for $1 billion in goods, the ratio is 1—plenty of capacity.

- **Velocity Stability Index**
  - *What is it?* How consistent the number of trips per truck is over 90 days.
  - *Why it matters?* A low index means trucks keep a steady pace, making prices reliable.
  - *Analogy*: If trucks always make 5 trips a year, the index is low—very stable.

- **Network Congestion Resistance**
  - *What is it?* The fleet's ability to handle peak delivery demand without slowing down.
  - *Why it matters?* A high value means the fleet can manage busy seasons without issues.
  - *Analogy*: If the fleet can handle $10 billion in goods when demand spikes, it's congestion-resistant.

- **Speculative Volatility Buffer**
  - *What is it?* The extra trucks available to protect against price swings from hype.
  - *Why it matters?* A high buffer means the fleet stays stable even if prices get crazy.
  - *Analogy*: If you have extra trucks ready during a delivery frenzy, prices won't spike too much.

- **Future Supply Adjustment Factor**
  - *What is it?* How the number of working trucks changes in the future due to lock-ups.
  - *Why it matters?* It shows how future parking of trucks affects their value.
  - *Analogy*: If you park 10% more trucks next year, the factor shows how it impacts the fleet.

4 Risk & Volatility Metrics

These metrics measure risks to the fleet, like bumpy roads or market swings.

- **30-day FLOW Volatility**
  - *What is it?* How much the fleet's needed value (FLOW) changes over 30 days.
  - *Why it matters?* A low value means the fleet's budget is stable, good for short-term plans.
  - *Analogy*: If the fleet's budget stays steady at $200 million, volatility is low—smooth roads.
- **90-day FLOW Volatility**
  - *What is it?* How much the fleet's needed value changes over 90 days.
  - *Why it matters?* A low value means stability over a longer period, good for investors.
  - *Analogy*: If the budget doesn't jump much over 3 months, it's a reliable fleet.
- **Annualized FLOW Return vs. Market**
  - *What is it?* How the fleet's profit (FLOW return) compares to the overall market's profit.
  - *Why it matters?* A high value means the fleet outperforms other delivery companies.
  - *Analogy*: If your fleet earns 20% while the market earns 10%, the ratio is 2—your fleet is a star.
- **Implied Downside if ASV Drops 20%**
  - *What is it?* How much truck prices fall if deliveries drop by 20%.
  - *Why it matters?* A low value means the fleet stays valuable even in tough times.
  - *Analogy*: If deliveries drop but prices only fall 5%, the downside is 0.05—very resilient.
- **Implied Upside if Velocity Halves**
  - *What is it?* How much prices rise if trucks make half as many trips.
  - *Why it matters?* A high value means fewer trips increase truck value, like during hoarding.
  - *Analogy*: If trucks make 5 trips instead of 10 and prices double, the upside is 2—big potential.
- **Market Correlation Risk**

- *What is it?* How much truck prices move with the broader crypto market.
- *Why it matters?* A low value means the fleet's value is unique, not tied to market swings.
- *Analogy*: If crypto prices crash but your trucks stay valuable, correlation is low—independent.

5 Forecasting & Scenario Metrics

These metrics predict how the fleet will perform in the future.

- **5-year Projected FLOW Price**
  - *What is it?* The future price of each truck based on projected deliveries and usage.
  - *Why it matters?* It shows what trucks might be worth in the future, guiding long-term investment.
  - *Analogy*: If future deliveries hit $1 trillion with fewer trips, each truck could be worth $250.
- **5-year CAGR FLOW Price**
  - *What is it?* The yearly growth rate of truck prices over 5 years.
  - *Why it matters?* A high rate means the fleet's value grows fast, great for investors.
  - *Analogy*: If truck prices grow from $3 to $250 in 5 years, the annual growth is 133%—huge potential.
- **ASV Growth Sensitivity**
  - *What is it?* How much truck prices change when deliveries grow.
  - *Why it matters?* A high value means more deliveries boost prices a lot, showing growth potential.
  - *Analogy*: If 10% more deliveries doubles prices, sensitivity is 2—prices are very responsive.
- **Velocity Decline Sensitivity**
  - *What is it?* How much prices change if trucks make fewer trips.
  - *Why it matters?* A high value means fewer trips increase prices, like during low usage.
  - *Analogy*: If trips drop 10% and prices rise 20%, sensitivity is 2—fewer trips help prices.
- **Max Lock-up Stress Test**

  - *What is it?* The price of trucks if only a few remain active (extreme lock-up).
  - *Why it matters?* It shows how valuable trucks become if most are parked.
  - *Analogy*: If only 10% of trucks are active, prices might jump 10x—huge impact.
- **Fair Market Gap in Bear Scenario**
  - *What is it?* The gap between fair and market prices if deliveries drop (bad times).
  - *Why it matters?* A positive gap means trucks are still a bargain even in a downturn.
  - *Analogy*: If deliveries drop 20% but trucks are still underpriced by 10%, it's a buying opportunity.
- **Fair Market Gap in Bull Scenario**
  - *What is it?* The gap between fair and market prices if deliveries rise (good times).
  - *Why it matters?* A positive gap means trucks are undervalued when demand is high.
  - *Analogy*: If deliveries rise 20% and trucks are underpriced by 50%, they're a great deal.
- **Future Liquidity Sufficiency Ratio**
  - *What is it?* Checks if the fleet's current value supports future delivery needs.
  - *Why it matters?* A ratio above 1 means the fleet is ready for bigger delivery contracts, which might explain why trucks seem overpriced now (like a negative Fair Market Gap).
  - *Analogy*: If your fleet's worth $180 million but future deliveries need $150 million, you're set for growth.

6 Operational Ratios

These metrics look at the fleet's day-to-day operations.

- **Settlement Coverage Ratio**
  - *What is it?* The amount of goods moved compared to the fleet's market value.
  - *Why it matters?* A high ratio means the fleet handles a lot of deliveries for its price.

  - *Analogy*: If you move $1 billion in goods with a $200 million fleet, the ratio is 5—great coverage.

- **Realized Settlement vs Theoretical FLOW**
  - *What is it?* Compares actual deliveries to the ideal delivery capacity.
  - *Why it matters?* A value near 1 means the fleet is working as planned.
  - *Analogy*: If trucks move $1 billion in goods as expected, the ratio is 1—on target.

- **Transaction Latency Index**
  - *What is it?* How fast trucks deliver goods compared to the industry average.
  - *Why it matters?* A low index means faster deliveries, making the fleet competitive.
  - *Analogy*: If your trucks deliver in 2 seconds vs. an industry average of 5, the index is 0.4—super fast.

- **User Adoption Rate**
  - *What is it?* How fast new drivers (users) join the fleet.
  - *Why it matters?* A high rate means more people are using the fleet, driving growth.
  - *Analogy*: If 20% more drivers join yearly, the fleet is growing fast.

- **Operational Scalability Score**
  - *What is it?* How much more the fleet can deliver in the future compared to now.
  - *Why it matters?* A high score means the fleet is ready for bigger delivery contracts.
  - *Analogy*: If future deliveries are $1 trillion vs. $500 billion now, the score is 2—ready to scale.

7 How to Use This Cheat Sheet

- **Find Data**: Use blockchain explorers (like XRPL.org for XRP) for numbers like ASV, velocity, or active wallets. Check market sites (like CoinMarketCap) for prices and supply.
- **Enter Values**: Plug numbers into the FLOWnomics Calculator (available at futurexrp.github.io/FLOWnomics).
- **Understand Results**: Use this guide to see what each metric means. If the Fair Market Gap is negative, it might mean the token is overpriced *or* preparing for bigger deliveries!

- **Think Like a Fleet Manager**: Imagine you're running a delivery company. These metrics show if your trucks (tokens) are priced right for the goods they move, now and in the future.

8 Need More Help?

- Check the full FLOWnomics Repository for code and updates.
- Ask questions or share feedback in the repository's Issues section.
- Created by Matt Blair to make crypto valuation simple!