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01 More stablecoins leads to the corollary 'higher BTC price'?

02 614,449 is not unique

03 We haven't seen enough dead coins

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01 More stablecoins leads to the corollary 'higher BTC price'?

Chart 1. A decoupling relationship between bitcoin and stablecoins have unfolded since Black Thursday

The correlation between bitcoin and the SSR has seen a bifurcation since March 12 implicating more potential flows into BTC

The buying power of USD-backed stablecoins over bitcoins have precipitously increased since Black Thursday.

The relationship between bitcoin and USD-backed stablecoins has been a metric ignored for various purposes. Different crypto. Different usage. Different regulations. But this year stablecoins have merely rocketed in issuance amount led by USDT (Tether) and USDC (Circle). The Stablecoin Supply Ratio measures the ratio between the marketcap of bitcoin and the marketcap of a basket of the more popular USD-backed stablecoins. The constituents that make up this basket are USDT, TUSD, USDC, PAX, GUSD, DAI, SAI, and BUSD. From February 11, 2018 to March 11,2020, the pearson correlation coefficient has demonstrated a strong correlation of 0.6389 but that has dropped to 0.4773 since then.

The implications here can be seen as the current stablecoin supply as having more buying power to purchase bitcoin or on the other hand, a more efficient gateway of offloading BTC holdings. Or as we saw in the summer with the OCC becoming more "friendlier" to stablecoin providers, a better way to increase state surveillance of inflows and outflows into stablecoins.

614,449 is not unique 02

800,180

2017

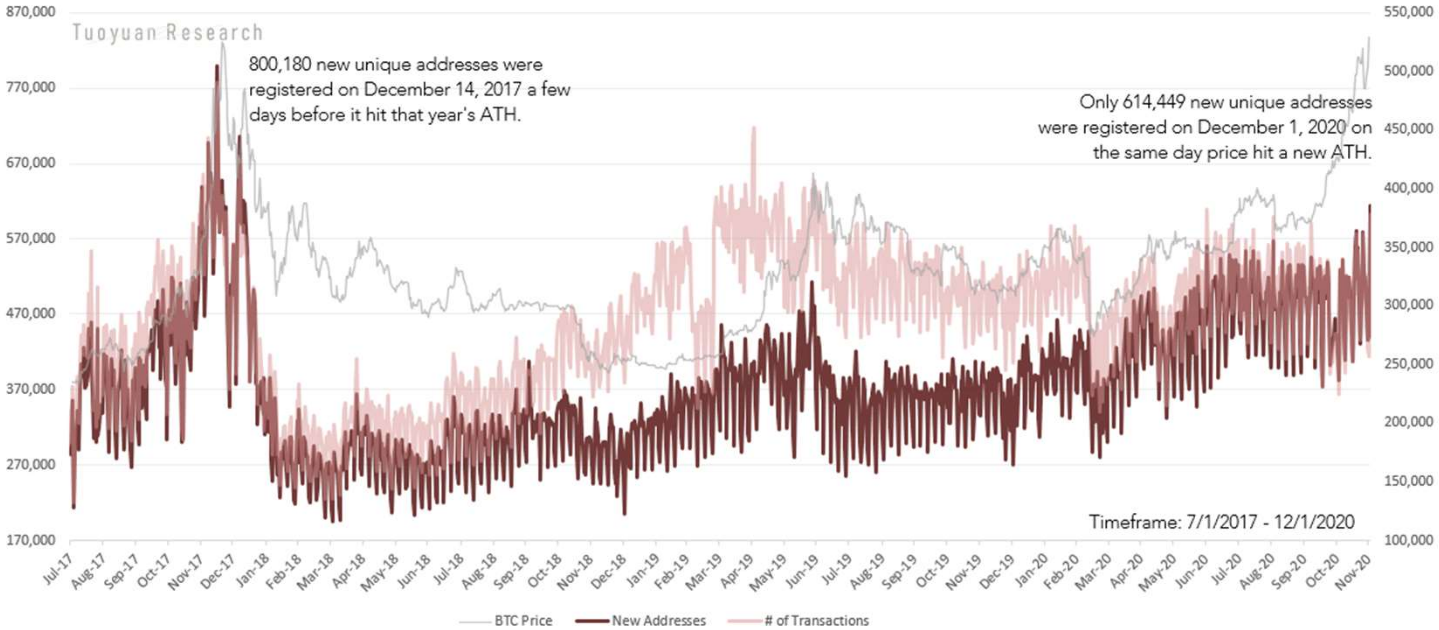
614,449

2020

The current run up in bitcoin's price mirroring 2017's runup is remarkable but don't consider it a caveat to potential sell pressure. There are obvious infrastructural differences between 2017 and 2020 with a great emphasis on solid fundamental network differences. Current on-chain transactions and the number of daily unique addresses appearing are both still below the levels of what they were generating back in 2017's run up. Although the question of what stimulates what first is a matter of the chicken or egg paradox, it's safer to say that reflexivity is better relationship between the two.

Chart 2. The current amount of daily new unique bitcoin addresses are still below that of 2017's bull run

New unique address count and on-chain transactions can both be a barometer of new users coming into the bitcoin ecosystem.



When BTC hit its intra-day ATH in December of 2017, there were about 800,180 new unique addresses appearing on the network as compared to the recent new intra-day ATH, which registered only 614,449 new unique addresses on the network.

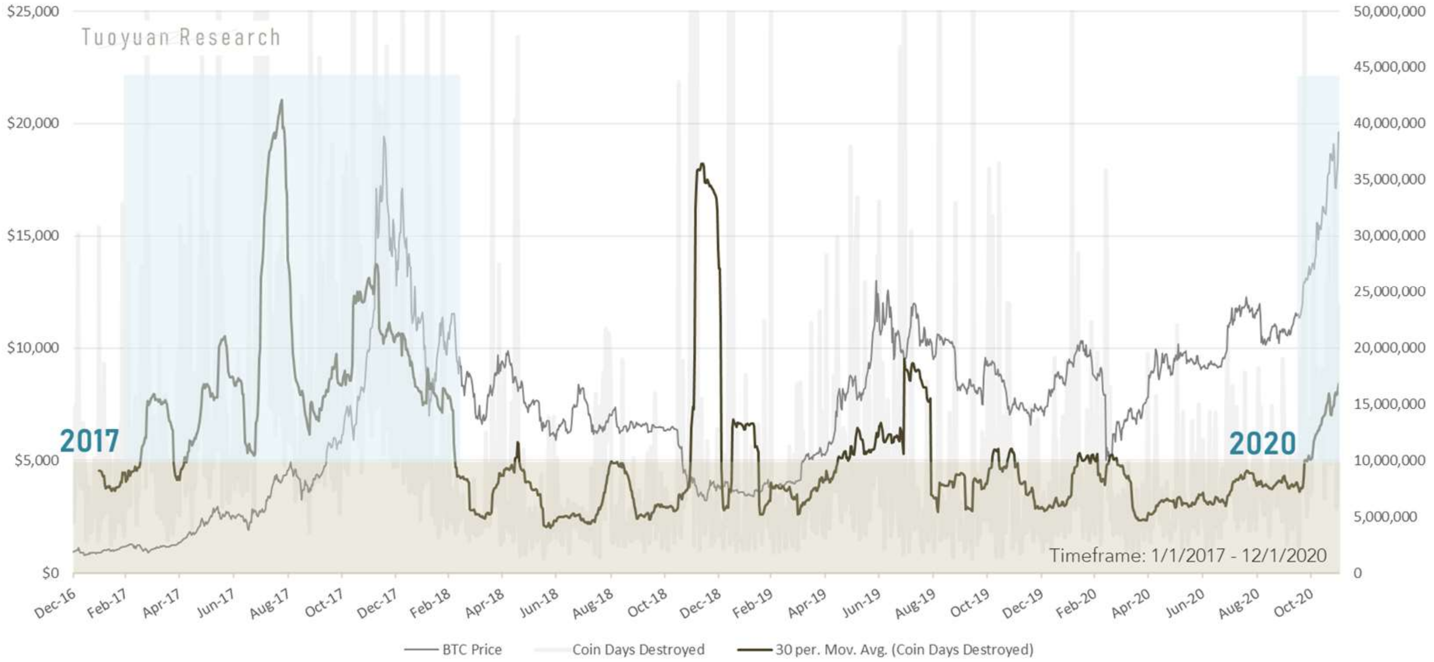
**all data used in the graphics derived from Glassnode's API*

03 We haven't seen enough dead coins

99% Despite 99% of UTXOs all in profit based on there realization price, the CCD hasn't seen the presumed activity of these gains being realized.

Chart 3. The movement of older aged coins on-chain have only started to begun; implying a longer HODL period

As we have breached intra-day ATH and are on the brink of a 3rd bitcoin bullrun, not all long term holders are ready to cash gains yet



The dynamics between long-term holders and short-term holders are clearly laid out on-chain. Every transaction and movement of coins restarts the age of that coin to zero. Coins that have been sitting idle in a wallet will have an older age compared to a recent movement of coins to a new wallet address. By translating the metric that sums up the amount of "old days" rinsed to a 30-day MA, 10 millions CCD (or Coin Days Destroyed) has been a strong resistance level over the past 4 years with spikes above this level occurring in waves in the 2017 run up and a few times during the capitulation period near the end of 2018. Based on the chart crafted together, it's observable that this year's recent price pump has only seen a hint of this moving average crossing the 10 million mark. What can be implied here is that, long term holders that started to move their old coins during the 2017 runup have not necessarily been moving their coins during this run up, yet. This is emblematic that current price levels have not been high enough to entice movements like that of in 2017. A multitude of factors can be digested for this reason including anticipation of a higher bull run, lost coins, a larger percentage of coins being locked up in custodial entities, and/or coin ownership being in the hands of larger institution or governments.

There surely maybe a host of other bitcoin metrics and indicators that are already at ATHs (illustrated nicely in Castle Island partner, Nic Carter's piece), but there are also a few laid out in this piece that indicate fundamentals haven't yet caught up to bitcoin's price full potential. This leaves us with a blank canvas as to how much higher past $20,000 can we go.

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