

Discretionary Trading

Blockchain.com is a major digital assets platform offering a suite of financial products, including an exchange, institutional trading solutions, and one of the most widely used self-custodial wallets.

Serving both retail and institutional investors, the firm has facilitated billions of dollars in transactions and is a key player in digital asset market infrastructure.

The Challenge

Blockchain.com sought to integrate on-chain metrics into one of its discretionary trading strategies to support investment decisions for large-cap digital assets such as BTC, ETH, and SOL. Their goals included:

1. Enhancing discretionary trading

Traders required on-chain insights into market sentiment, liquidity shifts, and investor positioning to anticipate price reversals and volatility spikes, with the primary objective of improving precision around entry & exit points.

2. Developing executive-level insights

Establishing a structured market analysis framework that would provide real-time insights to guide major investment decisions at the executive level.

Ultimately, Blockchain.com sought practical guidance on effectively integrating on-chain insights into its proprietary trading strategies, alongside a trusted partner capable of delivering reliable, institutional-grade data and insights.

Solution

Glassnode provided advisory sessions to educate Blockchain.com's team on the most impactful on-chain metrics. Through these discussions, the firm identified MVRV (a metric measuring Bitcoin's market valuation relative to its on-chain cost basis) and SOPR (a metric reflecting investor profitability and sentiment by comparing the value of coins sold to their purchase price), as the most effective indicators for its trading strategies.

Glassnode also developed a structured on-chain analysis framework consisting of curated charts with detailed commentary. This methodology is now regularly used by Blockchain.com's executives to inform discretionary trading decisions.

Key features that made the difference:

1. On-Chain Metrics for Discretionary Trading

By leveraging Glassnode's MVRV and SOPR metrics according to granular cohort breakdowns, Blockchain.com's trading team

optimized their trading model, improving execution in short- to mid- term trading windows.

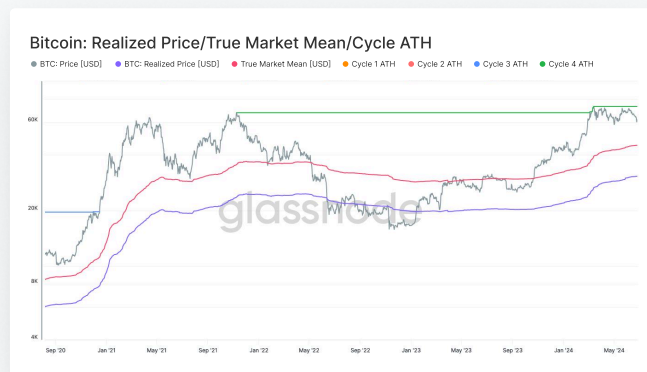
- MVRV ratios helped determine if assets were overbought or oversold based on historical investor profitability.
- SOPR data allowed the team to identify capitulation events and momentum shifts, fine-tuning entries and exits.

2. Structured On-Chain Market Updates

Glassnode created a framework for on-chain analysis, providing Blockchain.com with a regular market update system consisting of key charts, trends, and commentary. This approach gives a lens into liquidity, risk appetite, and investor behavior.

Example analysis from the on-chain framework:

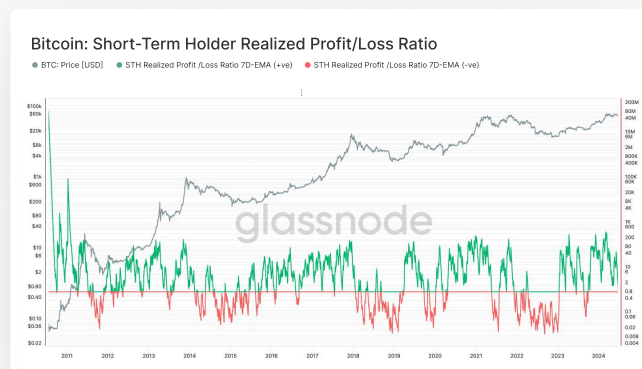
The chart below shows Bitcoin's price relative to key valuation metrics, including the All-Time High (ATH), True Market Mean, and Short-Term Holder (STH) Cost Basis, providing insight into Bitcoin's current valuation and highlighting potential entry and exit points.



Actionable insights:

- Bitcoin's price is currently positioned between its ATH and the True Market Mean, placing it in what is termed the 'Enthusiastic Bull Market' phase.
- The price moved below STH-Cost Basis (\$64K), a critical level for short-term holders.

The following chart tracks the Realized Profit/Loss Ratio for Short-Term Holders (STH) and breaks it down by different age cohorts (1d-1w, 1w-1m, 1m-3m, and 3m-6m). The ratio indicates whether short-term holders are realizing gains or losses when selling.



Actionable insights:

- STH cohorts from 1d-1w, 1w-1m, and 1m-3m are now holding unrealized losses. This signals selling pressure could emerge if these holders capitulate.
- Recent buyers (past 3 months) are in loss, which could increase volatility if they begin selling.

Results

Blockchain.com's new ability to leverage on-chain analytics has provided the firm with a competitive edge in discretionary digital asset trading.

Key outcomes

- **Better decisions:** Clear, impactful market insights for senior investment executives.
- **Efficiency gains:** Optimized short/mid-term trading with improved entry/exit precision.
- **Reduced risk exposure:** Accurate identification of overbought and oversold conditions.

Conclusions

Glassnode provided Blockchain with clear on-chain market insights, helping enhance risk-adjusted returns exceeding industry benchmarks.

"Glassnode has been a good partner in providing reliable and insightful Bitcoin data. Their comprehensive analytics & user-friendly platform have enhanced our decision-making process. We recommend Glassnode to anyone seeking dependable cryptocurrency data solutions."

— **Peter Smith**, CEO, Blockchain.com