# **Momentum of Bitcoin addresses demonstrates significant divergence**

According to CryptoSlate's analysis of Glassnode data, new address momentum measures for both the Bitcoin (BTC) and Ethereum (ETH) networks reveal that the BTC network is expanding while the ETH network is experiencing the opposite trend.

A rise in the number of daily active users, higher transaction throughput, and higher backspace demand often characterize healthy network adoption. In light of this, CryptoSlate experts looked at the metrics for BTC and ETH's new address momentum, new entity momentum, and active address momentum.

An efficient way to gauge the scope, trajectory, and momentum of activity across the network is to look at the number of new addresses that are added to the chain.

Due to intraday volatility in on-chain activity indicators, the total number of new addresses on any given day may not be useful. It can be far more instructive to compare the volume and trend of new addresses entering the market on a monthly or annual basis.

## **New entity energy**

When combined with the new address momentum indicator, this metric, which reflects new entities that join a blockchain, can offer valuable insights.

The graph below shows the average monthly and annual BTC new entity momentums since 2010, and it is similar to the new address momentum chart. The green line shows the annual average, while the pink line shows the monthly average.

Both measurements highlight relative changes in the dominant attitude and show when network activity is shifting. When the monthly average rises over the annual average, there is an increase in on-chain activity, which typically reflects core network upgrades and rising network utilization.

A contraction in on-chain activity, a common indicator of poor network fundamentals and decreased network utilization, is indicated if the yearly average surpasses the monthly average.

## **Better outlook on the Crypto markets**

According to the charts, BTC's new address momentum and new entity momentum indicators are currently higher above the yearly averages. Data from the past indicates that a bull market mentality appeared each time these parameters were higher than the yearly average. The most recent instance of this was seen in January 2023, when BTC increased from about $15,000 to $24,000.

This further confirms the claims that the 2021 bull run came to an end in the middle of the year and that the November bull run was artificially fueled by derivatives. We currently witness the first effective entry of new businesses into the BTC network in 2021. However, the flow briefly ceased in the beginning of 2022, which might be considered during the bull run's end.