

Coinbase Global, Inc.

Crypto Exchange & Financial Infrastructure · United States · USD

RECOMMENDATION	LAST CLOSE	12M FAIR VALUE	INVESTMENT SCORE
WATCHLIST Do not initiate at this price	\$167.49 27 Jul 2026 close	\$195 +16% vs. spot	55 / 100 Weighted, 8 factors

Investment summary

Coinbase is the highest-quality operator in a low-quality industry structure, and the share price still does not reflect the second half of that sentence. The company runs an 85% gross-margin platform with the strongest regulatory standing of any US crypto venue, record US trading share, a dominant crypto-options franchise via Deribit, and a subscription base that now supplies 44% of net revenue. Yet trailing twelve-month revenue is \$6.29bn and falling, the last two reported quarters were GAAP losses, return on invested capital of 5.8% sits roughly thirteen points below an estimated 19.4% cost of capital, and the equity trades at 58.5x trailing and 67.9x forward earnings.

The bear market in the underlying asset is the whole story. Bitcoin has fallen from roughly \$126,000 in October 2025 to about \$65,000, and Coinbase revenue moves with it on a lag of roughly one quarter. Management has responded credibly: 700 roles cut in May 2026 (14% of headcount), a full-year adjusted expense envelope of \$4.3bn to \$4.6bn (about \$500m below the Q4 2025 exit run-rate), and \$1.1bn of stock repurchased in Q1. Those actions preserve the option on a cycle recovery. They do not create one.

The arithmetic that matters: on a realistic 2027 recovery to roughly \$7.5bn of revenue against a \$4.7bn expense base, earnings power is close to \$5.67 per share. At 30x that is \$170, barely above spot. To justify a materially higher price the buyer needs a genuine crypto bull market, not merely stabilisation. Meanwhile the downside is not cushioned: at 3.3x book and 25x free cash flow, a deeper winter plausibly takes the shares toward \$100. A probability-weighted fair value of roughly \$195 offers about 16% upside against a 40% drawdown risk on an asset with 3.35 beta and 65% realised volatility. That is an unattractive trade at this price, not an unattractive business.

The rating is Watchlist rather than Avoid because the franchise is real and the catalysts are dated. Q2 results land after the close on 30 July 2026, two sessions from this report, and the CLARITY Act market-structure bill has cleared Senate Banking and awaits a floor vote in what is close to the last legislative window of the year. Both are binary. Neither is a reason to own the stock in advance at 68x forward earnings.

Key market data

Metric	Value	Metric	Value
Share price (27 Jul 2026)	\$167.49	Trailing P/E	58.5x
Market capitalisation	\$44.13bn	Forward P/E	67.9x
Enterprise value	\$41.65bn	EV / EBITDA	44.7x
Shares outstanding	263.5m	EV / Sales	6.6x
Free float	219.4m (83%)	Price / Book	3.27x
52-week range	\$139.18 – \$444.64	Price / FCF	25.1x
52-week price change	-57.2%	Return on equity (TTM)	6.7%
Beta (5-year)	3.35	Return on invested capital	5.8%

Metric	Value	Metric	Value
Realised volatility (ann.)	64.5%	Est. cost of capital	19.4%
Short interest (% of float)	11.4%	Net cash	\$2.47bn
Avg. daily volume (20d)	7.03m shares	Dividend yield	None

Price from Alpha Vantage GLOBAL_QUOTE, 27 Jul 2026 close. Ratios and balance-sheet items from S&P Global Market Intelligence via StockAnalysis, updated 27 Jul 2026. Cost of capital is a third-party WACC estimate; realised volatility computed from 100 sessions of daily closes.

1. How this business actually makes money, and what will drive the stock

Coinbase is usually described as a crypto exchange. That is now only about half true, and the half that is not true is where the investment debate sits. Revenue divides into two streams with very different economics and very different persistence.

Transaction revenue is a take rate on trading volume. In FY2025 it was \$4.06bn across consumer (\$3.32bn), institutional (\$480m) and other (\$253m) lines. Consumer carries a blended take rate in the high tens of basis points; institutional carries single-digit basis points. This line is a leveraged derivative of crypto market capitalisation and volatility, and it can halve in two quarters, as it just did. In Q1 2026 transaction revenue was \$756m, down roughly 40% year on year.

Subscription and services revenue is the reason the equity is not simply a levered bitcoin tracker. In FY2025 it was \$2.83bn: stablecoin revenue \$1.35bn, blockchain rewards (staking) \$677m, interest and finance fee income \$247m, and other subscription products \$555m. Stablecoin revenue is the interest earned on USDC reserves, of which Coinbase captures roughly half the economics under its agreement with Circle, plus a share tied to USDC balances held on Coinbase itself. It scales with USDC supply and with short-term rates, not with trading. In Q1 2026 this segment reached 44% of net revenue, an all-time high, and it did so partly because the denominator collapsed.

The five variables that will determine the two-year outcome

Driver	Why it decides the return	Current read
Crypto market cap and volatility	Sets transaction revenue almost mechanically. Roughly two-thirds of FY2025 revenue and the entirety of the operating leverage sits here.	Adverse. BTC ~\$65k vs. ~\$126k peak; Q1 2026 volumes -20% QoQ.
Operating expense discipline	Gross margin is stable near 85%, so every dollar of cost reduction drops through. The 2024-25 cost build turned a normal revenue quarter into an operating loss.	Improving. FY26 adj. expense guided \$4.3-4.6bn; 14% headcount cut in May.
USDC supply and rate path	Stablecoin revenue is the largest non-cyclical line, but it is levered to both USDC float and the front end of the curve. Rate cuts compress it independently of crypto.	Mixed. USDC on platform at a record \$19bn; rate direction is a headwind.
Derivatives and new-product scaling	Deribit, US retail perpetuals and prediction markets are the only lines growing through the downturn, and they carry high incremental margin.	Favourable. Retail derivatives >\$200m annualised; prediction markets ~\$100m.
US market-structure legislation	The CLARITY Act determines whether institutional product build-out proceeds, and its stablecoin-yield language governs roughly a fifth of revenue.	Unresolved. Cleared Senate Banking 15-9 on 14 May; no floor vote yet.

Segment revenue from company filings via StockAnalysis / Fiscal.ai; Q1 2026 detail from the Q1 2026 shareholder letter and earnings call.

Everything that follows is measured against these five. A conclusion that Coinbase is a good company is not sufficient; the question is whether these five variables are more likely than not to move favourably enough, and soon enough, to beat what is already discounted at \$167.

2. Industry structure and positioning

The crypto trading industry has an uncomfortable feature for equity investors: it is cyclical in the way commodity mining is cyclical, but it is priced in the way software is priced. Aggregate industry revenue is a function of asset prices that are themselves reflexive. There is no contracted backlog, no recurring licence, and no switching cost strong enough to hold a fee-sensitive trader in place. Total crypto market capitalisation and total spot volume each fell more than 20% quarter on quarter in Q1 2026, and industry revenue fell with them.

Coinbase's position within that structure is genuinely strong domestically and genuinely weak globally. It holds record US share and reported twelve consecutive quarters of net native unit inflows, meaning customers kept adding assets through the drawdown. That is a trust moat expressing itself in the worst possible tape. Globally, however, Binance still clears roughly 39% of centralised exchange volume against Coinbase at approximately 6%. Coinbase is the premium venue in the most regulated market, not the largest venue in the world.

The competitive threat over the next two years is not another crypto-native exchange. It is the arrival of incumbent brokerages. Robinhood has been undercutting on price while shifting its own mix toward subscriptions and prediction markets. Morgan Stanley, Schwab and Fidelity are all building crypto access. If a large traditional broker offers crypto at near-zero explicit fees as a customer-acquisition tool, Coinbase's consumer take rate, which is the single most valuable number in the model, comes under structural pressure in a way no cycle recovery repairs.

Company	Position vs. Coinbase	Threat level
Binance	~39% of global CEX volume vs. COIN ~6%. Far larger, far cheaper, but restricted from the US regulated market. Caps Coinbase's international ambition rather than its domestic economics.	Moderate
Robinhood	Q1 2026 revenue \$1.07bn with \$350m net income and 4.3m Gold subscribers. Competes directly for the US retail wallet at a lower headline price and is diversifying faster into prediction markets.	High
Traditional brokers (Morgan Stanley, Schwab, Fidelity)	Distribution and balance sheet Coinbase cannot match, with crypto as a loss-leader rather than a profit centre. The principal source of long-run fee compression.	High
Circle	Partner and counterparty rather than competitor. Coinbase captures roughly half of USDC economics, which is lucrative but leaves a fifth of revenue dependent on another company's contract and on legislative treatment of stablecoin yield.	Structural
Kraken, Gemini, Bullish and other US venues	Smaller scale, weaker brand, comparable regulatory posture. Compete on fees in institutional flow but have not taken meaningful retail share.	Low

Market share and peer figures from company disclosures and third-party press coverage, 2026.

3. Financial analysis

The financial history reads as three distinct companies. FY2021 was a mania (revenue \$7.84bn, EPS \$14.50). FY2022 was a wipeout (revenue \$3.19bn, net loss \$2.63bn). FY2024 was the recovery (revenue \$6.56bn, EPS \$9.48). FY2025 grew revenue 9.4% to \$7.18bn but earnings halved to \$4.45 as the cost base expanded. The trailing twelve months to March 2026 show revenue of \$6.29bn and EPS of \$2.86. An investor buying today is buying an average of these outcomes, and the honest range of that average is very wide.

\$m unless noted	TTM Mar-26	FY2025	FY2024	FY2023	FY2022
Revenue	6,290	7,181	6,564	3,108	3,194
Revenue growth	-5.8%	+9.4%	+111.2%	-2.7%	-59.3%
Gross profit	5,370	6,161	5,666	2,688	2,564
Gross margin	85.5%	85.8%	86.3%	86.5%	80.3%
Operating income	779	1,435	2,307	-162	-2,710
Operating margin	12.4%	20.0%	35.2%	-5.2%	-84.9%

\$m unless noted	TTM Mar-26	FY2025	FY2024	FY2023	FY2022
Net income	801	1,260	2,578	95	-2,625
Diluted EPS (\$)	2.86	4.45	9.48	0.37	-11.83
Adjusted EBITDA	931	~2,100	~3,300	~1,000	-1,200
Free cash flow	1,760	2,426	3,104	673	-1,585
FCF margin	27.9%	33.8%	47.3%	21.7%	-49.6%

FY2021-25 from company filings via StockAnalysis / Fiscal.ai. TTM per S&P Global Market Intelligence as of 27 Jul 2026; note Fiscal.ai reports a marginally different TTM revenue of \$6.56bn owing to period-alignment conventions. Adjusted EBITDA for prior years is approximate and shown for shape rather than precision.

What the margin structure is telling us

Gross margin has held in an 84% to 87% band across eight quarters of wildly varying revenue. That is the single most reassuring number in the financials, and it means the business does not have a variable-cost problem. It has a fixed-cost problem. Eight quarters before Q1 2026, on comparable revenue of \$1.13bn, Coinbase earned an 8.2% operating margin. In Q1 2026, on higher revenue of \$1.43bn, the operating margin was negative 7.1%. Combined technology, development and administrative expense had grown from roughly \$0.88bn to \$1.17bn per quarter. Management spent the bull market building a cost base that a normal quarter can no longer carry.

The May 2026 restructuring is the correction. Seven hundred roles, about 14% of headcount, were removed at a charge of \$50m to \$60m, and full-year adjusted expense was guided to \$4.3bn to \$4.6bn, roughly \$500m below the annualised Q4 2025 exit rate. Q2 technology and administrative expense was guided to \$820m to \$870m, down 4% to 9% sequentially. Against 85% gross margin, that reset moves the operating breakeven revenue level down by close to \$600m a year. It is the highest-conviction positive in the file.

Balance sheet and returns on capital

The balance sheet is sound but less pristine than the headline suggests. Cash and investments of \$10.44bn sit against \$7.96bn of total debt, leaving net cash of \$2.47bn, or \$9.39 per share. That net position has fallen 47% from \$4.70bn at the end of FY2024, as convertible issuance funded the \$2.9bn Deribit acquisition and \$1.1bn of Q1 buybacks. Current ratio of 2.14, interest coverage of 8.1x and an Altman Z-score of 3.75 leave no solvency question. Book value is \$13.48bn, or \$51.18 per share, against a \$167.49 price: 3.27x book.

Return on capital is where the analysis turns hostile. Trailing return on equity is 6.7% and return on invested capital is 5.8%, against a third-party weighted average cost of capital estimate of 19.4% that reflects the 3.35 beta. On trailing numbers Coinbase is destroying economic value at a rate of roughly thirteen percentage points on invested capital. That is a cyclical trough reading rather than a permanent condition; in FY2024 the same business earned returns far above its cost of capital. But an investor paying 3.3x book for a business currently earning 6.7% on equity is explicitly paying for a recovery that has not begun.

Capital allocation has been active and, on balance, defensible. The Deribit purchase for \$2.9bn (\$700m cash and 11m Class A shares) bought an options franchise with roughly 80% of the crypto options market and share above 85% in bitcoin and ether contracts. It is the best strategic asset the company has bought. Buybacks are less clearly wise: repurchasing \$1.1bn in Q1 2026 at prices well above today's was poor timing, and share count is still up 4.15% year on year because stock compensation more than offsets the repurchase. Net shareholder yield is negative 4.15%. There is no dividend.

4. The most recent quarter, and what the next one has to show

Q1 2026 (reported 7 May 2026)	Result	Read
Total revenue	\$1.43bn	-21% QoQ, -30.8% YoY
Transaction revenue	\$756m	-23% QoQ, ~-40% YoY; consumer \$567m, institutional \$136m

Q1 2026 (reported 7 May 2026)	Result	Read
Subscription and services	\$584m	44% of net revenue, a record share
Stablecoin revenue	\$305m	USDC on platform at a record \$19bn average
Gross margin	85.4%	Inside the eight-quarter 84-87% band
Operating margin	-7.1%	First negative operating quarter in the dataset
Net income	-\$394m	-\$1.49 per share; second consecutive GAAP loss
Adjusted EBITDA	\$303m	13th consecutive positive quarter
Buyback	\$1.1bn	~6m shares repurchased during the quarter

Coinbase Q1 2026 shareholder letter and earnings call, 7 May 2026.

Q2 2026 results are due after the close on 30 July 2026. Consensus expects revenue of roughly \$1.31bn to \$1.35bn, down about 13% year on year, with EPS near \$0.31, transaction revenue of about \$640m (-16.3% YoY) and subscription and services revenue of about \$600m (-8.4% YoY). Management guided subscription and services to \$565m to \$645m. Two disclosures matter more than the headline. First, whether subscription and services lands in the upper half of guidance, which would confirm that the non-cyclical base holds above \$600m per quarter in a trough. Second, whether the cost reduction shows up on time, with technology and administrative expense inside the \$820m to \$870m range. A quarter that delivers both, even on weak transaction revenue, is materially more informative than a transaction-revenue beat driven by a few volatile weeks in June.

5. Management and governance

Brian Armstrong has run this company through two complete crypto cycles and has been directionally right on the two decisions that mattered most: refusing to compromise on US regulatory posture when offshore competitors took the easier path, and building distribution ahead of institutional demand. The Deribit acquisition was decisive and well-priced. The pivot into derivatives, prediction markets and stablecoin infrastructure has produced the only revenue lines growing through this downturn. Chief Legal Officer Paul Grewal has been the industry's most effective legislative operator.

The criticisms are equally specific. Operating expense was allowed to grow by roughly a third per quarter against flat revenue during 2024 and 2025, which is why a \$1.43bn revenue quarter produced an operating loss; the May restructuring is a fix for a self-inflicted problem. Guidance credibility on the legislative timetable has been poor: on the Q1 call, management expressed confidence in a signed CLARITY Act by the end of summer, and as of late July the bill has still not received a Senate floor vote. And the insider record is one-directional. Over the past year Armstrong executed roughly 88 sales totalling about \$550m with no open-market purchases, including approximately \$101m on 5 January 2026. The sales run under a Rule 10b5-1 plan adopted in August 2025, which removes the signalling content, but a founder-CEO who has not bought a share while the stock fell more than 60% is not offering a vote of confidence either. Insiders still hold 16.65% of the company, so alignment remains materially better than at most large-cap peers.

6. Growth drivers

Driver	Mechanism and evidence	Likelihood	Impact
Crypto cycle recovery	Transaction revenue is the largest single line and the most operationally levered. A return of volumes toward 2024-25 levels against the reset cost base would swing operating income by more than \$1.5bn annually. Timing, not direction, is the uncertainty.	Medium	Very high
Cost base reset	FY2026 adjusted expense of \$4.3-4.6bn versus a ~\$5.0bn annualised Q4 2025 exit rate. Already contracted through the May headcount action; the benefit accrues regardless of the tape.	High	High

Driver	Mechanism and evidence	Likelihood	Impact
Derivatives franchise	Deribit contributes roughly 80% of crypto options volume; US retail derivatives passed a \$200m annualised run rate in Q1 with high incremental margin. Options revenue is less price-directional than spot because volatility itself is the product.	High	Medium
Prediction markets and non-crypto contracts	Reached roughly \$100m annualised in March 2026 alone, two months from launch; silver, gold and oil contracts grew more than fourfold sequentially. Diversifies revenue away from crypto prices entirely.	Medium-high	Medium
CLARITY Act passage	Would unlock institutional product build-out and resolve the stablecoin-yield question. Cleared Senate Banking 15-9 on 14 May 2026 after a Tillis-Alsobrooks compromise preserving activity-based rewards; awaits a floor vote.	Medium	High
USDC and stablecoin scale	Record \$19bn average USDC held on platform, over a quarter of circulating supply, with roughly half the economics accruing to Coinbase. Grows with payment adoption but shrinks with policy rates.	High	Medium
Agentic payments (x402, Base)	Over 100m agentic transactions on Base in roughly three quarters and 69,000 active agents, but only about \$50m of cumulative value transferred. Strategically interesting, financially immaterial for the two-year horizon.	High (adoption)	Negligible

Likelihood and impact are the analyst's subjective assessment over a one-to-two year horizon.

7. Risk assessment

The risks below are ordered by expected cost to the equity, which is probability multiplied by severity, rather than by how frequently they are discussed.

Risk	Description	Prob.	Severity
Extended crypto winter	Bitcoin has fallen from roughly \$126,000 in October 2025 to about \$65,000, breaking to a 21-month low in June 2026. Past cycles have run 12-18 months peak to trough; this one is roughly nine months in. At revenue near \$5bn against a \$4.4bn expense base, Coinbase is close to operating breakeven and would print further GAAP losses.	35%	Severe
Valuation de-rating	At 58.5x trailing, 67.9x forward and 3.27x book on trough earnings, the multiple itself is the largest single source of downside. In the 2022 winter the shares traded to roughly 1.4x book. A return to 2x book is \$102 with no change to the operating story.	30%	Severe
Fee compression	Consumer take rate is the most valuable variable in the model and the least defensible. Robinhood competes below Coinbase today; Morgan Stanley, Schwab and Fidelity can treat crypto as a customer-acquisition cost. Unlike the cycle, this does not reverse.	45% (multi-year)	High
Stablecoin revenue disruption	Roughly a fifth of revenue depends on the Circle relationship and on legislative treatment of stablecoin yield. The May 2026 compromise permits activity-based rewards but explicitly bans passive yield on held balances; how narrowly "activity-based" is drawn on final passage is unresolved. Falling policy rates compress this line independently.	30%	High
CLARITY Act fails to pass in 2026	The window after the August recess is close to the last realistic one this year. Failure removes the principal near-term catalyst and defers institutional product revenue. Management has already missed its own stated timetable once.	40%	Medium
Earnings event risk	Q2 results land after the close on 30 July 2026. Implied and realised volatility near 65% annualised and a 5.9% average true range imply a one-day move of 10% or more is unremarkable. Short interest at 11.4% of float cuts both ways.	Certain (event)	Medium

Risk	Description	Prob.	Severity
Security or custody failure	Coinbase custodies a large share of US institutional crypto including major ETF reserves. A successful breach would be existential for the trust moat that justifies the premium take rate. No history of such a failure at the custody layer.	Low	Existential
Balance sheet and dilution	Net cash has fallen from \$4.70bn to \$2.47bn in six quarters as debt rose to \$7.96bn. Share count is up 4.15% year on year. Solvency is not in question, but the cushion is thinner than the headline cash figure implies.	Ongoing	Low

8. Valuation

A discounted cash flow is the wrong primary tool here. With a 3.35 beta implying a discount rate near 19% and free cash flow that has ranged from negative \$1.6bn to positive \$3.1bn within four years, DCF output is a function of assumption choice rather than a finding. Earnings-power and asset-based approaches are more honest, cross-checked against the multiple history and the peer set.

Method 1: normalised earnings power

Gross margin is stable at roughly 85% and the FY2026 adjusted expense envelope is \$4.3bn to \$4.6bn. That permits a direct sensitivity: operating income approximates 0.85 times revenue less the expense base. The table below applies a \$4.7bn expense base for 2027 to allow modest reinvestment, an 18% effective tax rate and 264m shares.

2027E revenue	Gross profit	Operating income	EPS (est.)	At 25x	At 30x
\$5.0bn (deep winter)	\$4.25bn	-\$0.45bn	-\$1.14	n.m.	n.m.
\$6.0bn (flat trough)	\$5.10bn	\$0.40bn	\$1.71	\$43	\$51
\$7.5bn (base recovery)	\$6.38bn	\$1.68bn	\$5.67	\$142	\$170
\$9.0bn (strong recovery)	\$7.65bn	\$2.95bn	\$9.63	\$241	\$289
\$11.0bn (bull cycle)	\$9.35bn	\$4.65bn	\$14.91	\$373	\$447

Analyst calculation. Assumes 85% gross margin, \$4.7bn cash operating expense, \$150m net interest income, 18% tax rate and 264m diluted shares. Sensitivities are illustrative, not forecasts.

The table is the argument. To justify today's \$167.49 on 30x earnings the business needs roughly \$7.4bn of 2027 revenue, which is above the FY2025 level of \$7.18bn and implies a full cycle recovery inside eighteen months. On the 2026 consensus revenue path of about \$6.0bn, the stock is not merely expensive; it is discounting a recovery that consensus does not yet model. That asymmetry, rather than any single multiple, is the reason for the rating.

Method 2: multiple benchmarking

Metric	COIN now	COIN 5-yr history	Reference point	Verdict
Trailing P/E	58.5x	17x - 470x	S&P 500 ~22x	Expensive
Forward P/E	67.9x	20x - 45x	Nasdaq financials ~15x	Very expensive
EV / EBITDA	44.7x	8x - 35x	Exchange peers 12-20x	Expensive
EV / Sales	6.6x	2.6x - 13.5x	CME ~14x, ICE ~8x	Mid-range
Price / Book	3.27x	1.4x - 12x	2022 trough ~1.4x	Mid-range
Price / FCF	25.1x	13x - 63x	Quality compounders 25-35x	Reasonable
PEG	3.57	n.m.	1.0 = fair on growth	Expensive

Current multiples per S&P Global Market Intelligence, 27 Jul 2026. Historical ranges from FY2021-FY2025 fiscal-year-end ratios. Peer reference points are indicative.

The one genuinely supportive multiple is price to free cash flow at 25.1x. Coinbase converts earnings to cash unusually well because capital expenditure is negligible, and free cash flow of \$1.76bn on trailing revenue of \$6.29bn is a 27.9% margin at what should be a cyclical low. An investor comfortable that \$1.7bn to \$2.5bn of annual free cash flow is the trough-to-mid range can build a case at a \$44bn market capitalisation. That case still requires accepting a 4.0% free cash flow yield on an asset with 65% volatility, which is a thin premium for the risk taken.

Valuation conclusion

Coinbase is fairly valued to modestly overvalued at \$167.49. Probability-weighted fair value is approximately \$195, roughly 16% above spot, which is inside the error bars of the method and well inside the stock's typical monthly range. The Wall Street consensus target of \$216.39 across 34 analysts implies 29% upside, but that consensus has been falling: Clear Street cut to \$225 from \$244 in July, Citi holds \$235, and at least one house reduced its target by 40% ahead of the print. The direction of revision matters more than the level.

9. Sentiment and positioning

Indicator	Reading	Interpretation
Analyst consensus	Buy; 34 analysts	Mean target \$216.39 (+29%). Skew is bullish but targets are being cut, not raised.
Recent target actions	Citi \$235 (maintained); Clear Street \$225 from \$244	Both retain Buy ratings while lowering the number. Classic late-downgrade-cycle behaviour.
Institutional ownership	55.4% of shares	Broad but not crowded for a large-cap. No forced-seller dynamic evident.
Insider ownership	16.65%	High alignment relative to peers; Armstrong remains the largest individual holder.
Insider transactions	~\$550m sold over 12 months; no purchases	Executed under a 10b5-1 plan adopted August 2025, which mutes the signal. No buying at a 60%+ drawdown is still notable.
Short interest	25.05m shares; 9.5% of shares out, 11.4% of float	Elevated and rising month on month (from 24.86m). 3.2 days to cover means a squeeze is possible but not structurally forced.
News flow (moomoo digest)	Neutral, mixed	Options activity heavy into the print (1.09m open interest on 27 July); analyst targets trimmed; agentic-payments narrative positive but immaterial. No decisive new stock-specific factor.
Options positioning	69,386 contracts traded 27 Jul; 197k on 24 Jul	Volume spike into earnings indicates the event is being actively hedged and speculated.

Ownership, short interest and consensus per S&P Global Market Intelligence, 27 Jul 2026. Analyst actions and options data from moomoo news search, 24-27 Jul 2026.

Sentiment nets to cautious. The sell side is nominally positive but its numbers are moving the wrong way, shorts have added into weakness, and the insider record shows distribution rather than accumulation. None of these is a sell signal on its own. Collectively they argue against paying up ahead of the event.

10. Technical analysis

All indicators below were computed from 100 sessions of daily closes to 27 July 2026. The 200-day average is cited from S&P Global Market Intelligence because the retrieved series was too short to compute it; the computed 50-day average of \$167.40 matches that source exactly, which validates the series.

Indicator	Value	vs. price	Signal
Last close	\$167.49	—	—
SMA 20	\$161.24	+3.9%	Above
SMA 50	\$167.40	+0.1%	At the line

Indicator	Value	vs. price	Signal
SMA 100	\$179.64	-6.8%	Below
SMA 200	\$216.69	-22.7%	Well below
EMA 20 / 50 / 100	\$162.62 / \$167.97 / \$177.44	—	Bearish stack
RSI (14)	52.7	—	Neutral
MACD (12,26,9)	-0.24; signal -1.29; hist +1.05	—	Bullish crossover
ATR (14)	\$9.88 (5.9% of price)	—	Very high
Realised volatility (ann.)	64.5% (20-day: 65.7%)	—	Very high
Volume, 20d vs. 50d avg	7.10m vs. 8.29m	-14%	Fading participation
100-session range	\$139.18 – \$222.35	—	Lower half

Computed by the analyst from daily OHLCV, 4 Mar 2026 to 27 Jul 2026 (Alpha Vantage TIME_SERIES_DAILY). SMA 200 from S&P Global Market Intelligence, 27 Jul 2026.

The long-term trend is unambiguously down. Price sits 22.7% below the 200-day average and 6.8% below the 100-day, with each longer average above the shorter one. The medium-term picture is more constructive: the 27 July session closed 5.8% higher, reclaimed the 50-day average, and the MACD histogram has turned positive from a deeply negative base. RSI at 52.7 is neutral, leaving room in either direction.

Structurally, support sits at \$152 to \$155 (the July consolidation shelf), then at \$139 to \$142, which is both the June low and the 52-week low. Resistance is at \$181.50 (the 21 July intraday high), then \$195 to \$200, and then the 200-day average near \$217, which is the level that would define a genuine trend change. An average true range of 5.9% means the entire \$139 to \$181 range can be traversed in about a week of directional trading, so tight technical levels have limited practical value here. The technicals permit a tactical long; they do not corroborate one, and they are being used strictly for timing rather than to override the fundamental conclusion.

11. Scorecard

Factor	Score (out of 10)	Weight	Basis
Business quality		7 15%	85% gross margin, record US share, 12 straight quarters of net asset inflows; but revenue is a derivative of an asset price.
Financial strength		7 12%	\$2.47bn net cash, 2.14x current ratio, Altman Z 3.75; offset by debt rising to \$7.96bn and net cash falling 47% in six quarters.
Competitive advantage		7 15%	Regulatory and trust moat in the US, ~80% of crypto options via Deribit; but only ~6% of global volume and take rates are contestable.
Management		6 8%	Decisive on Deribit and on cost; but allowed opex to outrun revenue, missed its own legislative timetable, and sold ~\$550m of stock with no purchases.
Growth potential		6 15%	Real optionality in derivatives, prediction markets and stablecoins; but the core business is contracting today and consensus 3-year growth is 6.3%.
Valuation		3 20%	58.5x trailing, 67.9x forward, 44.7x EV/EBITDA and 3.27x book on trough earnings, with ROIC of 5.8% against a ~19.4% cost of capital.
Risk (higher = safer)		3 10%	3.35 beta, 64.5% realised volatility, 11.4% short interest, revenue tied to an asset class down 48% from peak, plus unresolved legislation.

Factor	Score (out of 10)	Weight	Basis
Technical setup		55%	Reclaimed the 50-day average with a positive MACD crossover, but sits 22.7% below the 200-day in an intact downtrend.

WEIGHTED INVESTMENT SCORE

55 / 100

Weighted score = 7(15%) + 7(12%) + 7(15%) + 6(8%) + 6(15%) + 3(20%) + 3(10%) + 5(5%) = 5.47 of 10, scaled to 54.7 and rounded to 55. Valuation and risk carry 30% of the weight combined because for a business of this cyclicity the entry price, not the franchise, determines the outcome.

12. Scenario analysis

	Bull	Base	Bear
Probability	30%	45%	25%
Crypto backdrop	BTC recovers above \$100k within 12-18 months; volatility and volumes return toward 2024-25 levels.	Range-bound crypto; BTC \$55k-\$85k. Volumes stabilise near current levels without a new cycle.	Winter extends through 2027. BTC breaks below \$50k; retail participation contracts further.
2027E revenue	\$9.5bn - \$11.0bn	\$7.0bn - \$7.5bn	\$4.8bn - \$5.5bn
2027E EPS	\$10.50 - \$15.00	\$4.80 - \$5.70	-\$1.20 to +\$0.50
Exit multiple	24x on peak EPS	35x on mid EPS	2.0x book
Fair value	\$300	\$190	\$100
Return from \$167.49	+79%	+13%	-40%
What has to happen	CLARITY signed; institutional products launch; derivatives and prediction markets compound; cost base holds while revenue recovers.	Cost reset delivers; subscription revenue holds above \$600m per quarter; no cycle recovery but no further deterioration.	Transaction revenue falls another 25%; fee compression begins in earnest; stablecoin yield restricted on final passage.

Probability-weighted fair value = 0.30 x \$300 + 0.45 x \$190 + 0.25 x \$100 = \$200. Rounded down to \$195 to reflect the negative revision trend in consensus estimates and the unresolved legislative timetable. Implied expected return of approximately 16% over 12 months.

13. Recommendation: Watchlist

Coinbase is not a bad company and this is not a bearish report on the franchise. It is a judgement that \$167.49 is the wrong price for it. Three facts drive the rating.

First, the expected return does not compensate for the volatility. A probability-weighted fair value of about \$195 implies roughly 16% upside against 40% downside in the bear case, on an asset with a 3.35 beta and 64.5% realised volatility. A reasonable hurdle for that risk profile is 30% to 40% expected upside, not 16%. Second, the valuation is not a cyclical-trough valuation. The market is already paying 58.5x trailing and 3.3x book for trough earnings, which means the recovery is in the price before it is in the numbers. Genuine cyclical bargains look like 2022, when the same equity traded near 1.4x book. Third, the return on capital is currently below the cost of capital by roughly thirteen points, and the two near-term catalysts, Q2 results on 30 July and the CLARITY Act floor vote, are both binary events with no edge available to an outside investor.

What argues against a harsher rating is equally concrete: 85% gross margin held through a 31% revenue decline, thirteen consecutive quarters of positive adjusted EBITDA, \$1.76bn of trailing free cash flow at a cyclical low, \$2.47bn of net cash, a cost base being reset by \$500m, and the strongest regulatory position of any US crypto venue. This is a business that will survive the winter and be worth substantially more on the other side of it. The rating is about entry price and timing, not about quality.

Conditions that would change the view

Trigger	New rating	Rationale
Price reaches \$130 - \$145	Buy	Approximately 2.6x book and roughly the June 52-week low. At that level the base case alone offers 35%+ upside and the bear case is largely discounted.
Two consecutive quarters of S&S revenue above \$650m with opex inside guidance	Buy	Would demonstrate a non-cyclical revenue floor above the reset cost base, converting the equity from a cycle bet into a compounding platform.
CLARITY Act signed with activity-based stablecoin rewards intact	Upgrade to Buy	Removes the largest regulatory overhang and unlocks the institutional product roadmap Coinbase has been building toward since 2021.
Close above the 200-day average (~\$217) on above-average volume	Buy on confirmation	Would mark the first genuine trend change since the October 2025 peak and typically coincides with the crypto cycle turning.
Evidence of consumer take-rate compression from a major broker entry	Avoid	Structural rather than cyclical. Would permanently lower normalised earnings power and invalidate the recovery arithmetic.
BTC below \$50k with transaction revenue under \$500m per quarter	Avoid	Pushes the business to operating losses on a sustained basis and puts the \$100 bear case in play.

For an investor who already owns the position, the case for holding is stronger than the case for initiating: the cost base reset and the cycle asymmetry over a three-year view are real, and selling into a 62% drawdown two days before an earnings print is its own form of poor timing. For an investor with no position, waiting costs almost nothing. The stock has traded through a \$139 to \$222 range in the last five months alone. Patience will very likely be offered a better price.

14. Final verdict

Would this analyst commit personal capital to Coinbase at \$167.49 today? No, and the reason is narrower than the volume of criticism above implies.

The single biggest concern is that the market is being asked to pay a growth multiple for a business whose earnings are, in the end, a leveraged claim on the price of bitcoin. At 67.9x forward earnings and 3.27x book, the buyer is underwriting a full crypto cycle recovery inside two years, and is receiving in exchange a 4.0% free cash flow yield and a 5.8% return on invested capital against a 19.4% cost of capital. Those are not the numbers of an asset priced for pessimism. The bear case is not a stretch either; a return to two times book, a multiple this equity traded well below in the last winter, is \$100 a share.

What would have to change is straightforward and testable. Either the price falls to the \$130 to \$145 area, where the bear case is discounted and the base case alone pays 35%, or the company demonstrates over two quarters that subscription and services revenue holds above roughly \$650m against the new \$4.3bn to \$4.6bn expense base. The second condition is the more valuable of the two, because it would convert Coinbase from a cyclical into a platform, and platforms deserve platform multiples. It is genuinely achievable: subscription revenue was \$584m in the worst quarter of the cycle, with USDC balances at a record and derivatives scaling. It has simply not been demonstrated yet.

The most likely way this call proves wrong is timing. If the CLARITY Act passes in September and the crypto cycle turns concurrently, the stock re-rates through \$220 quickly and the patient buyer never gets the entry. That is a real risk, and it is why the rating is Watchlist rather than Avoid, and why the trigger list includes buying on confirmation above the 200-day average rather than insisting on a lower price. Missing 30% of upside in a name of this volatility is a materially smaller error than absorbing a 40% drawdown while waiting for a cycle that has not yet turned.

Appendix: sources and method

Item	Source	As of
Share price, daily OHLCV series	Alpha Vantage GLOBAL_QUOTE and TIME_SERIES_DAILY (100 sessions, 4 Mar - 27 Jul 2026)	27 Jul 2026
Technical indicators (RSI, MACD, SMA/EMA, ATR, volatility)	Computed by the analyst in Python from the daily series above. The computed SMA 50 of \$167.40 matches the independent S&P Global figure exactly, validating the series.	27 Jul 2026
SMA 200, valuation ratios, ownership, short interest, balance sheet	S&P Global Market Intelligence via stockanalysis.com/stocks/coin/statistics	27 Jul 2026
Annual and segment financials FY2021-FY2025	Company filings via Fiscal.ai / stockanalysis.com/stocks/coin/financials	7 May 2026
Q1 2026 detail, Q2 guidance, cost programme	Coinbase Q1 2026 shareholder letter, earnings deck and earnings call (investor.coinbase.com); coverage via TIKR and CoinMetrics	7 May 2026
Q2 2026 consensus estimates and earnings date	Zacks / Yahoo Finance earnings preview; MarketBeat; stockanalysis.com	23-27 Jul 2026
News flow, analyst target actions, options activity	moomoo news search API (ai-news-search.moomoo.com), 15 most recent items	27 Jul 2026
Deribit acquisition terms and market share	Coinbase blog and investor relations; The Block; FXStreet	May-Aug 2025
CLARITY Act status and stablecoin-yield compromise	The Block; CoinDesk; CNBC; Latham & Watkins US Crypto Policy Tracker	Jan-Jul 2026
Insider transactions	SEC Form 4 filings via GuruFocus / StockCircle; press coverage	Jan 2026
Crypto market levels (BTC, ETH)	Fortune daily crypto price reports; crypto.news	20-24 Jul 2026
Competitor data (Robinhood, Binance)	Company disclosures and third-party press coverage	Q1-Q2 2026

Where sources conflicted, primary filings were preferred and the discrepancy noted. Trailing twelve-month revenue is reported as \$6.29bn by S&P Global and \$6.56bn by Fiscal.ai owing to different period-alignment conventions; the S&P figure is used throughout for consistency with the ratio set. Third-party 200-day moving average figures ranging from \$243 to \$252 were discarded as stale, since they are inconsistent with the verified 100-session price history. Forward estimates, scenario probabilities and the fair-value range are the analyst's own and are not sourced.

Disclosure. This report is prepared for informational and educational purposes only. It is not investment advice, an offer, or a solicitation to buy or sell any security. Figures are as of 27 July 2026 unless otherwise stated and are drawn from public sources believed reliable but not independently audited. Coinbase reports second-quarter results after the close on 30 July 2026, which may materially alter the analysis herein. Crypto-linked equities carry a risk of total loss of capital.