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Coinbase Downgraded by Compass Point on Valuation and Trading Concerns

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Coinbase Global Inc., one of the largest cryptocurrency exchanges and a member of the S&P 500, has been downgraded by Compass Point from “Neutral” to “Sell.” The firm also reduced its price target from \$330 to \$248, citing slowing trading activity and concerns over the company’s valuation.

The downgrade comes days after Coinbase reported weaker-than-expected second-quarter results on August 1, which triggered a sharp sell-off. Shares fell around 15 percent following the earnings release, marking their lowest level in more than a month.

Compass Point analyst Ed Engel warned of a challenging third quarter ahead, pointing to typically slower trading volumes in August and September and a drop in retail investor engagement. The analyst also noted growing competition from stablecoins as a potential threat to Coinbase's market share.

Despite the downgrade, some investment firms remain optimistic. Bernstein maintained its "Outperform" rating with a higher price target of \$510, highlighting Coinbase's potential to grow as a full-service crypto platform and expand into derivatives and institutional offerings.

The announcement coincided with a broader market downturn. Weak July employment data and newly announced tariffs contributed to declines in major U.S. indexes, with the S&P 500 slipping 1.7 percent and the Nasdaq falling 2.3 percent. Coinbase was among the steepest decliners due to its exposure to the volatile cryptocurrency sector.

The contrasting analyst opinions reflect an ongoing debate over Coinbase's valuation relative to its fundamentals. While some see strong long-term growth potential in its diversification strategy, others remain cautious amid softening trading volumes and heightened competition in the digital asset market.