



HYPERION DECIMUS

# CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

29<sup>th</sup> December 2024

## BITCOIN-RELATED



**According to CryptoQuant, Institutional investors now account for 31% of all known Bitcoin**

holders, reflecting a sharp increase from 14% in 2023. The uptick has been largely driven by spot Bitcoin ETFs, government acquisitions, and MicroStrategy – with miners and crypto exchanges also playing a large part.

**On Dec. 27, 146,000 Bitcoin options contracts, valued at ~\$14 billion and sized at one BTC each,** were set to expire on the crypto exchange Deribit. The notional amount represents 44% of the total open interest for all BTC options across different maturities, marking the largest expiry event ever on Deribit.

**South Koreans were paying a full 3% more to buy Bitcoin than their US counterparts, with the** Kimchi premium spiking, as they seek protection from the plummeting won, per CryptoQuant.

**Bankrupt Japanese crypto exchange Mt. Gox has been sending installments of 200 BTC to 300 BTC** to over-the-counter market maker B2C2 Group every weekday since Bitcoin breached the historic milestone on Dec. 5, according to on-chain wallet tracker Lookonchain. In total, Mt. Gox has transferred a total of \$364 million to B2C2 Group.

**MicroStrategy announced it purchased 5,262 BTC at an average price of \$106,662, with the** company's stash growing to 444,262 BTC. The company is also seeking shareholder approval to raise its Class A common shares from 330 million to 10.33 billion and its preferred shares from 5 million to 1.005 billion, according to a proxy statement filed with the SEC. (MSTR started trading as a member of the Nasdaq-100 Index on Dec. 23.)

**Tokyo-listed Metaplanet said it bought a record 620 BTC for 9.5 billion yen (\$61 million) in a move** that lifted its BTC holdings by 54%.

**KULR Technology Group, a leader in advanced energy management platforms, announced that it** has completed the purchase of 217.18 Bitcoin for ~\$21 million.

**Matador Technologies, a Canadian crypto firm, said that it would begin leveraging Bitcoin as a** treasury reserve asset, starting with a \$4.5 million purchase later this month.

**Vlad Tenev, CEO of trading platform Robinhood, said there have been internal discussions about buying Bitcoin a la MicroStrategy.** However, the company doesn't have plans to maintain a BTC reserve outside of holding tokens needed to service clients' trading needs, at least for now. Tenev said: "We wouldn't rule it out. We haven't done it thus far. Not in the business of being an investment manager."

**Nasdaq-listed firm La Rosa Holdings will integrate Bitcoin (and cryptocurrency) payment options** for its network of 3,000+ real estate agents in the US. The company will allow agents to receive commissions in digital assets under a 2% fee.

## INDUSTRY ADVANCES



**South Korea's cryptocurrency user base reached 15.6 million in November, equivalent to more than 30% of the country's population.**

**Top crypto trading firms said that over-the-counter trading volumes have rapidly increased over the last few months, with the election outcome a key driving factor.** Tim Ogilvie, head of institutional at Kraken, stated; "Long story short, OTC is going gangbusters right now. Prices are up, but volume is way up."

**Exchange operator Crypto.com doubled down on its efforts to expand in the US and Canada,** launching two new offerings targeting North American users this week: 1) A US-based custody service designed for high-net-worth individuals and institutional clients. 2) A Polymarket-style sports event trading platform geared toward retail investors.

**CrudeVault introduced an innovative blockchain-powered platform. By leveraging smart contracts** and distributed oil storage proof, CrudeVault creates a transparent, efficient, and fair-trading environment for the oil industry. The platform records data on oil production, transportation, and storage, storing it in an immutable ledger.

**Former Binance CEO Changpeng Zhao launched Gigggle Academy, a free AI-enabled education** platform that uses gamification and blockchain to make education addictive and fun. It's targeted at underserved populations globally and focuses on practical, job-ready skills rather than traditional academic lessons.

## MINING



**Bitcoin miner TeraWulf will lease over 70 megawatts of data center infrastructure to expand its** artificial intelligence revenue. TeraWulf said on Dec. 23 that AI and cloud provider Core42 would rent the 70 MW of infrastructure at the crypto miner's Lake Mariner facility in upstate New York. The company said: "The data center leases reflect TeraWulf's strategic extension into AI-driven computing, complementing its profitable Bitcoin mining operations."

**The Russian government approved a list of regions and territories where cryptocurrency mining will** be banned starting next year. It will be banned entirely in 10 Russian regions for six years, starting Jan. 1, 2025. The ban will remain effective until March 15, 2031. The regions: Dagestan, Ingushetia, Kabardino-Balkaria, Karachay-Cherkessia, North Ossetia, Chechnya, the Donetsk and Lugansk People's Republics, as well as Zaporizhzhia and Kherson.

**~18% of power generator Ethiopian Electric Power's sales now come from Bitcoin mining, thanks to** the controversial Grand Renaissance Dam on the Blue Nile, which channels unused power into Bitcoin mining.

## **ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES**

**CF Benchmarks said that investment advisers will probably overtake hedge funds as the biggest** holders of US-listed spot Bitcoin ETFs next year. Demand has been dominated by hedge-fund managers, who own 45.3% of the ETFs. Investment advisers, the gatekeepers to retail and high-net-worth capital, are a distant second at 28%. CF Benchmarks predicts investment advisers' share will rise above 50% in both the BTC and ETH ETF markets in 2025, as the \$88 trillion US wealth management industry begins to embrace these vehicles, eclipsing 2024's combined record-breaking \$40 billion in net flows.

**US spot Bitcoin ETFs clocked their longest streak of outflows since the days leading up to the** election of Donald Trump as America's next president. The 12 spot Bitcoin ETFs recorded \$1.3 billion of outflows over the four most recent trading days (Dec. 19, 20, 23, and 24) according to data from investment management firm Farside Investors.

**Bitwise submitted an application to the SEC for a new ETF, its Bitcoin Standard Corporations ETF,** which would provide exposure to shares of companies with at least \$100 million in market cap that adopt the Bitcoin standard and hold at least 1,000 BTC among their financial assets. The ETF would assign weights to those companies based on the market value of their Bitcoin treasuries rather than their individual market capitalizations. 20+ companies are expected to be eligible for inclusion in the proposed ETF.

**Strive Asset Management, founded by rightwing entrepreneur Vivek Ramaswamy, filed an** application with the SEC to launch a Bitcoin bond ETF. The proposed Strive Bitcoin Bond ETF would aim to provide exposure to Bitcoin bonds – convertible securities issued by companies such as MicroStrategy that use the proceeds of their offerings to purchase Bitcoin. It would be actively managed, investing directly in those bonds and using financial products such as swaps and options.

**Six mutual funds tracking the price of Bitcoin will debut in Israel on Dec. 31 after the Israel** Securities Authority granted permission for the products. The funds will be offered by Migdal Capital Markets, More, Ayalon, Phoenix Investment, Meitav, and IBI, with management fees ranging from as high as 1.5% to 0.25%.

**Meme-turned-utility project Floki is working with an unidentified asset manager to develop an ETP** tracking its FLOKI token that could be available to investors in Europe early in the new year, according to one of the developers. If approved, FLOKI would be the only meme token other than DOGE with an institutional product in Europe.

## FUNDRAISING & OTHER FUNDING (\$5 MILLION OR MORE)



**Cayman Islands-based MNNC Group, formerly LedgerPrime and tied to FTX, raised over \$100 million (across two funds) after rebranding.**

**ChainOpera AI, a pioneering blockchain L1 and AI operating system enabling co-creation and co-ownership of decentralized AI agents and applications, announced the completion of a \$17 million seed funding round.**

**Usual, the fast-growing stablecoin startup founded by former French politician Pierre Person, raised a \$10 million Series A funding round – led by Binance and Kraken.**

**Avalon Labs, the issuer of the BTC-backed stablecoin USDa, raised \$10 million to grow its Bitcoin DeFi ecosystem. The Series A funding round was led by Framework Ventures.**

**Trrue, a Layer-1 blockchain focused on ESG compliance and real-world asset tokenization received a \$10 million investment commitment from GEM Digital.**

**DuckChain, a Layer-2 solution enhancing the TON blockchain, secured \$5 million in a strategic funding round.**

## IPOS, M&A, PARTNERSHIPS & DEALS



**SBI VC Trade, a crypto-focused subsidiary of Japan's financial giant SBI Holdings, is set to inherit the accounts and assets of beleaguered crypto exchange DMM Bitcoin.**

**Stablecoin issuer Tether announced that it's investing \$775 million in streaming video platform Rumble, a rival to YouTube that bills itself as an anti-censorship platform. The deal will see Tether ultimately receive 103.3 million shares of Rumble common stock.**

## DEFI



**Uniswap announced Unichain's mainnet launch in early 2025, introducing features such as permissionless fault proofs to enhance Layer-2 security and transaction efficiency.**

**Decentralized lending protocol Aave proposed a temperature check on its governance forum to consider activating a pilot program of smart value recapture oracles on Aave V3, a system created by Chainlink to recapture maximal extractable value from Aave liquidations and return it to the Aave ecosystem.**

**Uniswap, the largest decentralized exchange by trading volume, integrated Blockaid's token validation system to warn users about potential scams.**

**The proposed EigenLayer upgrade "Slashing" introduces critical features like Unique Stake Allocation and Operator Sets to improve security, accountability, and innovation in the ecosystem. The upgrade is currently live on the Holesky testnet, with a mainnet launch expected in Q1 2025.**

## CBDCS & STABLECOINS



**Securitize, the firm that tokenized BlackRock's US Dollar Institutional Digital Liquidity Fund (BUIDL), proposed that the fund be added as a reserve asset for Frax Finance's frxUSD stablecoin, a relaunch of Frax USD.**

## NFTS, BLOCKCHAIN GAMING & METaverse



**Lamborghini launched its Fast ForWorld platform or fans to earn rewards as well as interact with cars via games and activities.**

**The Philadelphia 76ers have launched "Spectrum Sprint," a free-to-play mobile game with Web3 elements, in collaboration with Crypto.com – a team sponsor since 2021.**

**Sonic SVM, the developer of TikTok tap-to-earn game SonicX, announced it will airdrop SONIC tokens on the Solana blockchain to all users onboarded to its game.**

**Community Gaming announced that its upcoming video game-centric prediction market Forkast will launch on Ethereum sidechain gaming network Ronin. The platform will allow users to stake tokens and earn rewards while making predictions about gaming, esports, Web3, and internet culture events.**

**Ragnarok Landverse, a blockchain-enhanced massively multiplayer online role-playing game in the classic Ragnarok Online franchise, will launch on Ethereum sidechain gaming network Ronin in early 2025.**

**Shiba Inu announced the launch of a virtual world called "SHIB: The Metaverse." The project allows users to own, trade, and develop virtual real estate recorded on the blockchain.**

## JOB MOVEMENT



**MicroStrategy added three new seats to its board of directors, expanding its size from six to nine members. The firm elected Meridian Capital Group CEO and former Acting Comptroller of the Currency**

Brian Brooks, Brown University CIO Jane Dietze, and Fanatics Holdings chief legal officer Gregg Winiarski as new members.

**After Bullish (CoinDesk's parent company) fired three senior editorial leaders following controversy** over a retracted article about Justin Sun, CoinDesk staff sent a letter to executives challenging the company's increasing control over editorial decisions.

## REGULATIONS, RULINGS & COMMENTARY



**President-Elect Donald Trump amassed nearly \$84 million in revenue from his crypto holdings in** the past 24 months, according to Blockworks. (Read more, [here](#).)

**Trump appointed former college football player Bo Hines as the executive director of the newly** created presidential council of advisers for digital assets, known as the “crypto council.” Per Trump: “Bo will work with David to foster innovation and growth in the digital assets space, while ensuring industry leaders have the resources they need to succeed.”

**Trump appointed the pro-Bitcoin and crypto-friendly Stephan Miran, a former Treasury official from** the first Trump White House and current economist with Hudson Bay Capital Management, to chair the Council of Economic Advisors. Miran has argued for crypto regulation in the US.

**MicroStrategy's Michael Saylor pitched Trump on a “capital markets renaissance fueled” by** Bitcoin to “unlock trillions in wealth.” Trump posted on X: “A strategic digital asset policy can strengthen the US dollar, neutralize the national debt, and position America as the global leader in the 21st-century digital economy.” In a “digital asset framework,” the plan outlines for a US Bitcoin reserve – predicted to generate \$16 trillion to \$81 trillion and offset the US national debt (over \$36 trillion).

**VanEck estimated that if the US government follows the trajectory of large-scale Bitcoin** acquisitions proposed by the Bitcoin Act, introduced in the Senate earlier this year, the implications for countering inflation and lowering government debt could be significant. In a report, the asset manager said: “The reserve could represent an estimated 35% of the national debt by 2049, offsetting ~\$42 trillion of liabilities.” The report described that scenario as “optimistic” – and assumed that US debt would compound at a rate of 5% from a base of \$37 trillion during the period 2025 to 2049, and that Bitcoin would compound at a rate of 25% annually from a starting value of \$200,000.

**US Rep. Gabe Amo, D-RI, co-introduced a resolution “to unleash the potential” of distributed** ledger technologies, such as blockchain to support the federal government’s diplomatic and security goals, urging federal agencies “to explore and support the development and application of DLT” and expresses Congress’ “commitment to advancing responsible innovation.”

**The IRS reiterated its position that rewards from staking activities do not constitute new property,** opposing a legal challenge that sought to defer taxes until rewards are sold or exchanged. According to a Dec. 23 report, the agency denied arguments from a second lawsuit brought by Joshua and Jessica Jarrett. The agency claimed that rewards constituted taxable income upon receipt. The IRS’ response states: “Revenue Ruling 2023-14 requires taxpayers who receive staking rewards to report the rewards as income at their fair market value upon having the ability to sell, exchange, or otherwise dispose of them.”

**The IRS finalized rules requiring DeFi brokers to report gross proceeds from digital asset sales.** DeFi brokers will have to collect user trade data, issue 1099 forms for tax reporting, and provide names, addresses, and other customer details. The rules go into effect starting Jan. 1, 2027.

**Russian Finance Minister Anton Siluanov says the country has been using digital assets such as Bitcoin in foreign trade,** a tactic that has allowed Moscow to get around Western sanctions imposed in response to its full-scale invasion of Ukraine in early 2022.

**Thailand is considering a pilot Bitcoin payment project proposed by former Prime Minister Thaksin Shinawatra,** to be tested in the resort town of Phuket as a sandbox focused on tourism.

**The central bank of Latvia, Latvijas Banka, announced free pre-licensing consultations for crypto-asset service providers** looking to pursue the EU MiCA license. Latvijas Banka will begin accepting applications and issuing operating permits starting Jan. 2025, when the MiCA license will go into effect.

**The Luxembourg Parliament adopted Blockchain Law 4 in an effort to expand the country's legal framework** to support the development of digital securities and tokenization. The framework aims to enable the financial sector to leverage DLT while ensuring legal certainty, flexibility, and transparency for issuers and investors.

## **BUGS, OUTAGES, HACKS, SCAMS, ALLEGATIONS, INVESTIGATIONS, ENFORCEMENTS & WRONGDOINGS**

**According to Chainalysis, North Korea is reportedly responsible for 61% of crypto stolen this year –** North Korea-affiliated hackers stealing \$1.34 billion across 47 incidents (a 102.88% increase in value stolen from 2023).

**US and Japanese law enforcement agencies said the \$308 million hack of Japanese crypto exchange DMM in May** was the work of North Korean hackers. The theft of 4,503 Bitcoin, which is forcing the exchange to close, was “affiliated” with a group known as TraderTraitor.

**Tai Mo Shan, a subsidiary of Jump Trading's crypto unit Jump Crypto, agreed to pay \$123 million to** settle SEC charges that it misled investors about the stability of the TerraUSD (UST) algorithmic stablecoin and violated securities regulations related to Terra's native token, LUNA.

**Two California men were charged with orchestrating a series of NFT rug pulls that totaled more than \$22 million** bilked from buyers. The DoJ said the case is the largest NFT scheme it's ever prosecuted.

**A Brazilian hacker was charged for extorting \$3.2 million in Bitcoin. The said victim, a Brazilian subsidiary of a New Jersey-based company,** had its computers breached by the defendant, who then exploited the access to steal confidential customer information from about 300,000 customers on at least three occasions.

**North Korean-linked hackers could be probing HyperLiquid's trading platform for weaknesses,** potentially signaling preparation for a malicious attack, according to security expert Taylor Monahan. However, Hyperliquid Labs denied reports of an exploit of any kind, and specifically one by North Korean state-backed hackers.

**Interpol and Europol issued a red notice for Hex founder Richard Heart, who is wanted on tax evasion and assault charges, including an alleged violent attack on a minor.**

**A recent report by blockchain security firm SlowMist detailed a sophisticated phishing campaign targeting crypto users through fake Zoom meeting links. The attack has reportedly resulted in the theft of millions of digital assets and could be tied to Russian-linked hackers.**

**The X account of Animoca Brands co-founder Yat Siu was compromised and used to promote a fictitious token or NFT, the company said in a post on the social media platform.**

**Roman Storm, co-founder of crypto-mixing platform Tornado Cash, hopes to have charges against him dropped after sanctions against his software were dropped. In Storm's motion to dismiss, he cites the recent Fifth Circuit ruling that the Treasury's Office of Foreign Assets Control overstepped by sanctioning Tornado Cash's immutable smart contracts. The ruling recognized that autonomous software that no one controls cannot be classified as property.**

**"Hawk Tuah" girl Hailey Welch pledged full cooperation with lawsuits against HAWK token creators after the memecoin's collapse, which allegedly enriched insiders at the expense of investors.**

## MISCELLANEOUS



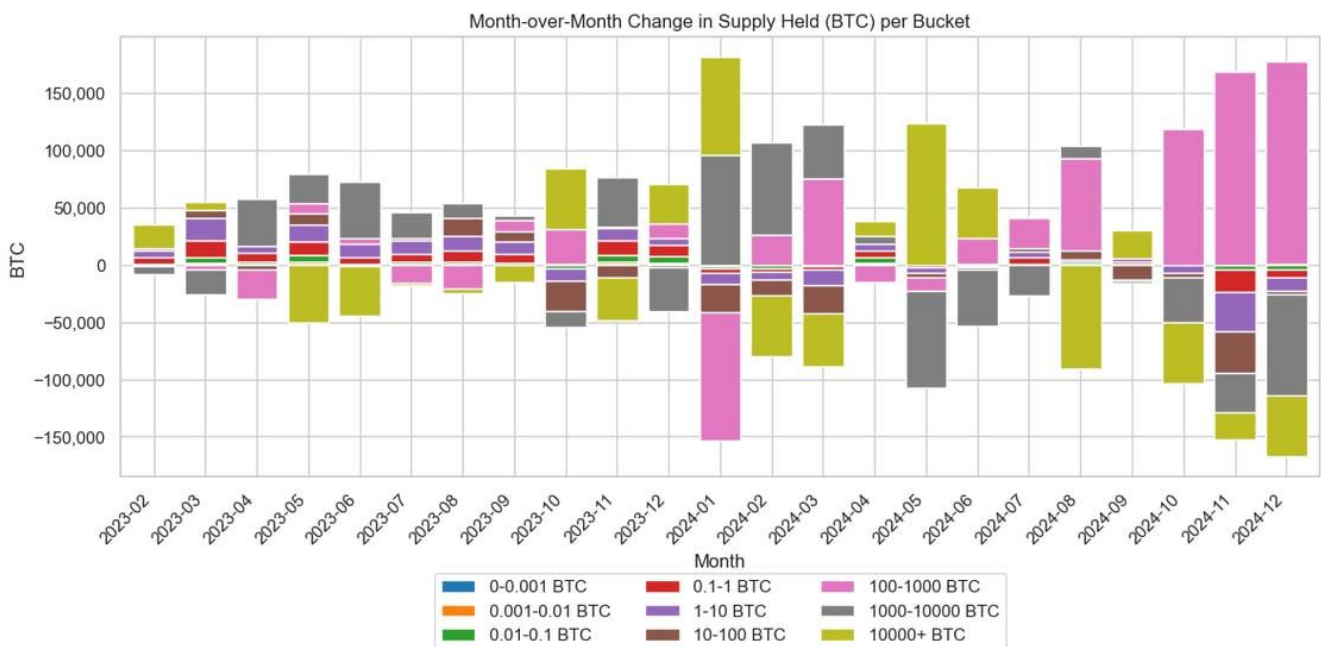
**Bitget is set to merge the Bitget Wallet Token (BWB) into Bitget Token (BGB), unifying the pair into a single ecosystem token for both the centralized crypto exchange and decentralized Bitget Wallet. (Bitget also said it intends to burn 40% of its native token supply to boost its value, totaling 800 million BGB worth \$6.8 billion. Starting in 2025, Bitget will burn tokens quarterly using 20% of profits from its exchange operations and crypto wallet in a Binance-inspired strategy.)**

**Ethereum co-founder Vitalik Buterin became the "adoptive father" of viral pygmy hippopotamus Moo Deng, after donating at least 10,000,000 Thai baht (~\$293,000 USD, or about 88 ETH) to the Khao Kheow Open Zoo, which houses the artiodactyl.**

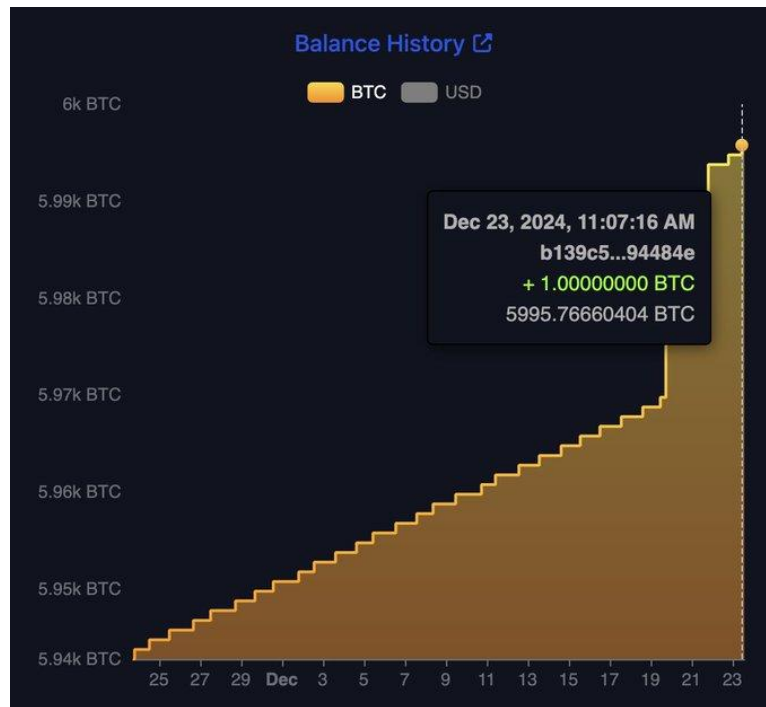
**Memecoin MIRA was created on Pump.fun after Siqi Chen, the founder of Runway, shared his daughter Mira's battle with a rare brain tumor. MIRA raised over \$1 million for brain tumor research.**



**Amberdata:** Recent data on Bitcoin’s supply distribution shows varying activity among different address buckets, with smaller holders (0–1 BTC) exhibiting mixed signals from net additions to notable selloffs over the last few months. Addresses holding 1–10 BTC also shifted significantly, transitioning from modest accumulation in August and September to large net outflows in November and December. However, behind these fluctuations in smaller cohorts, the 100–1,000 BTC bucket – often linked to funds, high-net-worth individuals, and institutional buyers – appears to have quietly accumulated Bitcoin, aligning with the overall BTC rally toward (and above) the six-figure threshold.



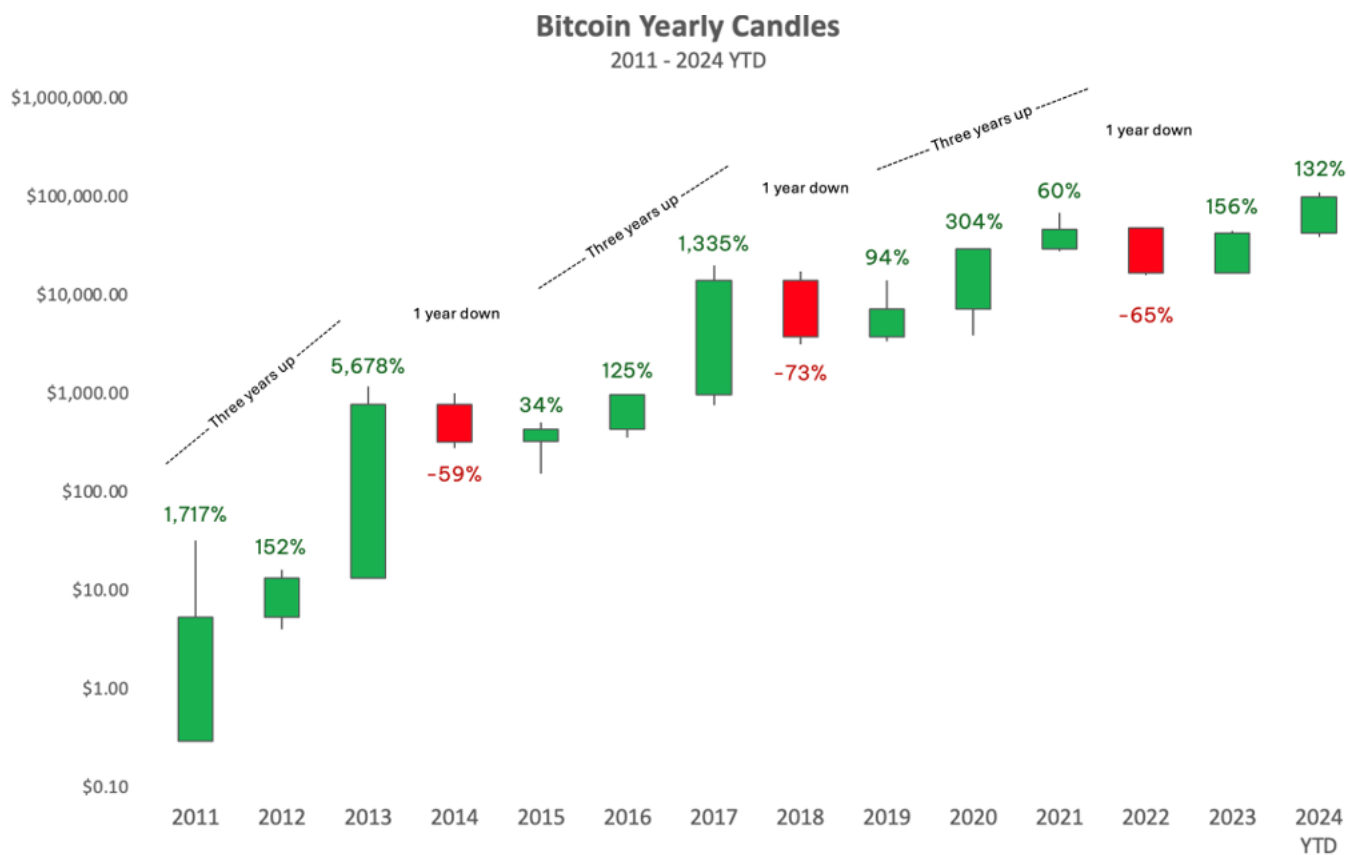
**Bitcoin Magazine: El Salvador has bought at least 1 Bitcoin every single day since November 17, 2022.**



**Blockforce Capital: 2025 could mark another transformative chapter for BTC and the broader crypto market. Historical trends, evolving regulatory landscape, a potential global arms race, macro tailwinds, and supply/demand dynamics all point to a year of extraordinary potential.**

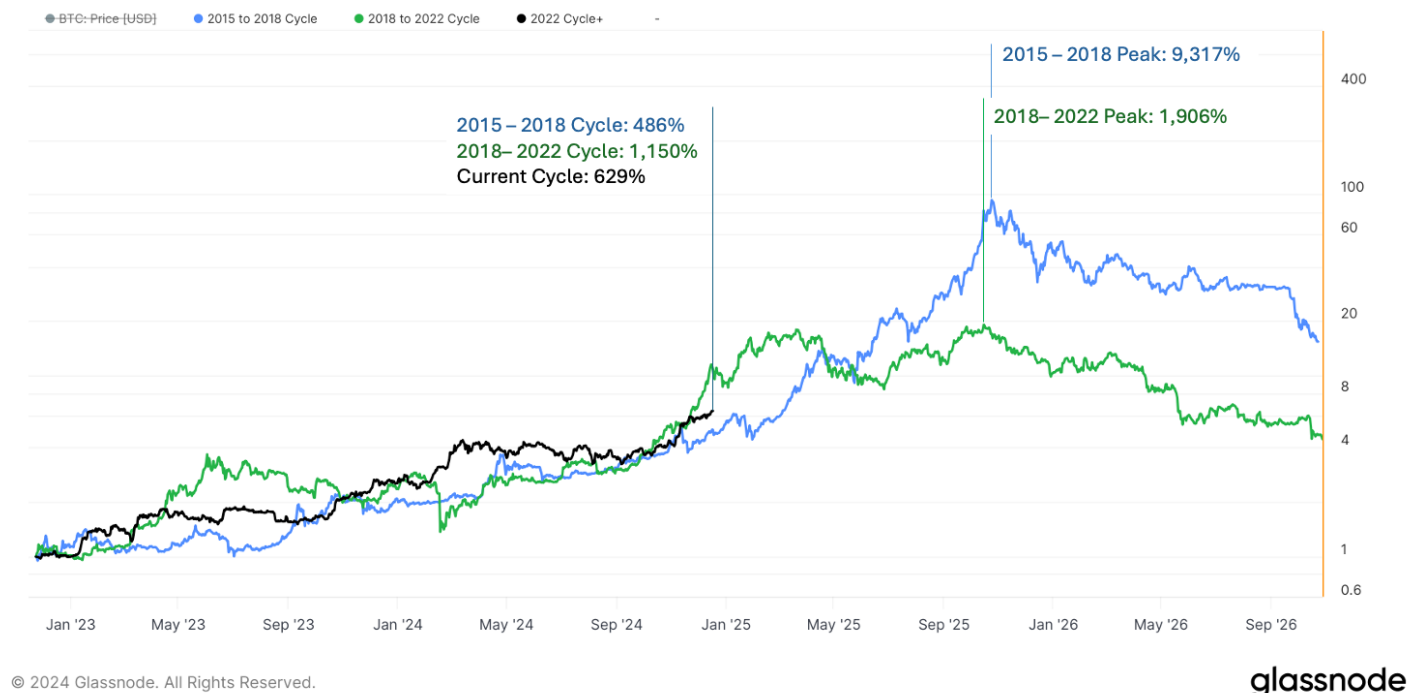
Historical cycles suggest another strong year in 2025

Historically, the cryptocurrency market has followed a four-year cycle. Year one typically serves as a consolidation phase after a market bottom (e.g., 2011, 2015, 2019, 2023), setting the stage for moderate growth in year two (e.g., 2012, 2016, 2020, 2024). By year three, the market often enters a "mania phase," characterized by explosive growth (e.g., 2013, 2017, 2021), which is usually followed by a significant correction or crash in year four (e.g., 2014, 2018, 2022). If this cycle continues to persist, that would suggest 2025 would be the year of high-growth "mania phase."



Adding credence to this theory is the fact that Bitcoin's price increase from its 2022 lows mirrors patterns from earlier cycles, strengthening the argument that history may repeat. While past performance doesn't guarantee future results, the consistency of this pattern provides a compelling framework for understanding Bitcoin's potential trajectory.

## Bitcoin: Price Performance Since Cycle Low



Data Source: Glassnode

However, history alone isn't enough to drive Bitcoin's price higher – it's the underlying catalysts within these cycles that ignite and sustain growth. Factors such as regulatory clarity, shifting macroeconomic conditions, supply and demand imbalances, and even the prospect of a global race among nations to accumulate Bitcoin could all converge to fuel the next major bull run. In the following sections, we'll dive into these key drivers and examine why history just might repeat itself once more in 2025.

### A regulatory shift from antagonistic to supportive

Over the past two years, the US regulatory landscape has been defined by an aggressive crackdown on the cryptoasset industry. Federal agencies, led by the SEC, unleashed lawsuits and issued Wells Notices against numerous crypto firms. The SEC also introduced SAB 121, effectively barring banks from custodial crypto assets—a measure reaffirmed by the White House despite strong bipartisan opposition in Congress. The FDIC forcibly shuttered crypto-friendly banks like Silvergate and Signature, even though both were solvent, while issuing warnings to other banks against serving crypto companies. This orchestrated effort, dubbed “Chokepoint 2.0,” debanked the entire industry. Senator Elizabeth Warren fueled the narrative with debunked claims of crypto financing terrorism and pledging to build an “anti-crypto army.” Meanwhile, bipartisan legislation, including stablecoin and market structure bills, was blocked by Congressional leaders such as Senator Sherrod Brown. The administration added to the hostility by sanctioning crypto privacy tools, proposing a punitive 30% tax on crypto mining, and warning of systemic risks posed by digital assets.

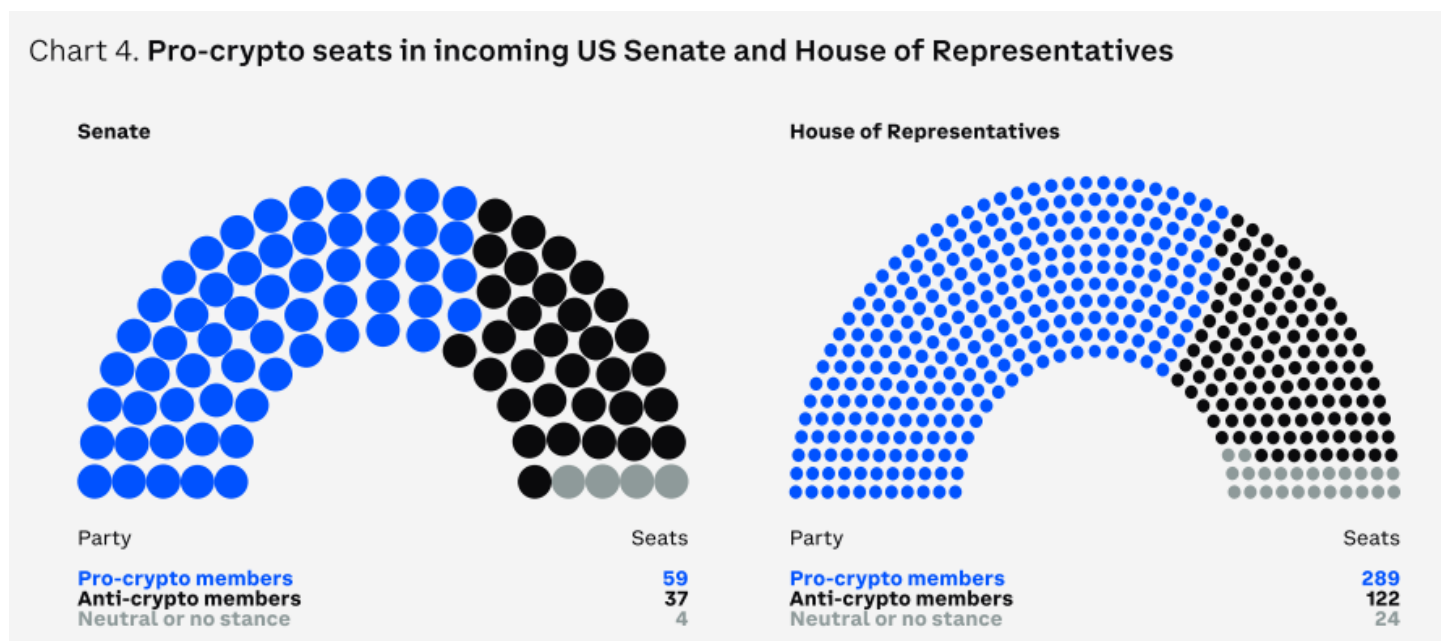
Despite this, Bitcoin's resilience shone through, with adoption among Americans reaching record high levels and prices climbing over 600% from late 2022 lows.

In 2024, the tide began to shift. Courts repeatedly ruled against the SEC, exposing the overreach of its enforcement actions. The November election marked another turning point, ushering in a crypto-friendly

administration and Congress. For the first time, an elected US president explicitly campaigned on a pro-Bitcoin platform, promising to dismantle regulatory barriers, foster crypto innovation, and position the US as a leader in the digital economy.

Since taking office, Trump has reiterated these commitments. According to Axios, he has expressed interest in Bitcoin's price, reportedly setting an informal target of \$150,000 early in his presidency. While this figure is speculative, it underscores that Trump is actively viewing the price of Bitcoin as one measure of success for his presidency.

The shift extends to Congress, where over 60% of lawmakers are now publicly supportive of cryptocurrency. French Hill, who has been one of the most vocal crypto supporters in the House for years, will be leading the House Financial Services Committee, one of the most powerful committees in Congress. In the Senate, Tim Scott, the new head of the Senate Banking Committee, has spoken extremely positively about crypto and the urgent need for legislation. This pro-crypto majority, paired with a crypto-friendly executive branch, significantly increases the chances of passing key legislation. High-priority actions include the repeal of SAB 121, which would restore banks' ability to custody crypto, and the passing of stablecoin and market structure bills, which would provide much-needed clarity for the industry.



Data Source: Coinbase Crypto Market Outlook 2025

In addition to legislative momentum, there is a dramatic overhaul of federal agencies. At the SEC, Gary Gensler – long regarded as the crypto industry's most prominent antagonist – will step down in January, making way for Paul Atkins, a vocal advocate for digital assets. Commissioners Hester Peirce and Mark Uyeda, both strong proponents of pro-crypto policies, will now wield greater influence. With the departure of anti-crypto commissioners Jaime Lizarraga (stepping down for personal reasons) and Caroline Crenshaw (not renominated), the SEC could see all five commissioners aligned with the industry's interests by 2025. Meanwhile, the Treasury and Commerce Departments are also seeing pro-crypto leadership, with Scott Bessent and Howard Lutnick stepping into key roles. Adding to this transformation, Trump appointed David Sacks, a seasoned crypto investor, as "AI and Crypto Czar." This newly created role is designed to harmonize regulatory efforts across federal agencies, Congress, and

the administration, underscoring the administration's commitment to integrating crypto into the broader economy.

Bitcoin's ascent – from obscurity to a \$2 trillion market cap – has occurred despite years of governmental indifference and hostility. The crypto industry has never operated within an environment where the US government was actively supportive. For the first time, Bitcoin may have the US government as an ally rather than an adversary. Trump's proposed elimination of capital gains taxes, the creation of a national Bitcoin reserve (explored in detail below), and the prospect of a collaborative regulatory framework from Congress represent profoundly bullish catalysts. If the past few years has shown what Bitcoin can achieve with non-stop regulatory headwinds, imagine what might happen with the US government actively supporting it.

### A potential global Bitcoin arms race

The reality is that we are already in the early stages of sovereign governments acquiring and holding Bitcoin. Currently, governments collectively hold approximately 2.2% of all Bitcoin, with the US leading the way at over 200,000 BTC. Other significant holders include China, the United Kingdom, El Salvador, Finland, and Ukraine, while nations like Bhutan and the UAE are actively mining Bitcoin. Yet, this is likely just the tip of the iceberg, as credible reports suggest that other governments in regions like the Middle East, Latin America, and Europe may be quietly accumulating Bitcoin.

However, Donald Trump's return to the White House could significantly accelerate this trend. One of his major policy proposals is the establishment of a "Strategic Bitcoin Reserve," reclassifying the United States' existing Bitcoin holdings as a reserve asset comparable to gold. According to Forbes, Trump has confirmed his intention to create this reserve, which would be a watershed moment in Bitcoin's adoption at the sovereign level.

Wyoming Senator Cynthia Lummis has also introduced a bill that takes this proposal even further. Her plan calls for the United States to purchase up to 1,000,000 BTC over five years, locking it up for a minimum of 20 years. This would effectively remove 5% of Bitcoin's total supply from circulation, ensuring its strategic use for future debt management. With bipartisan support and early discussions with the incoming Treasury Secretary, the concept of a national Bitcoin reserve is gaining traction.

Even if Lummis's bill fails to pass, Trump could sidestep Congress by leveraging the Exchange Stabilization Fund (ESF). Created under the Gold Reserve Act of 1934, the ESF grants the Treasury authority to stabilize the dollar by engaging in currency transactions. Historically, the ESF has been employed for various purposes: after World War II, it was used to purchase gold; during the 2008 financial crisis, it temporarily guaranteed deposits in certain money market mutual funds; and in 2020, it supported loans, loan guarantees, and investments for businesses impacted by COVID-19. In theory, Trump could use this fund to start acquiring Bitcoin unilaterally, providing a rapid and game-changing entry into Bitcoin markets without requiring legislative approval.

The mere possibility of the world's largest economy acquiring Bitcoin at this scale is already prompting reactions from other nations. For years, Bitcoin advocates have theorized that governments would eventually turn to Bitcoin as a hedge against currency debasement, runaway debt, and geopolitical instability. This scenario creates a game-theory dynamic, where nations must acquire Bitcoin to avoid being left behind in a global transition to decentralized, finite currency.

El Salvador, the first country to adopt Bitcoin as legal tender, has been at the forefront of this shift since 2021. Its daily Bitcoin purchases under the “Bitcoin Law” have contributed to significant economic growth, with the nation now holding close to 6,000 BTC. Similarly, Russia is exploring the creation of a strategic Bitcoin reserve as part of its efforts to reduce reliance on traditional currencies, with proposals from lawmakers under review. Similarly, Brazil has introduced a national Bitcoin reserve bill, which calls for the country’s central bank to gradually acquire Bitcoin until it comprises 5% of the nation’s total reserves.

Japan, too, is considering entering the fray. Lawmakers like Satoshi Hamada have submitted proposals to the National Diet advocating for a national Bitcoin reserve. While Hamada’s political party holds limited influence, the idea is gaining traction, supported by prominent voices like Yuichiro Tamaki, who champion pro-crypto reforms. Polish presidential candidate Slawomir Mentzen vowed to create a Bitcoin reserve if elected in 2025 and members of the Dutch government are proposing to establish a national Bitcoin reserve by selling a portion of their current gold reserves.

Meanwhile in Germany, former German Finance Minister Christian Lindner publicly criticized Chancellor Olaf Scholz for liquidating the country’s Bitcoin holdings earlier this year at \$50k, a decision that has already proven to be a \$2.7 billion blunder. And in the EU, European MP Sarah Knafo gave a speech to the European Parliament stating that “the EU is squandering our money” and implored them to set up a strategic Bitcoin reserve.

In addition to these nations, Bitcoin reserve discussions have emerged in China, Canada, South Korea, Turkey, Saudi Arabia, Argentina, Switzerland, Singapore, Nigeria, Venezuela, Kazakhstan, Ukraine, Panama, Zimbabwe, and Cuba. Rising concerns about sanctions (exemplified by Russian asset freezes) and the desire of BRICS nations to bypass the US dollar further fuel this trend. While Bitcoin’s integration into national reserves was inevitable given the forces already at play, the US’s potential move has massively accelerated this trend.

The strategic acquisition of Bitcoin by multiple governments has profound implications for its price. Should the US government classify its current holdings as a strategic reserve, let alone proceed with purchasing 1,000,000 BTC over five years, the cascading effect of other nations joining the race to secure Bitcoin will amplify demand exponentially. The resulting supply shock could drive Bitcoin prices to unprecedented levels, as institutional investors and private holders also vie for the shrinking pool of available Bitcoin. This urgency to acquire Bitcoin, coupled with its programmatic scarcity, is likely to set off a global arms race for digital gold, pushing its price much higher than most people anticipate.

### A multitude of macro tailwinds

In 2025, a confluence of macroeconomic factors appears poised to create tailwinds for Bitcoin, potentially driving its price higher. These factors include falling interest rates, mounting US debt, and increasing global liquidity. Each of these influences reinforces Bitcoin’s appeal as a scarce, decentralized, and inflation-resistant asset in an environment of expanding monetary and fiscal pressures.

In late 2024, the Fed cut interest rates three consecutive times, marking the first-interest rate reductions since the emergency cuts of March 2020. Economists project that the Fed will continue reducing rates in 2025. Lower interest rates diminish the returns on traditional assets like bonds and other fixed-income instruments, encouraging investors to seek higher yields in alternative asset classes. Bitcoin is likely to benefit from this capital reallocation.

Lower rates also make borrowing more affordable, spurring increased demand for credit from both consumers and businesses. This, in turn, can lead to an expansion of the money supply, as evidenced by the sharp rise in M2 during previous periods of low rates. Historically, Bitcoin has significantly outperformed other asset classes during periods of rapid monetary expansion due to its fixed supply of 21 million coins and its "hard money" characteristics.

The US debt spiral presents another major macroeconomic tailwind for Bitcoin. Despite changes in political leadership, the country's fiscal trajectory remains unsustainable. As of writing this, the national debt now exceeds \$36 trillion, growing by approximately \$1 trillion every 100 days. This unsustainable borrowing is driven by mandatory spending obligations like Social Security, Medicare, and Medicaid, combined with rapidly rising interest payments on the debt. According to the Congressional Budget Office, the cost of these mandatory expenses alone now exceeds annual tax revenues, leaving discretionary spending entirely unfunded. This means the US government is running a deficit even before accounting for expenditures like defense or infrastructure. To sustain these obligations, the government has little choice but to print more money, further devaluing the dollar. Bitcoin's finite supply makes it immune to the dilutionary effects of excessive money printing, and its decentralized nature has led to it increasingly being accepted as a hedge against this type of monetary debasement.

The impact of global monetary expansion on Bitcoin further strengthens its case. In 2024, global M2 money supply rose for most of the year as countries like China implemented aggressive stimulus packages and central banks worldwide loosened monetary policy to combat slowing growth. This trend is likely to continue in 2025, as major economies grapple with stagnating growth and deflationary risks. Bitcoin has consistently outperformed other assets during periods of global monetary expansion, largely due to its inherent scarcity and resistance to manipulation.

Falling interest rates, an escalating US debt crisis, and rising global liquidity are likely to create a favorable macroeconomic environment for Bitcoin in 2025. While traditional monetary systems face increasing strain, Bitcoin's unique characteristics – scarcity, decentralization, and resistance to debasement – position it as an attractive alternative for investors seeking to preserve value. The convergence of these factors suggests that Bitcoin could thrive in the coming year, further solidifying its reputation as the ultimate hedge against fiat currency debasement.

### Favorable supply and demand dynamics

We often discuss Bitcoin's supply and demand dynamics in this newsletter because they remain one of the most reliable indicators of long-term price direction. As we head into the new year, it's worth revisiting this critical relationship, starting with the supply side.

For over two years, we've highlighted the steady decline in the supply of Bitcoin available for trading on open markets. Early this year, we flagged this growing supply squeeze as a key catalyst for 2024. Sure enough, when bitcoin ETFs launched and demand surged, the price spiked to new all-time highs in Q1.

However, Bitcoin's price cooled off mid-year, primarily due to unexpected supply hitting the market. In July, the German government liquidated its entire Bitcoin holdings – more than 50,000 BTC, valued at nearly \$3 billion – over just a few weeks. Adding to this wave of selling pressure was the \$9 billion distribution of Bitcoin by Mt. Gox to its creditors, following nearly a decade of bankruptcy proceedings.

These two large-scale liquidations were the primary drivers behind Bitcoin's decline from \$70K to as low as \$55K in August. It took several months for the market to absorb this sell-off and consolidate. However,

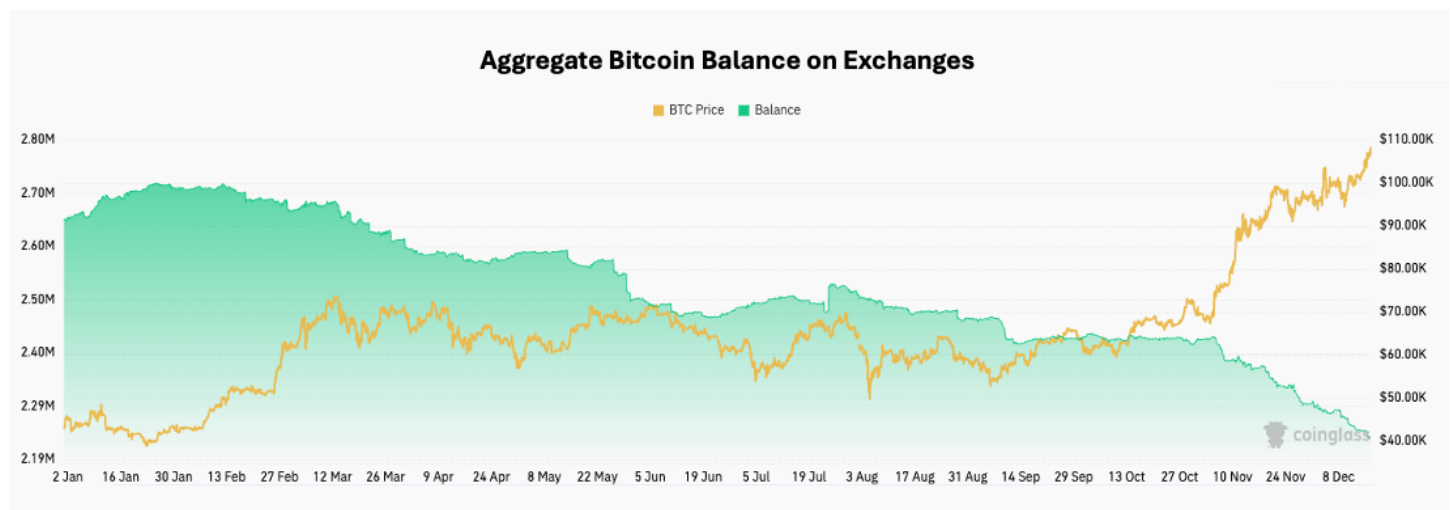
as is often the case, long-term holders seized the opportunity to buy the dip. As we noted in our August 27th newsletter, institutional investors – typically more sophisticated and better equipped to handle volatility – not only refrained from panic selling but actively increased their holdings during the price decline in the middle of 2024.

Once this supply overhang was absorbed, the market stabilized, and available supply began to dwindle again. All the market needed was a catalyst, which the US election provided. With the outlook on the regulatory environment shifting following Donald Trump’s election, demand for Bitcoin surged in November. Yet, there wasn’t enough supply to meet this renewed demand, causing Bitcoin’s price to skyrocket to \$100K by December.

As Bitcoin approached \$100K, we did see some supply come back online, primarily from investors who had bought near the February and March highs, with coins older than this remaining relatively dormant in comparison. This group largely took profits, and their coins were quickly absorbed by longer-term, more value-oriented investors. As a result, Bitcoin’s price has consolidated once again around the \$100K mark as we close out the year.

This pattern illustrates a broader truth: when supply becomes scarce, it often leads to sharp upward price movements. Afterward, new supply re-enters the market, gets absorbed, and the cycle consolidates in preparation for the next upward leg. Importantly, the large supply events in July – namely the German government’s liquidation and the Mt. Gox distributions – were one-off occurrences. With both of these overhangs now behind us, the long-term trend of declining available supply remains intact.

As of this writing, only 2.2 million Bitcoin are held on exchanges out of the 19.8 million in circulation. This represents just 11.3% of the total supply – its lowest level in 6 years. This reduction sets the stage for another potential upward price move in 2025.



Source: <https://www.coinglass.com/Balance>

Further supporting this trend is the growing dominance of long-term holders. Bitcoin held by long-term investors now stands at over 13 million BTC, or approximately 66% of the circulating supply. This signals a growing perception of Bitcoin as a store of value rather than a speculative asset. Reinforcing this dynamic is MicroStrategy’s relentless accumulation, with the company now holding over 2% of the entire Bitcoin supply. Given Michael Saylor’s “never sell” philosophy, this supply is effectively locked up indefinitely. If US and other governments begin acquiring Bitcoin as a reserve asset, even more supply could be taken off the market for decades.

The bottom line is this: while Bitcoin's total supply is capped, the circulating supply available for trading is shrinking rapidly. This supply squeeze, driven by long-term accumulation and institutional adoption, is likely to intensify in 2025.

But that's only one half of the equation. Supply can shrink all it wants but if there is no demand, price won't rise. Fortunately, demand for Bitcoin appears to be accelerating from multiple sources.

#### US and international retail demand

Retail interest is intensifying, with indicators such as the Coinbase app skyrocketing to the top 10 in downloads in November, including being the number one financial app. There has also been a massive increase in Google searches for Bitcoin and related crypto terms. Notably, the upcoming repayment of creditors impacted by the FTX collapse is expected to inject additional demand. Many recipients of recovered funds are likely to reinvest in Bitcoin and other cryptoassets, reinforcing its market momentum.

Globally, Bitcoin's appeal goes beyond speculation – it's a lifeline in regions plagued by unstable financial systems and authoritarian regimes. With only 13% of the global population benefiting from stable currencies, Bitcoin's accessibility offers a critical solution for financial inclusion, enabling cross-border payments, humanitarian aid, and economic freedom. Adoption in these regions is expanding rapidly, as demonstrated by Chainalysis's 2024 Global Adoption Report.

#### Institutional demand

The launch of Bitcoin ETFs in 2024 was groundbreaking, becoming the most successful ETF debut in history and opening the floodgates for institutional adoption. More than half of the top 25 hedge funds now own Bitcoin, with legendary investors like Paul Tudor Jones, Stanley Druckenmiller, Ray Dalio, Ken Griffin, and Larry Fink investing in the asset. Pension funds, such as those in Michigan, Wisconsin, Houston Firefighters Retirement Fund, university endowments such as Stanford, University of Austin, Emory, Harvard, Yale and Brown have also begun allocating to Bitcoin, with sovereign wealth funds reportedly following suit.

However, much of traditional finance (TradFi) remains underexposed to Bitcoin, primarily due to regulatory concerns. For six consecutive years, surveys from Bitwise have cited "regulatory concerns" as the top reason financial advisors avoided crypto. With ETFs now offering a clear, regulated path and an incoming administration supportive of crypto, this barrier has largely disappeared.

Another obstacle was the delayed rollout of ETFs to major financial platforms. Most Registered Investment Advisors (RIAs), who collectively manage \$30 trillion in assets, only recently gained access. Schwab approved Bitcoin ETFs in late 2024, but large wirehouses like Morgan Stanley, UBS, and Bank of America have yet to fully integrate these products. This is expected to change in 2025, enabling wealth managers to direct significant capital into Bitcoin ETFs. Historically, ETFs see larger inflows in their second year, and with 2024 already setting records, inflows exceeding \$50 billion in 2025 are highly likely.

The shift is seismic. Institutional investors now face career risk for not having crypto exposure, a complete reversal from even just a year ago when such allocations were risky to recommend. With trillions of dollars of untapped institutional assets poised to enter the market, expect institutional interest to accelerate in 2025.

## Corporate demand

Corporate adoption is accelerating, with the number of publicly listed companies holding Bitcoin climbing from 38 to 91 in a year. MicroStrategy's Bitcoin-focused treasury strategy has outperformed all major stocks, including NVIDIA, driving its stock price up nearly 600% year-to-date. Changes in accounting rules by the Financial Accounting Standards Board (FASB) are reducing adoption hurdles, prompting more companies to explore Bitcoin as a reserve asset. Proposals at Microsoft and Amazon to include Bitcoin in their treasuries signal that even the largest corporations are beginning to consider this strategy. With S&P 500 companies sitting on \$2 trillion in cash, even small allocations to Bitcoin could create significant demand in 2025. Expect the number of corporations holding Bitcoin to increase again in 2025.

## Government demand

We highlighted the implications of the strategic Bitcoin reserve and the number of countries considering it previously in this newsletter. However, it's worth noting that it's already happening at a state level. In Pennsylvania, the state General Assembly recently introduced a Bitcoin Strategic Reserve Act that would allow the State Treasurer to invest up to 10% of its roughly \$7 billion state funds into Bitcoin. Both Texas, the 8th largest economy in the world, and Ohio filed their own bills to officially establish a state Strategic Bitcoin Reserve. There are reports Florida could also launch a state Bitcoin reserve in 2025 and in Alabama, the state auditor is calling for a state Bitcoin reserve. This growing interest could unleash a geopolitical game theory that accelerates adoption among state and federal governments around the world.

With retail, institutional, corporate, and governmental adoption all converging at the same time supply is constrained, 2025 has the potential to be another explosive year for Bitcoin.

## Conclusion

Having invested in crypto for over a decade, I've witnessed some of the most defining moments in Bitcoin's history. From its meteoric rise to \$1,000 in 2013 to the ICO boom of 2017, and the frenzy of DeFi Summer and NFTs in 2021, I've seen cycles of exuberance and consolidation. But as we approach 2025, I can confidently say this is the most bullish setup I've encountered in my entire experience.

For the first time, Bitcoin is poised to operate in a supportive regulatory environment, removing one of the biggest hurdles to mainstream adoption. Macro tailwinds are aligning in Bitcoin's favor, while its supply continues to shrink and demand accelerates across retail, institutions, corporations, and even governments. If that weren't compelling enough, the potential for a global arms race among nation-states to accumulate Bitcoin adds a profound new layer to the story. I don't know where Bitcoin's price will peak in 2025, but one thing is clear: the foundation being laid today has the potential to make this one of the most transformative years in Bitcoin's history.

On Dec. 23, investment firm Swan reported that BlackRock's iShares Bitcoin ETF is now in the top 35 of all ETFs ever launched, with \$53.3 billion in AUM.



**Summary and conclusion from Glassnode's "The Week On-Chain" from 12/20/24. (Read the full report, [here](#).)**

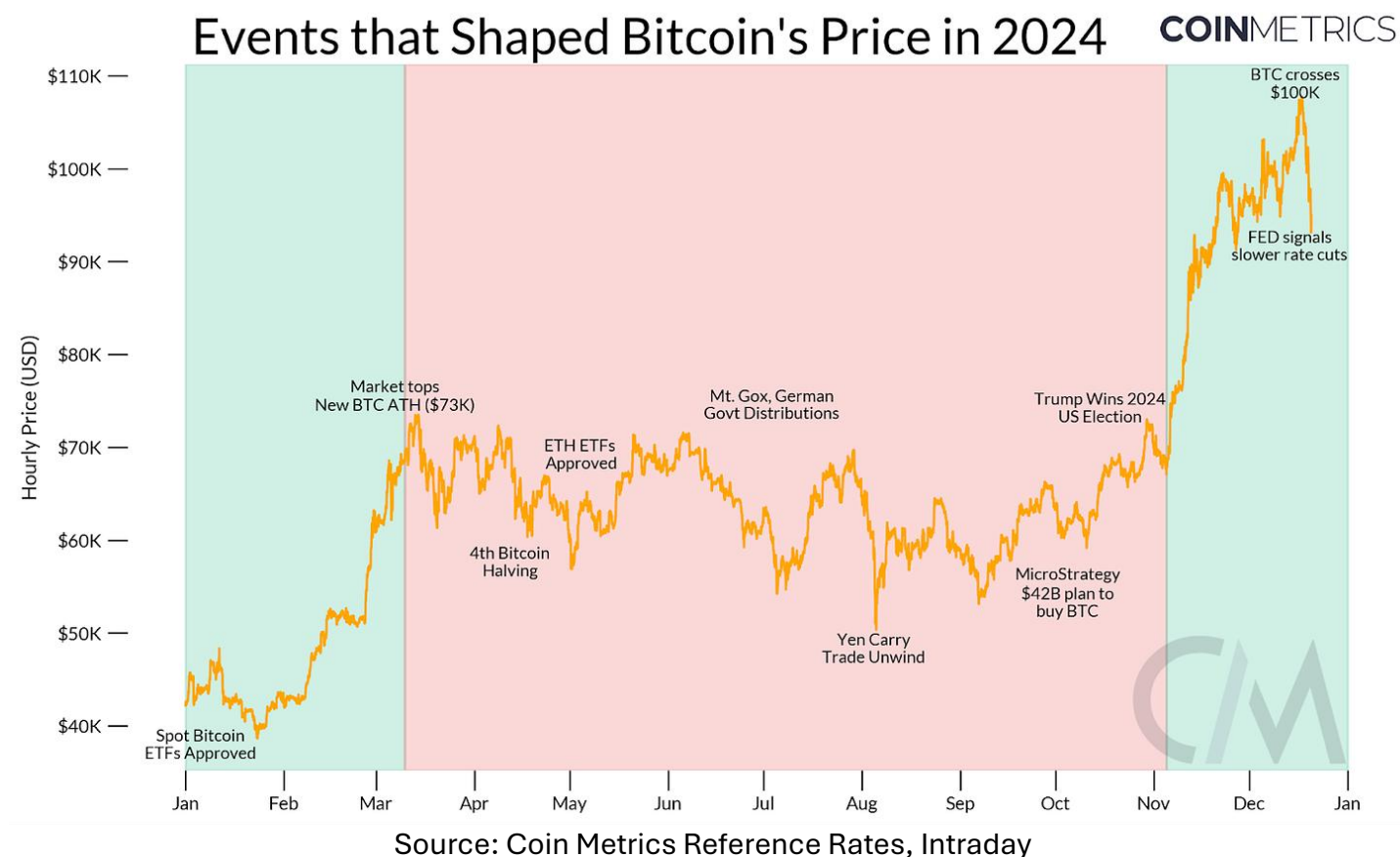
With the release of the new Breakdown metrics, we are able to analyze for the first time the behavior of investors during dynamic market periods for the Solana asset, providing significant colour into the mechanics of capital creation and destruction.

Solana's meteoric recovery and subsequent price appreciation has been nothing short of remarkable, and has successfully accrued significant capital from a wide distribution of investors, ranging from Institutional to Retail oriented.

## Conclusion from Coin Metrics' "State of The Network" weekly report from 12/24/24. (Read the full report, [here](#).)

### State of the Network's 2024 Year in Review

As we wrap up 2024, a year that stands in stark contrast to the crypto winter of 2022, we'd like to pause and reminisce on a momentous year for the crypto industry. 2024 was one of the most consequential years in the history of crypto across multiple fronts, starting with the launch of Bitcoin ETFs and concluding with Bitcoin crossing \$100K post-election. In this special issue of Coin Metrics' State of the Network, we revisit the major developments that shaped the digital assets industry in 2024 through a data-driven lens.



Propelled by the explosive success of Bitcoin ETFs in January, the crypto market saw a strong phase of growth in Q1 with Bitcoin soaring to new all-time highs of \$73K. What followed was a quieter period of consolidation, characterized by subdued catalysts and significant supply redistributions from major market participants. Now, as 2024 draws to a close, optimism has returned, fueled by a pro-crypto US administration and the onset of a rate-cutting cycle.

## Crypto Asset Returns by Month, 2024

Top 30 datonomy assets with market cap > \$1 Billion

|        |      |      |      |      |      |      |      |      |      |      |      |      |        |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|--------|
| pepe   | -22% | 241% | 196% | -16% | 117% | -27% | -5%  | -30% | 48%  | -7%  | 125% | -12% | 1,282% |
| sui    | 98%  | 4%   | 12%  | -37% | -11% | -24% | -14% | 18%  | 120% | 18%  | 77%  | 23%  | 454%   |
| xrp    | -17% | 15%  | 6%   | -18% | 4%   | -9%  | 32%  | -9%  | 13%  | -15% | 253% | 14%  | 259%   |
| doge   | -11% | 48%  | 69%  | -35% | 20%  | -23% | 1%   | -17% | 23%  | 48%  | 163% | -26% | 250%   |
| hbar   | -15% | 63%  | -0%  | -11% | 8%   | -24% | -14% | -18% | 23%  | -15% | 292% | 57%  | 210%   |
| aave   | -15% | 22%  | 17%  | -30% | 24%  | -7%  | 8%   | 22%  | 24%  | 0%   | 39%  | 50%  | 192%   |
| xlm    | -12% | 10%  | 14%  | -20% | -1%  | -15% | 12%  | -7%  | 10%  | -4%  | 485% | -32% | 177%   |
| ton    | -10% | 23%  | 112% | -2%  | 25%  | 20%  | -12% | -21% | 8%   | -13% | 34%  | -21% | 132%   |
| trx    | 4%   | 27%  | -13% | -3%  | -6%  | 12%  | 7%   | 24%  | -1%  | 9%   | 22%  | 19%  | 127%   |
| btc    | 2%   | 47%  | 13%  | -10% | 13%  | -10% | 5%   | -9%  | 11%  | 15%  | 38%  | -1%  | 125%   |
| shib   | -12% | 32%  | 137% | -21% | 15%  | -34% | -5%  | -12% | 40%  | 5%   | 45%  | -20% | 108%   |
| bnb    | -1%  | 38%  | 50%  | -2%  | 3%   | -4%  | 1%   | -7%  | 12%  | 5%   | 13%  | -1%  | 108%   |
| uni    | -13% | 82%  | 13%  | -40% | 53%  | -11% | -20% | -18% | 25%  | 10%  | 66%  | 8%   | 92%    |
| mnt    | -7%  | 54%  | 40%  | -20% | 4%   | -22% | -2%  | -16% | 6%   | -3%  | 47%  | 29%  | 82%    |
| sol    | 1%   | 21%  | 55%  | -32% | 32%  | -15% | 22%  | -20% | 17%  | 15%  | 44%  | -24% | 78%    |
| bch    | -8%  | 27%  | 100% | -31% | 7%   | -16% | 10%  | -22% | 9%   | 10%  | 45%  | -15% | 72%    |
| rndr   | 3%   | 84%  | 44%  | -26% | 36%  | -29% | -22% | -9%  | 33%  | -22% | 84%  | -21% | 58%    |
| cro    | -15% | 28%  | 39%  | -14% | -13% | -21% | -3%  | -6%  | 6%   | -10% | 160% | -17% | 56%    |
| ada    | -13% | 27%  | -2%  | -30% | 1%   | -14% | 2%   | -11% | 15%  | -5%  | 213% | -18% | 49%    |
| link   | 4%   | 26%  | -2%  | -26% | 37%  | -27% | -8%  | -13% | 13%  | 5%   | 60%  | 16%  | 48%    |
| eth    | 3%   | 48%  | 5%   | -12% | 24%  | -10% | -5%  | -22% | 6%   | 2%   | 43%  | -12% | 44%    |
| near   | -17% | 38%  | 79%  | -5%  | 18%  | -32% | -3%  | -17% | 36%  | -18% | 72%  | -28% | 38%    |
| ltc    | -7%  | 12%  | 28%  | -20% | 6%   | -10% | -5%  | -7%  | 7%   | 8%   | 50%  | -3%  | 37%    |
| vet    | -16% | 73%  | -6%  | -14% | -5%  | -24% | -0%  | -15% | 18%  | -8%  | 114% | -0%  | 34%    |
| etc    | 16%  | 21%  | 14%  | -19% | 17%  | -22% | -6%  | -15% | 11%  | 0%   | 72%  | -21% | 19%    |
| apt    | -3%  | 38%  | 41%  | -46% | 6%   | -25% | -7%  | 5%   | 24%  | 28%  | 46%  | -31% | -2%    |
| avax   | -8%  | 21%  | 30%  | -34% | 10%  | -23% | -10% | -10% | 28%  | -5%  | 79%  | -19% | -5%    |
| render | 0%   | 0%   | 0%   | 0%   | 0%   | -8%  | -20% | -9%  | 33%  | -22% | 84%  | -21% | -7%    |
| dot    | -16% | 26%  | 14%  | -31% | 9%   | -13% | -11% | -21% | 12%  | -5%  | 126% | -24% | -16%   |
| icp    | -12% | 10%  | 41%  | -28% | -7%  | -33% | 8%   | -15% | 27%  | -9%  | 54%  | -20% | -26%   |
|        | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | YTD    |

Source: Coin Metrics Reference Rates, datonomyTM (As of Monday December 23rd)

Bitcoin (BTC) undeniably took center stage this year, outperforming traditional asset classes and crypto-assets with a 125% gain year-to-date. Solana (SOL) led the market several times this cycle, ending the year 78% higher, while Ethereum's (ETH) continued its relative underperformance, rising 44% over the year.

The chart above illustrates the top 30 cryptoassets in the datonomy universe, with a market capitalization of over \$1 Billion. Memecoins like DOGE and PEPE captured widespread attention fueled by retail exuberance, while "Dino coins" such as Ripple (XRP) and Stellar (XLM) staged an unexpected comeback. Alternative Layer-1s like Sui (SUI) and established blue-chip DeFi protocols like Aave also gained traction, reflecting the investor sentiment and thematic rotations that shaped the market in 2024.

## Blockworks updated key metrics...

|                         |            |
|-------------------------|------------|
| Total Crypto Market Cap | \$3.45 T   |
| Bitcoin Market Cap      | \$1.87 T   |
| Ethereum Market Cap     | \$406.57 B |
| ETH/BTC Ratio           | 0.04       |
| Ethereum Gas Price      | 5.42 gwei  |
| DeFi TVL                | \$214.16 B |
| Fear and Greed Index    | 72 (Greed) |

## The Block: Crypto's 12 biggest stories of 2024. (Read more, [here.](#))

- SEC approves spot Bitcoin ETFs in the US.
- A \$1.2 million Bitcoin mistake.
- Sam Bankman-Fried sentenced to 25 years in prison.
- Dogwifhat's iconic photo sold as NFT for \$4.3 million.
- Bitcoin ushers in fourth halving.
- The FBI's warning to American crypto users.
- ZKsync's token launch and airdrop.
- Hamster Kombat taps into TON blockchain-linked Telegram clicker game craze.
- Residents of a Norwegian town complained about a Bitcoin mine's noise; and it cost them.
- Mt. Gox pushes repayment deadline to 2025.
- Pro-crypto Donald Trump defeats Kamala Harris in US presidential election.
- MicroStrategy's Bitcoin billions.

## **The Block: The best and worst performing crypto stocks of 2024. (Read more, [here.](#))**

### The Best:

- MicroStrategy (MSTR) +402%
- Core Scientific (CORZ) +307%
- Terawulf (WULF) +142%
- Bitdeer Technologies (BTDR) +122%
- Hut 8 (HUT) +75%
- Coinbase (COIN) +69%
- Iris Energy (IREN) +65%

### The Worst:

- Gryphon Digital Mining (GRYP) -92%
- Argo Blockchain (ARBK) -80%
- Greenridge Generation (GREE) -74%
- Bitfarms (BITF) -43%
- Hive Digital (HIVE) -32%
- Riot Platforms (RIOT) - 27%
- Bit Digital (BTBT) -17%

**Blockware Intelligence published its “2025 Market Forecast.” (Download it, [here.](#))**

Last year we published a 2024 forecast in which our base case was a Bitcoin price of \$100,000 by the end of the year. We nailed it.

We are excited to now bring you our 2025 forecast!

In this report we breakdown the most important market trends that we’ll be watching throughout 2025. We also give our end-of-year price prediction for Bitcoin:

Bear: \$150,000

Base: \$225,000

Bull: \$400,000

2024 was great, but 2025 will be even better.

## **8 Predictions for Crypto in 2025 from Pantera Managing Partner Paul Veradittakit (split into two categories: rising trends and new ideas)...**

### RISING TRENDS:

#### By Year-End, RWAs (Excluding Stablecoins) Will Account for 30% of On-Chain TVL (15% Today)

RWAs on-chain has increased over 60% this year, to \$13.7 billion. Around 70% of RWAs are private credit and the majority of the rest are in T-Bills and commodities. Inflows from these categories are accelerating, and 2025 may see the introduction of more complex RWAs.

Firstly, private credit is accelerating because of improving infrastructure. Figure accounts for almost all of this, increasing by almost \$4 billion worth of assets in 2024. As more companies enter this space, there is increasing ease to use private credit as a means to move money into crypto.

Secondly, there are trillions of dollars worth of T-Bills and commodities off-chain. There is only \$2.67 billion worth of T-Bills on-chain, and their ability to generate yield (as opposed to stablecoins, which allow the ones who mint the coin to capture the interest), makes it a more attractive alternative to stablecoins. Blackrock's BUIDL T-Bill fund only has \$500 million on-chain, as opposed to the tens of billions of government bills it owns off-chain. Now that DeFi infrastructure has thoroughly embraced stablecoins and T-Bill RWAs (integrating them into DeFi pools, lending markets, and perps), the friction to adopt them has drastically decreased. The same goes for commodities.

Finally, the current extent of RWAs is limited to these basic products. The infrastructure to mint and maintain the RWA protocols has drastically simplified and operators have a much better understanding of the risks and appropriate mitigations that come with on-chain operations. There are specialized companies that manage wallets, minting mechanisms, sybil sensing, crypto neo-banks, and more, meaning it may finally be possible and feasible to introduce stocks, ETFs, bonds, and other more complex financial products on-chain. These trends will only accelerate the use of RWA's heading into 2025.

### Bitcoin-Fi

Last year, my prediction of Bitcoin finance was strong but didn't reach the 1-2% of all Bitcoins TVL mark. This year, pushed by Bitcoin-native finance protocols that do not require bridging (like Babylon), high returns, high Bitcoin prices, and increased appetite for more BTC assets (runes, Ordinals, BRC20), 1% of Bitcoins will participate in Bitcoin-Fi.

### Fintechs Become Crypto Gateways

TON, Venmo, PayPal, and WhatsApp have seen crypto growth because of their neutrality. They are gateways where users can interact with crypto, but do not push specific apps or protocols; in effect, they can act as simplified entryways into crypto. They attract different users; TON for its existing 950 million Telegram users, Venmo and Paypal for their respective 500 million payments users, and WhatsApp for its 2.95 billion monthly active users.

Felix, which operates on WhatsApp, allows instant money transfers via a message, to be either digitally transferred or can be picked up in cash at partner locations (like 7-Eleven). Under the hood, they use stablecoins and Bitso on Stellar. Users can now buy crypto on MetaMask using Venmo, Stripe acquired Bridge (a stablecoin company), and Robinhood acquired Bitstamp (a crypto exchange).

Whether intentionally or because of their ability to support third-party apps, every fintech will become a crypto gateway. Fintechs will grow in prevalence and may perhaps rival smaller centralized exchanges in crypto holdings.

#### Unichain Becomes Leading L2 by Transaction Volume

Uniswap has a TVL of almost \$6.5b, 50-80k transactions per day, and volume of \$1-4 billion daily. Arbitrum has ~\$1.4 billion of transaction volume a day (a third of which is Uniswap) and Base has ~\$1.5 billion of volume a day (a fourth of which is Uniswap).

If Unichain captures just half of Uniswap's volume, it would easily surpass the largest L2s to become the leading L2 by transaction volume.

#### NFT Resurgence but in an Application Specific Way

NFTs were meant as a tool in crypto - not a means to an end. NFT's are being used as a utility in on-chain gaming, AI (to trade ownership of models), identity, and consumer apps.

Blackbird is a restaurant rewards app that integrates NFTs into customer identification in their platform of connecting Web3 into dining. By integrating the open, liquid, and identifiable blockchain with restaurants, they can provide consumer behavior data to restaurants, and easily create/mint subscriptions, memberships, and discounts for customers.

Sofamon creates web3 bitmoji's (which are NFTs), called wearables, unlocking the financial layer of the emoji market. They recognize the increasing relevance of IP on-chain and embrace collaboration with top KOL's and K-pop stars, for example, to fight digital counterfeiting. Story Protocol, which recently raised \$80 million at a \$2.25 billion valuation, has the broader goal of tokenizing the world's IP, putting originality back as the centerpiece of creative exploration and creators. IWC (the Swiss luxury watch brand) has a membership NFT that buys access to an exclusive community and events.

NFTs can be integrated to ID transactions, transfers, ownership, memberships, but can also be used to represent and value assets, leading to monetary, possibly speculative growth. This flexibility is what brings NFTs power. The use-cases will only increase.

#### Restaking Launches

In 2025, restaking protocols like Eigenlayer, Symbiotic, and Karak will finally launch their mainnets which would pay operators from AVS and slashing. It seems that through this year, restaking lost relevance.

Restaking draws power as more networks use it. If protocols use infra that is powered by a particular restaking protocol, it derives value from that connection, even if it is not direct. It is by this power that protocols can lose relevance but still hold huge valuations. We believe restaking is still a multi-billion-dollar market and as more apps become appchains, they harness restaking protocols, or other protocols that are built on restaking protocols.

#### NEW IDEAS:

##### zkTLS Bringing Off-Chain Data On-Chain

zkTLS uses zero knowledge proofs to prove the validity of data from the Web2 world. This new technology has yet to be fully implemented, but when it (hopefully) does this year, it will bring in new types of data.

For example, zkTLS can be used to prove that data came from a certain website to others. Currently, there is no way to do this. This tech takes advantage of advancements made in TEE's and MPC's, and may be further improved to allow some of the data to be private.

This is a new idea, but we predict that companies will step up to begin building this and integrating it into on-chain services, like verifiable oracles for non-financial data or cryptographically secured data oracles.

### Regulatory Support

For the first time, the US regulatory environment seems crypto-positive. 278 pro-crypto house candidates were elected versus 122 anti-crypto candidates. Gary Gensler, an anti-crypto SEC chair, announced that he will be resigning in January. Reportedly, Trump is set to nominate Paul Atkins to lead the SEC. He was previously an SEC Commissioner from 2002-2008 and is outspokenly supportive of the crypto industry and an advisor to the Chamber of Digital Commerce, an institution focused on promoting the acceptance of crypto. Trump also named David Sacks, a tech investor and former CEO of Yammer and COO of PayPal, to head the new role of "AI & crypto czar." Trump's announcement said that "[David Sacks] will work on a legal framework so the Crypto industry has the clarity it has been asking for."

We hope for a winding down of SEC lawsuits, clear definitions of crypto as a particular asset class, and tax considerations.

### **Continued fallout from the various crypto liquidity issues, regulatory problems, and 2022 'crypto winter' in the space...**

- Ryan Salame and Caroline Ellison, FTX execs convicted for their roles in the notorious crypto fraud led by their former boss SBF, both shaved time off their prison sentences. Salame was sentenced in May to 7.5 years in federal prison. But the Federal Bureau of Prisons currently lists his release date as March 1, 2031, more than a year earlier than his initial release date in April 2032. Ellison was sentenced to 2 years in prison after she pleaded guilty to seven federal counts of fraud and conspiracy and was a key witness against SBF. Her current release date is listed as July 20, 2025, three months earlier than her initial release date.
- South Korean crypto entrepreneur Do Kwon will be extradited to the US from Montenegro over the collapse of two digital tokens – TerraUSD and Luna. The decision marks an end to more than 18 months of rulings and reversals.