



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

16th February 2025

BITCOIN-RELATED



NYDIG: Bitcoin's sideways trading continued again this week, with the price essentially unchanged.

There was a bit of volatility with the hotter-than-expected CPI (inflation) numbers on Wednesday, but traders in Bitcoin, as well as equities and other risk assets, used the opportunity to buy the dip.

Florida House of Representatives Member Webster Barnaby introduced a bill to invest in Bitcoin.

North Carolina House Speaker Destin Hall introduced legislation to create a Strategic Bitcoin

Reserve. The bill would allow the state to invest in Bitcoin ETPs, limiting crypto investments to 10% of a state fund's holdings in an asset class with a \$750 billion market cap.

New Mexico Senator Anthony Thornton filed for a "Strategic Bitcoin Reserve Act."

Michigan's state representatives, Bryan Posthumus and Ron Robinson, proposed House Bill 4087, which if approved, could allow Michigan to invest in cryptocurrencies such as Bitcoin. The bill proposes that Michigan's treasurer invest up to 10% of the state's "general" and "economic stabilization" funds into crypto.

VanEck's Matthew Sigel says the demand from 20 US Bitcoin Reserve bills could see states buy over 242,787 Bitcoin (injecting ~\$23 billion into BTC markets).

Abu Dhabi's sovereign wealth fund, Mubadala, revealed in a regulatory filing that it owns \$437 million worth of Blackrock's spot Bitcoin ETF (IBIT).

Wisconsin's pension investment board revealed in its regulatory filing an increase in Bitcoin holdings – the fund went from 2.9 million shares in IBIT to 6 million shares. This equates to approximately \$321 million of Bitcoin exposure or close to 1% of the fund's assets.

Strategy resumed its accumulation spree after a weekly hiatus. Michael Saylor announced the company acquired 7,633 BTC for ~\$742.4 million. As of Feb. 9, Strategy holds 478,740 BTC.

Metaplanet, a Japanese Bitcoin acquirer, confirmed it completed a raise for \$26 million (4 billion yen) for 0% of unsecured, unguaranteed ordinary bonds to purchase additional Bitcoin. (Additionally, the stock will be added to the MSCI Japan index at the end of Feb. 28.)

Japanese game studio Gumi announced a \$6.6 million Bitcoin purchase, aiming to generate revenue through staking on Babylon while expanding its Web3 and node operation businesses.

GameStop stock popped after CNBC reported the video game retailer is exploring investing in cryptocurrencies, including Bitcoin. CNBC specified the company may not follow through with the investments and is still exploring the option.

~14,000 Bitcoins that had been dormant for 7 to 10 years were moved on Feb. 10. Notably, they were not transferred to any exchanges, indicating that an immediate sale is unlikely.

Fold officially introduced the Fold Bitcoin Rewards Credit Card. It offers 2% unlimited Bitcoin rewards, up to a \$250 welcome bonus, and a free metal card. Cardholders will gain access to a suite of financial services through the Fold app, including the ability to trade Bitcoin with zero fees and to take advantage of exclusive bonuses from partner merchants. The app also provides access to FDIC-insured transactional accounts and insured Bitcoin custody.

James Howells, a resident of Newport, South Wales, plans to buy the landfill where he believes his lost £620 million (\$768 million) Bitcoin fortune is still buried, despite a UK judge dismissing his case last month. The computer engineer believes his former partner mistakenly threw out a hard drive containing a Bitcoin wallet in 2013 and took legal action to try and access the landfill to recover the device. If the current owners are willing to negotiate, Howells and his investment partners would now be interested in acquiring the landfill site outright.

Galoy launched Lana, software that enables banks to accept Bitcoin as collateral for loans. Lana will help community and challenger banks offer Bitcoin-backed loans to various types of customers.

BlackRock increased its stake in Strategy to 5%, acquiring 11.2 million shares.

Paolo Ardoino, the CEO of the \$141 billion USDT stablecoin issuer Tether, warned quantum computing will eventually hack inactive Bitcoin wallets, possibly returning the Bitcoin in wallets believed to be owned by Bitcoin's mysterious creator Satoshi Nakamoto to circulation.

INDUSTRY ADVANCES

A new report from The Information said BNY Mellon, Citi, and State Street are all planning to offer crypto custody products to the market.

On Feb. 14, Trump Media announced that its board has authorized the purchase of cryptocurrency assets.

Robinhood hit a record \$1 billion in Q4 revenue, boosted by a 400% in crypto trade volume and a 700% jump in crypto revenue.

Coinbase's earnings report left analyst expectations in the dust with revenue of \$2.3 billion against \$1.9 billion expected and EPS of \$4.68 against \$1.81 expected. Transaction revenue rose 172% to \$1.6 billion, while revenue from the company's key focus subscription and services unit rose 15% to \$641 million.

CME Group reported record cryptocurrency trading volumes during Q4, according to its Feb. 12 earnings call. In Q4, CME clocked an average daily trading volume of approximately \$10 billion for crypto derivatives, a more than 300% increase from the year prior.

Crypto.com secured full regulatory approval under the EU's MiCA framework, allowing it to operate seamlessly across all European Economic Area (EEA) member states.

Brazilian stock exchange B3 will introduce Bitcoin options and futures for Ether and Solana, expanding its \$860 million monthly crypto derivatives market, which now rivals the country's traditional exchanges in trading volume.

Klarna, the Sweden-based buy-now-pay-later giant with 85 million users worldwide, will integrate crypto payments. Chief executive Sebastian Siemiatkowski said: "Ok. I give up. Klarna and me will embrace crypto! More to come."

The Depository Trust & Clearing Corporation (DTCC) introduced ComposerX, a comprehensive suite of platforms aimed at simplifying token creation and settlement, with the goal of accelerating digital asset adoption across the financial sector.

Mastercard reported that it had tokenized 30% of its transactions in 2024 and recognized stablecoins and other cryptocurrencies' ability to disrupt traditional financial services.

MetaMask introduced early access to its MetaMask Card, enabling users to spend their cryptocurrency with ease and offering a 1% cash back in USDC for all card users.

Bitnomial announced the successful launch of Bitnomial Clearinghouse, marking a historic milestone in the evolution of US regulated derivatives markets. Bitnomial Clearinghouse is now only the fourth US regulated derivatives clearinghouse to clear physically delivered and margined derivatives contracts.

Franklin Templeton has made the OnChain US Government Money Market Fund (FOBXX), the third-largest tokenized money market fund, available on Solana.

Plume Network and Mercado Bitcoin will tokenize \$40 million worth of Brazilian assets, allowing global investors to access corporate debt, consumer credit, and securities from Latin America's largest economy.

The Solana memecoin launchpad pump.fun released a mobile app on Feb. 14.

Story Protocol launched its intellectual property-focused blockchain and associated IP token. The blockchain is positioned as the "world's intellectual property network," providing users with a way to register their IP and track how others use it. The aptly named "IP" token is used for transaction fees and offers users a vote in the platform's governance system.

Decentralized storage network Arweave officially launched the mainnet for its computing platform, AO. AO is described as a "hyperparallel computer" offering a distributed computing environment with parallelized processing capabilities.

Virtual asset exchange Korbit announced that it will launch a non-custodial personal wallet “Korbit Web3 Wallet.” This wallet is based on the Layer-2 “Silicon” network and boasts the advantages of stability and fast transaction speed within the Ethereum ecosystem.

The Solana Foundation has launched a new coworking space with weekly events in New York City.

MINING



US Customs and Border Protection has reportedly been seizing Bitcoin mining equipment at ports across the country since late last year. The crackdown on imports of application-specific integrated circuit (ASIC) mining rigs was reportedly requested by the FCC.

Mara, a Bitcoin mining company, is launching its Digital Asset Compute (DAC) system, set to revolutionize energy and heating by recycling heat from Bitcoin mining operations to power district heating systems.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



Goldman Sachs more than doubled its Bitcoin ETF holdings in Q4 to \$2.05 billion, signaling strong institutional demand as it ramped up investments in BlackRock and Fidelity’s crypto funds.

The SEC delayed its decision on BlackRock’s request to allow options trading on its spot Ethereum ETF until Apr. 9, while also seeking public comment on a similar proposal by Fidelity, citing the need for more time to evaluate the risks.

21Shares and Cboe filed with the SEC to allow their Ethereum ETFs to start staking the Ether they hold. Later in the week, Grayscale and NYSE did the same.

Evolve filed a preliminary prospectus with the Canadian securities regulators to list the Evolve Levered Bitcoin ETF (LBIT) and the Evolve Levered Ether ETF (LETH) on the Toronto Stock Exchange. These would be Canada’s first modestly levered spot Bitcoin and Ether ETFs.

In a regulatory filing, the SEC opened up public comment on the “Canary Solana Trust,” a proposed ETF. The filing amounts to a clock-setting for Canary Capital's proposed investment vehicle. In 21 days, the SEC will render a verdict (approval or denial) or, perhaps more likely, kick the decision can with deadline extensions.

Franklin Templeton joined a growing list of finance sector firms looking to launch a spot Solana-based ETF. The firm registered its Franklin Solana Trust in Delaware on Feb. 10, taking the first step in the ETF launch process.

Grayscale officially lodged a 19b-4 filing with the SEC for a spot Cardano ETF. The filing was made through NYSE Arca, under the ticker GADA. (This filing is the 60th crypto ETF submission of the year and comes amid growing institutional interest in the asset class.)

The SEC acknowledged Grayscale's application to convert its XRP and Dogecoin Trusts into ETFs.

The Nasdaq stock exchange is seeking approval to list and trade XRP and Litecoin exchange-traded funds from CoinShares.

The SEC's Crypto Task Force met with Solana infrastructure company Jito Labs and VC firm Multicoin Capital to discuss integrating staking into ETFs.

MarketVector Indexes unveiled the MarketVector American Crypto Leaders Index (MAGA10), a new benchmark designed to track the performance of the largest and most liquid crypto asset projects domiciled in the US.

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

Peter Thiel-backed Plasma, a crypto startup building a Bitcoin-based blockchain designed specifically for stablecoins, raised \$20 million to further its development.

DeFi platform Legend – launched by former Compound CEO to help investors trade, borrow, and earn crypto – raised \$15 million from a16z and Coinbase.

Superlogic, a trailblazer in experiential rewards technology, raised \$13 million in its Series A funding round, led by Powerledger.

GameFi project GamerBoom completed a \$9 million new funding round. This round included key players: NVIDIA, Solana, Bing Ventures, Mask Network, DFG, JSquare, among others.

Solana-based restaking protocol Fragmetric raised \$7 million in a seed round. The investment, led by Finality Capital Partners and Hashed, brings new momentum to Solana's staking economy.

Robotics and crowdsourced data startup Frodobots raised \$6 million in seed funding to create BitRobot, which will be a Solana-based embodied AI research network.

Prodigy.Fi, Dual Investment vaults on Berachain, raised a \$5 million seed round – led by Quantstamp and joinrepublic.

Blum, a gamified Telegram-based decentralized exchange, raised \$5 million. The investment round was led by gumi Cryptos Capital.

IPOS, M&A, PARTNERSHIPS & DEALS

After staying on the sidelines, some of Wall Street's biggest banks are plotting how to win more crypto business, betting President Donald Trump's embrace of the industry unleashes a wave of IPOs, share sales, and convertible bonds. According to Bloomberg, Morgan Stanley is now courting potential clients for IPOs... Senior executives at Bank of America are discussing a potential push into facilitating

deals for digital asset firms... And Royal Bank of Canada is looking to do more business after working on its first crypto deal late last year.

Crypto custody firm BitGo is said to be in talks with potential advisers and weighing an IPO as soon as this year. The firm was valued at \$1.75 billion in a 2023 funding round.

Digital identity startup Holonym acquired Gitcoin Passport in a cash-and-token deal, rebranding it as Human Passport, while integrating zero-knowledge proofs to enhance privacy for its 2 million users verifying online identities.

Ripple and Galaxy executives loaned \$160 million to MoonPay to cover liquidity needs for President Donald Trump's memecoin after its market cap exploded from \$200 million to \$10 billion in two days.

Variant Fund invested in Whetstone (the team that created Doppler, a new token issuance protocol on Unichain aimed at improving asset launches, liquidity bootstrapping, and community building).

Coinbase and Aston Martin sealed an F1 sponsorship deal paid in stablecoin USDC.

The investment arm of Tether acquired a minority stake in Italian soccer giant Juventus, aligning with its goal of bringing digital assets mainstream.

The Croatian Football Federation and global blockchain company Kadena announced a partnership running through 2028, including the 2026 World Cup and the 2028 European Championship, aimed at delivering new types of experiences to Croatian national team fans, regardless of their location.



Trump family-backed DeFi project World Liberty Financia launched its token reserve to back various crypto ecosystems. It doubled down on its bet on tokenized real-world assets by integrating Ondo Finance's treasury products, aiming to bridge traditional finance with DeFi lending and trading.

The Ethereum Foundation deployed \$118 million of ETH into DeFi lending protocols Aave, Spark, and Compound, potentially generating \$1.5 million in annual yield.

Uniswap Labs, the development team behind the largest Ethereum-based decentralized exchange, Uniswap, launched its Layer-2 Unichain on mainnet, marking its second major product release in two weeks following Uniswap V4.

DeFi protocol Pendle plans to expand to Solana, Hyperliquid, and Ton, targeting perpetual funding rates to offer fixed-yield trading while also launching know your customer-compliant products for institutional investors.

DAO Lido's proposed V3 upgrade would introduce "stVaults," a modular staking system allowing institutions and advanced investors to customize Ethereum staking strategies beyond standard liquid staking.

Omnity Network launched RichSwap, the first AMM DEX for trustless on-chain Runes trading (DeFi on Bitcoin) without bridges, wrapping, custodians, off-chain software, or single points of failure.

CBDs & STABLECOINS



JPMorgan analysts estimate that only 66% to 83% of Tether's reserves meet proposed US stablecoin regulations, requiring potential restructuring. If the new regulations pass, Tether may have to sell non-compliant assets like Bitcoin, precious metals, corporate debt, and secured loans to comply, shifting to US Treasuries and liquid reserves.

Sky Protocol, the DeFi protocol that rebranded from MakerDAO last year, saw the supply of its revamped stablecoin, USDS, surpass that of its original stablecoin, DAI.

NFTs, BLOCKCHAIN GAMING & METAVERSE



Auction giant Christie's will host the first-ever AI-dedicated sale by a major auction house, titled "Augmented Intelligence." The sale will be open for bidding and on view at Christie's Manhattan gallery from Feb. 20 to Mar. 5. Several pioneers of on-chain art known for their NFT pieces will also supply works for the auction, such as Refik Anadol, Holly Herndon & Mat Dryhurst, and Claire Silver.

NFT marketplace OpenSea denied rumors that it would require a KYC identification process for users to participate in a potential token airdrop following outrage from some community members. Days later, OpenSea launched its long-anticipated OS2 platform update in beta and teased an upcoming SEA token airdrop, including for US users.

The team behind prominent NFT collection Doodles said that it intends to launch a token named DOOD on the Solana blockchain, with a future bridge to Layer-2 Base in the works.

Sony's blockchain platform Soneium launched its first-ever music NFT collection, featuring unreleased tracks from Tokyo-based producer NUU\$HI in collaboration with Web3 label Coop Records.

Blockchain gaming in January saw a threefold increase in onchain activity compared to the same time a year ago, a new report from blockchain analytics platform DappRadar shows.

Coinbase was the subject of criticism over its plans to list a relatively illiquid token, its B3 token on its Layer-2 network, Base. (B3 is an open gaming ecosystem built on Base and operating as a layer 3 network that offers faster and cheaper transactions.)

Ethereum NFT project Goblintown revealed and dropped a trailer for its upcoming PC and Mac game, Goblintown: Really Hard Driving Game, which will be available to play via Steam and the Epic Games Store.

Gam3Girl Ventures made a strategic investment in Yield Guild Games, which will accelerate Web3 gaming adoption.

JOB MOVEMENT



Kraken announced the appointment of Ben Gray as its new Chief Legal Officer. Gray previously served as Global General Counsel at Paxos.

REGULATIONS, RULINGS & COMMENTARY



Fed Chair Jerome Powell said he and his colleagues are “struck” by the increasing prevalence of debanking in the crypto industry, sometimes referred to as “Operation Chokepoint 2.0,” and a “fresh look” at the issue was required. Powell stated: “We don't intentionally do these things, but sometimes regulation leads things to happen and we need to be working on that.” (Powell also confirmed in a Senate Hearing that the US won't issue a CBDC while he's in charge.)

Donald Trump’s nominee to lead the CFTC is Brian Quintenz, who leads policy at a16z Crypto and was formerly a commissioner at the agency. Quintenz is expected to be a major advocate for the industry in his new position and someone who will encourage it to be overseen primarily by the CFTC rather than the SEC.

The CFTC will be taking a new, friendlier look at election prediction markets, according to CFTC Commissioner Summer Mersinger, who said: “I think election prediction markets are here to stay.”

The head of the SEC's new crypto task force, Hester Peirce, said that memecoins (like TRUMP and MELANIA) are unlikely to fall under the watchdog's jurisdiction.

Tesla billionaire and leader of Donald Trump’s DOGE department of government efficiency Elon Musk backed Bitcoin hero Ron Paul for Fed chair – author of 2009 book “End The Fed.” (Paul, a fierce critic of the Fed whose End The Fed book called for its abolition, is a libertarian whose 2008 presidential bid was backed by Bitcoin and crypto pioneer Nick Szabo and Ethereum cofounder Charles Hoskinson.)

Reportedly, Trump may disband his so-called crypto council before it's even fully formed, with Unchained reporting the plan for a crypto council is set to be replaced by “summits” featuring a rotating group of crypto leaders to discuss specific crypto policy issues.

Democrat Rep. Maxine Waters on Feb. 10 introduced a draft bill to regulate stablecoins, requiring issuers to hold 1:1 reserves and be overseen by federal and state regulators, as Republicans push their own competing proposal.

NY State Senate Bill 2025-S4728 was introduced, which establishes the New York state cryptocurrency and blockchain study task force to provide the governor and the legislature with information on the effects of the widespread use of cryptocurrencies and other forms of digital currencies and their ancillary systems, including but not limited to blockchain technology, in the state.

Coinbase is negotiating with Indian regulators for a potential return to the country, following Binance and Bybit, two years after exiting due to pressure from the nation's central bank.

A spokesperson for Invest Hong Kong, the territory's government agency that facilitates foreign investments, confirmed that crypto including Ether and Bitcoin can be used as proof of assets when applying for its New Capital Investment Entrant Scheme visa.

South Korea's Financial Services Commission plans on lifting a ban that prevented institutions trading crypto in response to the upsurge in global participation in the market.

Japan's Financial Services Agency is considering classifying crypto assets as financial products similar to securities in a move to enhance investor protection by requiring businesses to disclose more information. (Also, Japan's finance sector regulator asked Apple and Google to block five unregistered crypto exchanges – Bybit, MEXC, LBank, KuCoin, and Bitget – for operating without local licenses.)

Saudi Arabia has launched the Web3 Alliance of Saudi Arabia, a nonprofit organization promoting Web3 adoption as part of the Kingdom's vision 2030 for economic and technological growth. It aims to drive blockchain collaboration, support businesses, and accelerate sector growth in Saudi Arabia.

Central African Republic President Faustin-Archange Touadéra's official X account on Feb. 9 announced the launch of a memecoin named CAR on Solana memecoin launchpad Pump.fun.

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

Crypto cloud mining platform HashFlare's co-founders pleaded guilty to running a \$577 million crypto mining Ponzi scheme, admitting they faked computing power and used investor funds for luxury purchases. They are now facing up to 20 years in prison.

In a Feb. 13 notice, the FBI's "Operation Level Up" said it had saved potential victims of crypto fraud roughly \$285 million between January 2024 and January 2025.

Indian crypto exchange WazirX plans to reimburse users affected by a \$230 million hack by issuing RT tokens, which will be tied to any future fund recovery, but the exchange's revival depends on a user vote.

Starknet-based zkLend lost more than \$9 million in a hack and is offering the attacker 10% as a "white hat" reward in exchange for returning the remaining 3,300 ETH (\$8.4 million) to avoid legal action.

A Maryland federal judge ordered the rearrest of prominent Supreme Court attorney Thomas Goldstein, following an earlier release on bail. Goldstein, who faces a criminal tax evasion case for "concealing millions of dollars in cryptocurrency transactions from the IRS," had been involved in "misconduct" that spanned "more than half a decade," the case file reads.

A Thai and Chinese police collaboration led to two arrests and the seizure of \$2.5 million worth of Tether's USDT stablecoin from a large-scale scam operation.

Binance Smart Chain-based memecoin launchpad Four.Meme suffered a ~\$183,000 exploit.

A British crypto broker jumped 30 feet from a balcony in Estepona, Spain to escape kidnappers who demanded \$31,000 (€30,000) in digital assets. The 34-year-old victim broke both ankles in the escape but managed to avoid surrendering client funds.

Eric Council Jr. pleaded guilty to conspiracy to commit aggravated identity theft and access device fraud related to the hack of the SEC's social media account in January 2024, according to a filing posted in the US District Court of the District of Columbia. Prosecutors said Council and his collaborators took control of the SEC's X account and posted a fake announcement about the approval of spot Bitcoin ETFs, causing BTC's price to surge over \$1,000.

Tornado Cash developer Alexey Pertsev's lawyer argued that Tornado's decentralized nature constituted sufficient grounds to overturn his money-laundering conviction, citing EU privacy laws and a recent US court ruling that rejected sanctions against the protocol's smart contracts.

Alexander Vinnik, the jailed former operator of once mighty bitcoin exchange BTC-e, is being released from US custody as part of a prisoner exchange with Russia. Vinnik, 44, is being swapped with jailed American teacher Marc Fogel.

Binance and the SEC requested a 60-day pause in a legal case in which the exchange stands accused of running unregistered exchanges, broker-dealers, and clearing agencies for securities, citing the SEC's new crypto task force, which aims to establish clearer regulations under pro-crypto leadership. A US federal judge ordered a stay in a legal fight between Binance and the SEC involving allegations that the exchange artificially inflated trading volumes, misused customer funds, and misled investors about its monitoring controls.

Blockchain analysts accused Coinbase's Base network of funneling all Layer-2 sequencer fees to Coinbase, raising concerns about transparency. Base said funds were being secured and audited off-chain.

Blockchain security ranking platform CertiK admitted to auditing the stablecoin of a Cambodian black-market platform that reportedly facilitates human trafficking and online fraud, saying it had failed to vet the project properly before accepting payment.

Liquity Protocol, a decentralized lending platform on Ethereum, on Feb. 12 urged users to close their positions in its V2 Stability Pools ("Earn") due to an undisclosed problem that it placed under investigation.

Phantom, a non-custodial crypto wallet used mainly on the Solana blockchain, suffered a temporary service outage on Feb. 12, leaving some users briefly unable to access their assets.

MISCELLANEOUS

According to the website Coin Market Cap, there were 11.29 million cryptocurrencies in existence on Feb. 14. Coinbase's CEO Brian Armstrong recently wrote that a staggering ~1 million tokens a week were being created.

Changpeng “CZ” Zhao, founder and former CEO of Binance, criticized the crypto exchange giant's token listing process, calling it a “bit broken.” CZ flagged the rapid timeline between announcements and listings, typically only around four hours, which can cause price fluctuations on decentralized exchanges. Per CZ: “The notice period is necessary, but in those 4 hours, the token prices go high on DEXs, and then people sell on CEX... Not sure if there is a solution for this though. Just beware.”

Solana’s proposal to pay full priority fees to validators went live, as Solana validators will now receive 100% of priority fees under the new model rather than 50%.

Pump.fun co-founder Alon Cohen denied rumors of an imminent token launch by the Solana-based memecoin launchpad.

Barstool Sports founder Dave Portnoy faced a backlash for discussing his memecoin trades, accused by some of dumping tokens on his 3.5 million followers on X. Portnoy defended his actions as being open and transparent, then doubled down by promoting the “JAILSTOOL” token, which subsequently surged to a market cap over \$250 million.

Kanye West teased interest in crypto, claiming he was offered \$2 million to launch a token before asking to speak with Coinbase CEO Brian Armstrong, sparking speculation about a possible memecoin launch. Hours later, the rapper denied any such plans, calling memecoins scams that “prey on the fans with hype,” prompting prediction markets tracking a possible launch to crash from 40% to 13%.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Matt Hougan's (Bitwise) Weekly CIO Memo: "The Most Important Chart in Crypto Right Now – Retail Sentiment in Crypto is Terrible Even Though the Fundamentals Are Great. I Smell Opportunity."

There is a fascinating dichotomy in crypto right now between institutional and retail investors.

On the one hand, institutional sentiment towards crypto is the most bullish I've ever seen. When investment professionals look at crypto today, they see this: Institutional capital is allocating to the space in record amounts via ETFs, and Washington has gone from being one of crypto's biggest threats to one of its biggest champions.

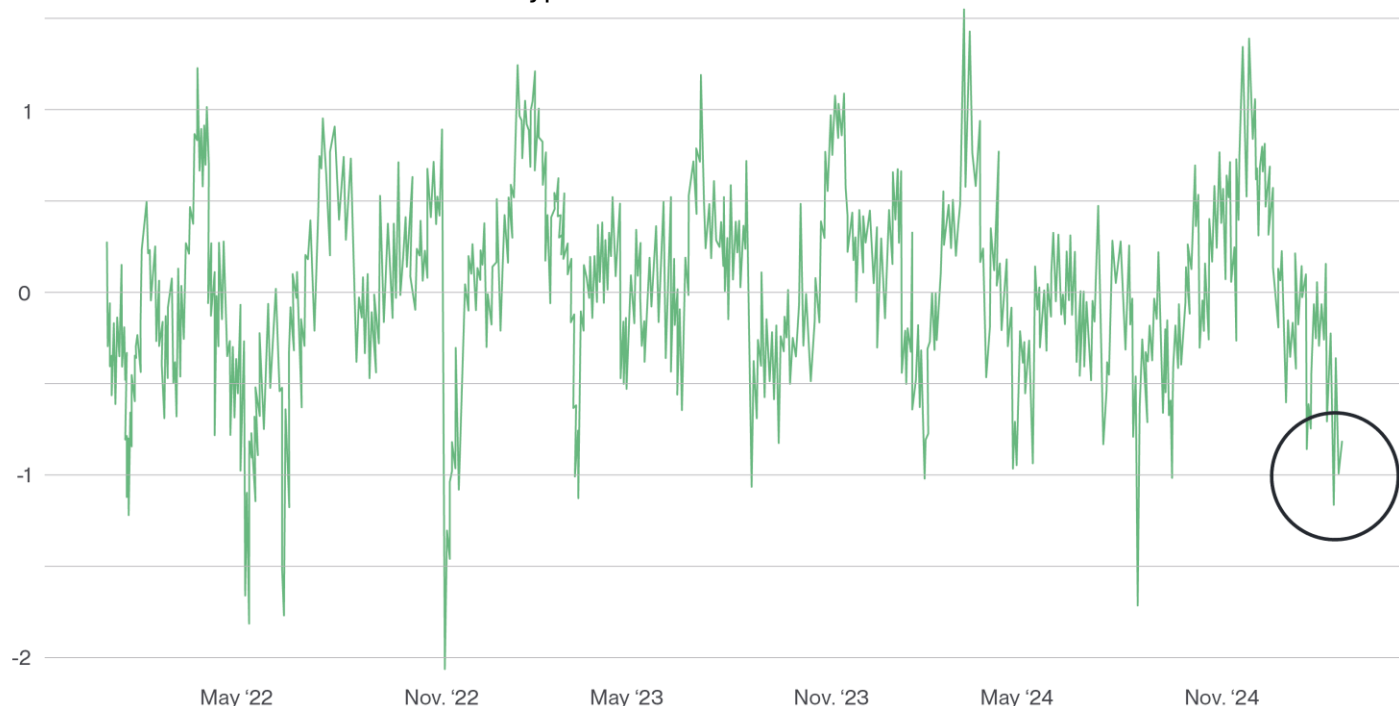
Things we only dreamed of a year ago – like nation-states adopting strategic Bitcoin reserves – now seem somewhere between possible and imminent. And the biggest risks to crypto, like government bans or legal threats to software developers, are distant nightmares.

From a risk-adjusted perspective, it is arguably the best time in history to invest in crypto.

And yet.

Today, retail investors are wallowing in despair. It's almost as if they are living in an alternate reality. We have a proprietary crypto sentiment score at Bitwise that looks at onchain data, flows, and derivative analytics to determine the mood of crypto investors. It's at one of its lowest readings of all time.

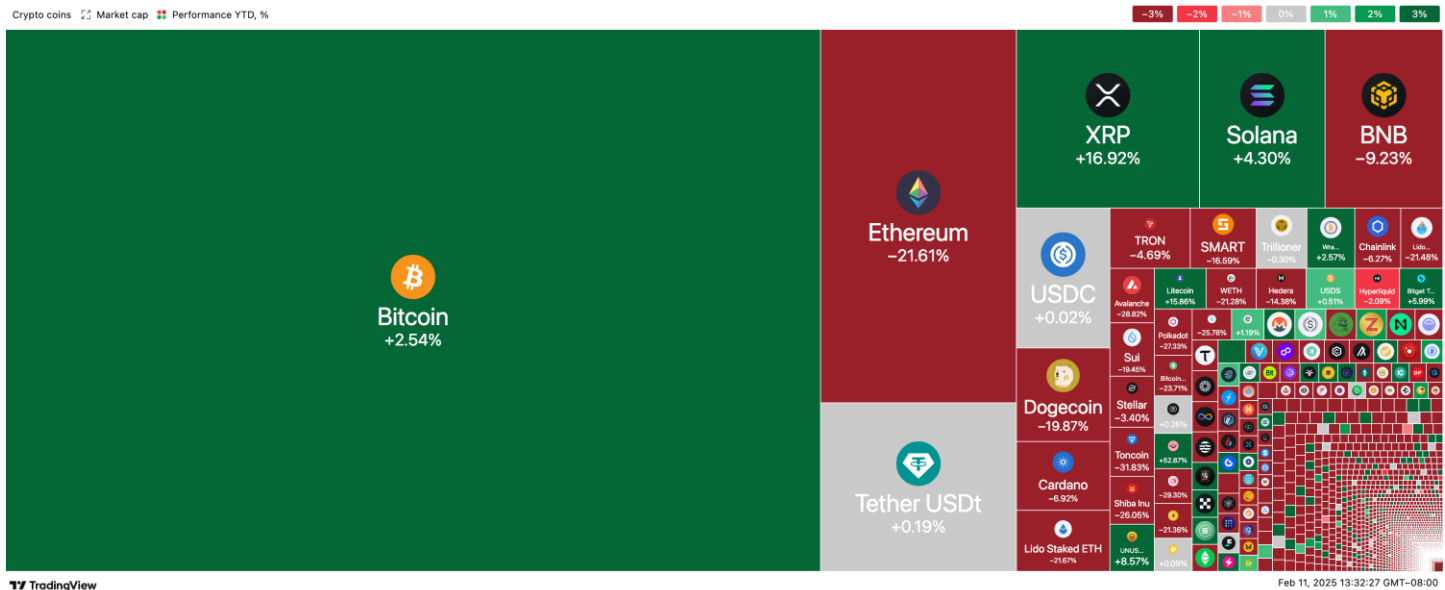
Crypto Asset Sentiment Index



Source: Bitwise Asset Management with data from Bloomberg, CoinMarketCap, Glassnode, NilssonHedge, Alternative.me, and Bitwise Europe.

This aligns with the vibes I get from “crypto Twitter,” along with other sentiment indicators in the market. Retail investors are sad because non-Bitcoin crypto assets (often called “altcoins”) are doing poorly. The heatmap below from TradingView shows the returns of all crypto assets on a year-to-date basis. While there are a few green spots – most notably for Bitcoin, Solana, and XRP – it’s mostly a sea of red. The average crypto asset is getting crushed.

Year-to-Date Returns of Crypto Assets



Source: TradingView. Data as of February 11, 2025.

You can extend that analysis to the past 12 months and it doesn’t improve much. Bitcoin is up 95% over the past year; Ethereum is up 2%. Retail crypto loves to speculate on altcoins, and the lack of an “altcoin season” has them depressed.

So, the big question is: Who’s right?

The Answer: Institutions

Every bone in my body tells me that the answer is “the institutions.”

It’s true that it’s very easy to be bullish on Bitcoin right now. So far this year, ETFs have bought ~47,000 BTC and corporations have bought ~57,000 BTC, while the Bitcoin network has minted just ~18,000 new BTC. It doesn’t take a genius to think that, over time, this supply/demand dynamic will drive prices to new all-time highs.

I also concede that the story on altcoins is more complex. At present, there is no major new application driving huge interest in the space the way there was during the 2020-2021 bull market (DeFi) or the 2017-2018 bull market (ICOs). The closest we have in the altcoin space today is the memecoin boom, but most investors see this for what it is: a short-term casino. It’s hard to tell yourself that you’re building a new and better world on the basis of Fartcoin or the Hawk Tuah token.

But long-term, I think the setup for altcoins is stronger than at any point in history. For the past four years, altcoins have largely been in a regulatory gray zone, with the SEC alleging that most are illegal securities

offerings. This has stunted real-world adoption and kept large firms and the best developers from building in the space.

All that has been reversed. Today, the US has made the growth of stablecoins a national priority, which will support the growth of Ethereum and Solana. Today, the largest institutions in the world feel safe building on crypto, which will bring DeFi applications to the masses.

If you squint, you can see evidence of this shift in things like stablecoin AUM, which recently hit an all-time high, or in new projects like Ondo Finance's recent move to tokenize all stocks and ETFs in the US. That project would never have gotten off the ground under the past administration.

In a year or two, my guess is that you're not going to have to squint to see the transformation in altcoins; the impact will be self-evident. And overwhelming.

It's hard to call out a specific catalyst that will cause altcoins to rally in the next few months, but it's harder to imagine a scenario where the market isn't significantly bigger in the next few years.

Retail sentiment is bad in crypto right now, and to me, that signals opportunity.

Grayscale Research published "Nasdaq 100 vs. Bitcoin: Positioning Portfolios for Growth." (Read the full piece, [here](#).)

Nasdaq 100 vs. Bitcoin: Positioning Portfolios for Potential Growth

The stocks in the Nasdaq 100 index and Bitcoin are distinct but complementary portfolio exposures. Grayscale Research believes that replacing a portion of portfolio allocations to Nasdaq 100 stocks with Bitcoin and cash may allow investors to enhance returns, reduce risk without sacrificing returns, or move out the "efficient frontier" — i.e., achieve higher expected returns without higher volatility.

A solo Bitcoin miner beats the odds and scored a \$310K BTC reward...



The Bitcoin Historian

@pete_rizzo_





BREAKING: ANOTHER SOLO MINER HAS MINED AN ENTIRE #BITCOIN BLOCK WORTH \$300,000

BEATING UNBELIEVABLE ODDS 🔥🔥🔥

~1 sat/vB

1 - 301 sat/vB

0.023 BTC

2,381 transactions

3 hours ago

Foundry USA

~2 sat/vB

1 - 711 sat/vB

0.031 BTC

3,477 transactions

3 hours ago

Foundry USA

~2 sat/vB

1 - 201 sat/vB

0.033 BTC

3,071 transactions

3 hours ago

AntPool

~2 sat/vB

1 - 201 sat/vB

0.033 BTC

3,071 transactions

3 hours ago

Unknown

~3 sat/vB

2 - 422 sat/vB

0.057 BTC

3,962 transactions

3 hours ago

MARA Pool

~1 sat/vB

1 - 100 sat/vB

0.021 BTC

1,804 transactions

4 hours ago

SBI Crypt

Block < 883181 >

Hash

000000...1e2beef

Timestamp

2025-02-10 08:54:45

(3 hours ago)

Size

1.7 MB

Weight

3.99 MWU

Health

100%

Fee span

1 - 201 sat/vB

Median fee

~2 sat/vB

\$0.27

Total fees

0.033 BTC

\$3,222

Subsidy + fees

3.158 BTC

\$307,547

Miner

Unknown

11:52 AM · Feb 10, 2025 · 259.2K Views

JasonYanowitz: Bloomberg 2025 ETF odds are live (from @JSeyff and @EricBalchunas): Litecoin: 90%, Dogecoin: 75%, Solana: 70%, and XRP: 65%.

Digital Asset	Firms That Have Filed S-1's For Spot Asset	First 19b-4 File Date	19b-4 Acknowledged?	Acknowledge(d) Date	Final SEC Deadline	Does SEC Currently View as Commodity?	Odds of Approval in 2025
Bitcoin	Canary, Grayscale	1/16/25	Yes	1/29/25	10/2/25	Likely Yes	90%
Solana	Grayscale, VanEck, 21Shares, Canary, Bitwise	1/24/25	Yes	2/6/25	10/10/25	No	70%
XRP	Grayscale, Bitwise, Canary, 21Shares, WisdomTree	1/30/25	No, Not Yet	2/13/25	10/17/25	No	65%
Dogecoin	Grayscale, Bitwise	1/31/25	No, Not Yet	2/14/25	10/18/25	Likely Yes	75%
HBAR	Canary	N/A	N/A	N/A	N/A	Maybe	N/A
Polkadot	21Shares	N/A	N/A	N/A	N/A	Maybe	N/A

Note: Dates are estimates and/or deadlines, so they may come earlier. Odds are the subjective SEC approval odds from Analysts

Conclusion from Coin Metrics’ “State of The Network” weekly report from 2/11/25. (Read the full report, [here](#).)

Coinbase is firing on all cylinders and appears well-positioned to extend its market leadership. With transaction revenue rebounding and subscriptions & services revenue remaining strong, we estimate Coinbase will report ~\$2B in revenue – a 65% quarterly rise and 109% YoY increase. COIN shares currently trade at ~\$280 and show a moderate correlation to the NASDAQ. As transaction revenues improve, Coinbase’s strong distribution, expanding stablecoin footprint, and Base’s dominance position it for long-term growth and deeper integration within the crypto ecosystem. As Coinbase matures with its diverse revenue streams, it continues to blur the lines between a bank, brokerage, and payments company, reinforcing its role in bringing the world on-chain.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 2/11/25. (Read the full report, [here](#).)

The Bitcoin price has been both wildly volatile, and ultimately flat over the last few weeks. It has traded up to a high of \$105k, down to a low of \$93k, and yet ended the week where it started around \$98k.

This unstable price action resulted in a substantial loss event totaling \$520M, one of the largest of the cycle when priced in USD. However, when assessing the severity of the drawdown through a normalized measure, the sell-off remains broadly in-line with other local corrections.

In contrast, the Altcoin sector has undergone a broad sell-off and failed to find firm footing. The majority of tokens have experienced a highly correlated downside sell-off, with few sectors spared from the damage.

This has led to one of the largest Altcoin devaluations on record and highlights a notable dislocation between Bitcoin and the typical rotation of capital prior market cycles have seen towards the altcoin landscape.

Blockworks updated key metrics...

Total Crypto Market Cap	\$3.38 T
Bitcoin Market Cap	\$1.94 T
Ethereum Market Cap	\$330.37 B
ETH/BTC Ratio	0.03
Ethereum Gas Price	1.14 gwei
DeFi TVL	\$196.66 B
Fear and Greed Index	48 (Neutral)

Highlights from Pantera Capital's Blockchain Letter...

HEADWINDS BECOMING TAILWINDS

(By Cosmo Jiang, General Partner)

Crypto markets can be a whirlwind, but when you zoom out, each of the few years tells a distinct story. 2021 was a period of exuberance and innovation. In 2022, we saw the inevitable bursting of that speculative bubble. The narrative of 2023 then naturally became about headwinds: deleveraging, capital outflows, users looking elsewhere, and intensified regulatory scrutiny. Yet, as 2024 progressed, there were the first signs of each of those headwinds starting to become tailwinds. Now, as we look ahead to 2025, this could be the year where many tailwinds push the industry forward into an accelerated phase of growth.

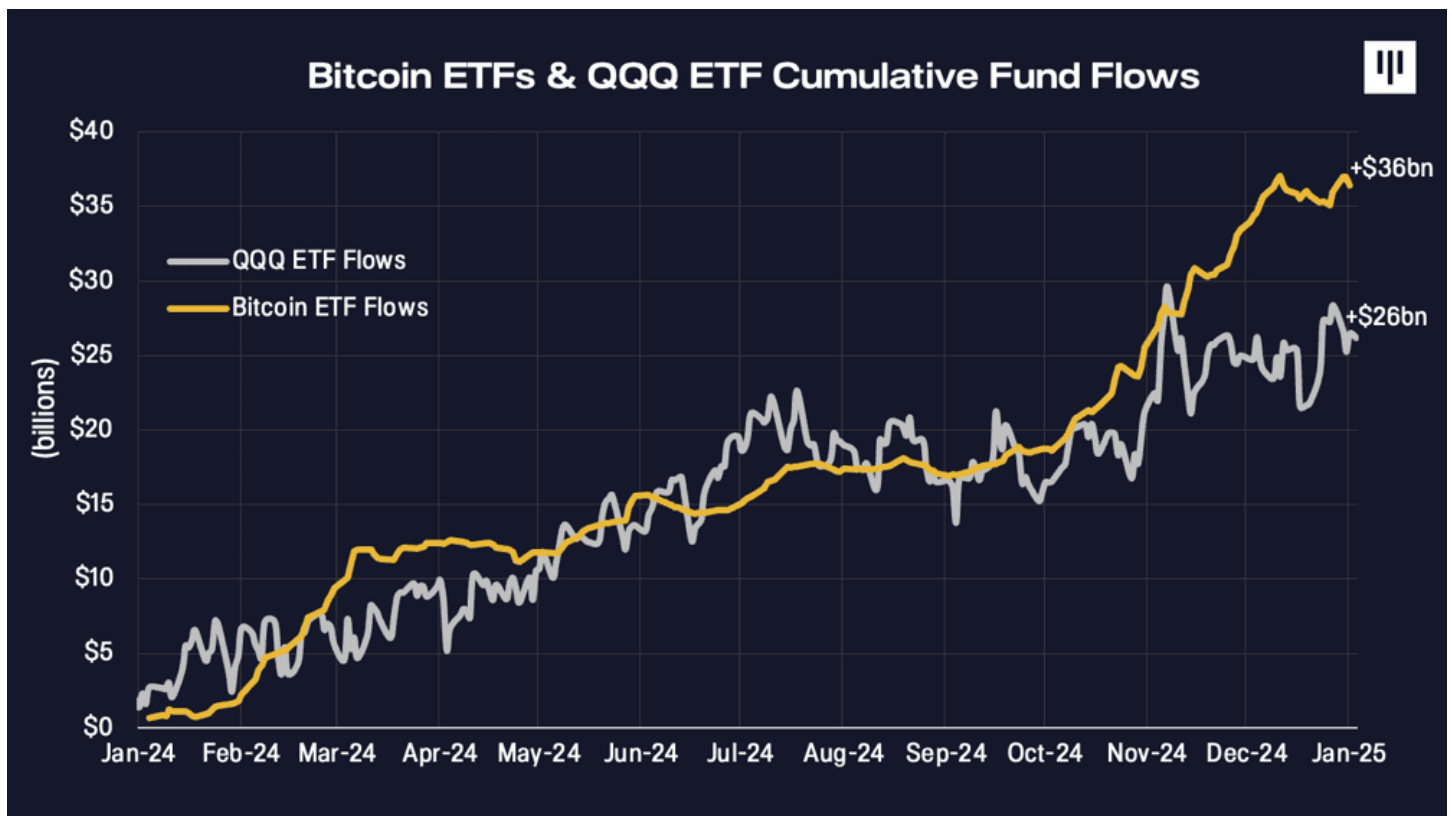
Political and Regulatory Inflection

The political and regulatory landscape for digital assets is undergoing a paradigm shift. Crypto has emerged as a pivotal force in US politics, and we believe the “crypto vote” played a decisive role in shaping the outcome of the election. Looking at the data, the digital assets industry can argue it was the swing vote, and much like the “fulcrum security” in a capital stack, could have disproportionate influence over future developments. The shift isn’t just political theater; it has already proven to be substantive in just the short couple of weeks, paving the way for clearer rules that will foster innovation and entrepreneurial energy.

This regulatory clarity is long overdue. The industry has been asking for clear rules of the road and welcomes sensible regulation. Without it, the industry had labored under a paradoxical setup: projects that avoided value creation like memecoins faced little resistance, while those aiming to build meaningful products that delivered real value were often stifled. We believe a new comprehensive legislative framework will reverse this dynamic, creating a system that rewards innovation and value creation.

Capital Flows Increasing

Bitcoin ETFs have been a resounding success, attracting over \$35 billion in net inflows and surpassing \$100 billion in assets under management – making them the most successful ETF launches of all time. Remarkably, Bitcoin ETFs outpaced even the NASDAQ QQQ in inflows last year, the second most recognized stock index.

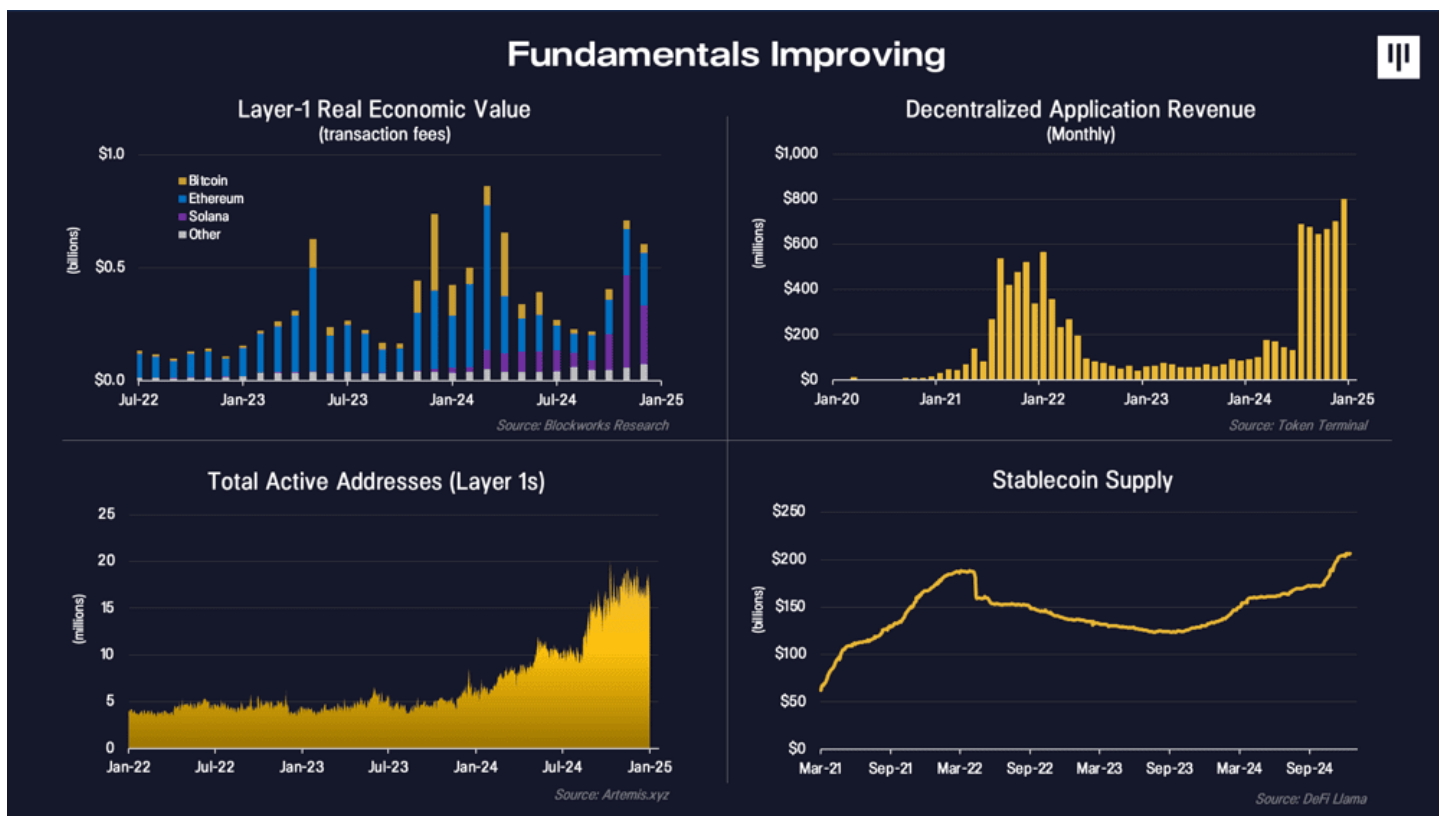


Screenshot 2025-01-28 at 12.54.11 PM

We think this is just the beginning and anticipate a wave of new ETF launches, including Ethereum with staking, Solana, and multi-asset products. Capital markets are also opening up, with Wall Street banks actively pitching crypto companies in anticipation of an active slate of activity. This renewed flow of capital and investor education will continue to buoy the industry.

Fundamentals Improving

The crypto industry's fundamentals are strong. Real economic value capture of Layer-1 blockchains, the equivalent of revenue, transaction fees is now \$6 billion annualized. Total annualized revenue generated by onchain applications amounts to \$10 billion. User engagement is also hitting new highs this cycle, with daily active addresses hovering around 17 million. As we've emphasized in the past, stablecoins are emerging as a "killer app" of crypto, with onchain transfer volumes and supply reaching new peaks, proving their utility as a payment and savings solution.



We believe fundamentals will ultimately drive prices, and improvements in these metrics – both at the macro and project-specific levels – should set the stage for sustained growth.

Rational Policy and Business Practices

Increasing regulatory clarity may unleash the entrepreneurial potential that has long been constrained. The industry has lived in this twilight zone where if you were to launch a token with explicitly no semblance of value – it was legal. But if you tried to create value and tie it to your token – you got shut down. That's the opposite of a normal functioning society. Capitalism is built on proper incentives, and we believe we're heading back to rational business practices.

Our new President has stated that he wants the US to be the “crypto capital of the planet”. This is huge, as the last few years we have seen a departure of talent, capital and innovation in this industry to other jurisdictions. Innovation follows entrepreneurs, and we are now having many conversations with those who previously left the US who are now signaling their readiness to return home.

The creation of the role of the White House AI & Crypto Czar is particularly important to call out. The appointment elevates crypto side-by-side with AI. This makes sense when you recognize these will be the two fastest and most exciting growth sectors in the world in the coming years.

Macro Tailwinds and the Road Ahead

While concerns about interest rates and macro data persist, it's important to take a step back and view the bigger picture. The US economy remains robust, and while rates may stay higher for longer in the near term, their overall trajectory is downward. Simultaneously, fiscal policies in both the US and China are loosening, increasing global liquidity.



Screenshot 2025-01-28 at 3.37.20 PM

As these macro trends align with the crypto industry's structural tailwinds, we believe the stage is set for a period of durable growth.

The Next Chapter

There's a possibility we are moving beyond the speculative boom-and-bust cycles of the early days and are now entering a phase of mass adoption and diffusion. This next chapter could embody more sustainable and meaningful growth, presenting compelling opportunities for long-term investors.

2025 is shaping up to be a defining year for the crypto industry. With political, regulatory, and macroeconomic tailwinds converging with strong industry fundamentals and accelerating innovation, we believe the future is as bright as ever for crypto.

REAL VISION HIGHLIGHTS: "WHY 2025 COULD BE CRYPTO'S BIGGEST YEAR"

Dan sat down with Raoul Pal, Co-Founder and CEO of Real Vision, to discuss the year ahead in crypto. Dan and Raoul have known each other for 25 years and have both been investing in crypto for over a decade. Both acknowledge that 2025 may be consequential year for the industry.

We've summarized the key takeaways below.

Macro Trends and Fed Policies Impacting Crypto

The conversation began by addressing the impact of Federal Reserve policies on the economy and crypto markets. Dan argued that the Fed's long-term low-rate strategy contributed to a significant inflation impulse, leaving the US with limited tools to address mounting debt and fiscal challenges.

Dan: “The Fed made a massive mistake keeping rates way too low, way too long. Unwinding mistakes is a lot harder than doing a little bit at a time...

”The US now spends more on interest than on defense, which is a wild place to be. Most countries, when faced with this, inflate their way out of it.”

The Rising Debt Crisis and Blockchain’s Role

As the global debt burden grows, Dan and Raoul highlighted blockchain’s potential as an alternative to traditional financial systems. They discussed Bitcoin as a “stateless currency” that could act as a hedge against monetary mismanagement.

Raoul: “Most people don’t realize it, but governments globally are debasing currencies by about 8% a year. Bitcoin is a hedge against that.”

Dan: “We’re seeing the separation of money and state. Bitcoin is a currency that does everything other currencies do but isn’t controlled by a single nation.”

Bitcoin’s Growth and Institutional Adoption

The discussion highlighted the growing interest in Bitcoin among institutions, fueled by regulatory progress and ETF approvals. Dan predicts that institutional allocations to Bitcoin and other crypto assets will increase over the next couple years.

Dan: “BlackRock and Fidelity offering Bitcoin ETFs broke the last barriers for institutions. Now, no one can say, ‘We can’t invest in Bitcoin for compliance reasons.’”

Raoul: “We’re seeing Bitcoin emerge as a strategic reserve asset, not just for individuals but potentially for nations.”

Middle East and Global Crypto Adoption Trends

The panel touched on the Middle East's growing interest in blockchain as sovereign wealth funds begin to explore crypto as part of their diversification strategies.

Dan: “The GCC nations are realizing that blockchain suits their needs as a frontier market with substantial capital to deploy...

“Once the US establishes a Bitcoin strategic reserve, we’ll see other countries, especially those seeking to hedge against US dominance, follow suit.”

Tokenization and Real-World Asset Integration

Tokenization of assets like real estate, treasuries, and commodities was highlighted as one of the most exciting areas of blockchain innovation. Dan pointed to projects already tokenizing billions in real-world assets.

Dan: “Figure has \$10 billion of mortgages on the blockchain. It’s not just talk – it’s happening...

“Ondo is tokenizing treasuries, allowing anyone with a smartphone to lend money to the US government. That’s revolutionary.”

Crypto as the Fastest Growing Frontier Economy

Both speakers agreed that blockchain represents the fastest-growing economy in history, with the potential to expand from \$3 trillion to \$100 trillion in the next decade.

Dan: “Blockchain is a new economy. It’s like an asset class being born, just like EM and commodities in the 1990s.”

Raoul: “We’re at 3% of the journey. When people ask if it’s too late, I tell them, ‘No, this is just the beginning.’”

AI and Crypto Convergence

The intersection of AI and crypto was highlighted as a transformative area, with blockchain enabling decentralized governance, ownership, and incentivized data sharing for AI applications.

Dan: “AI agents need a native financial system, and blockchain is it. Decentralization makes AI more accountable and accessible...”

“Blockchain incentivizes people to share private or valuable data for AI models, creating an economic value layer for AI.”

Generational Shift and Crypto’s Sociopolitical Impact

Dan noted the shifting demographics of crypto adoption, with younger generations driving the sector's growth and even having a major impact on the US election result.

Dan: “Young people love crypto. It’s their way to build wealth in a system that has otherwise priced them out of housing and other opportunities...”

“Crypto is no longer a partisan issue. With 50 million Americans owning crypto, it’s political suicide to oppose it.”

Looking Ahead

Dan and Raoul concluded by reflecting on the opportunity in crypto markets, emphasizing that despite the growth so far, the journey is just beginning.

Raoul: “This is the greatest macro opportunity of all time. Our job is not to mess it up.”

Dan: “Blockchain is still in the first inning. Most institutions are at zero allocation, but that’s changing fast.”

Arca: Fed Up with the Misinformation...

The Largest Disconnect Between Price and Growth

I'm angry. Not because prices are down. I've been investing for over 25 years, and I am numb to it. Markets go up; markets go down. Sometimes markets go up/down for no reason; sometimes markets go up/down for good reason. That part doesn't bother me. There's likely great alpha ahead here.

What bothers me is that we've been doing this at Arca for over 7 years now, and somehow, the world seems to be getting even less educated on what is actually happening with the growth of blockchain. For every rational, honest, factual take, it seems there are 100 insanely dishonest, incorrect or flat-out stupid pieces of information floating around that somehow catch on faster than the truth. It's maddening.

Take this blurb from NYDIG on Friday in their weekly note to clients:

"Bitcoin's dominance, or its share of the total cryptocurrency market cap, continues to climb, recently reaching 65.2%. This cycle has been much more Bitcoin-focused with the ETFs and political standing being the driving forces. What's the reason behind this trend? This cycle has lacked fresh narratives and innovative use cases. Many alts got a significant bump in the wake of the election and not surprisingly so. The Republicans more broadly support the industry in key areas, such as regulation, enforcement, economic growth, and investment. This was all incrementally better for alts, as many of these areas were already well-defined for Bitcoin. However, that bump was short-lived – many coins have entirely roundtripped the "Trump bump," others appear that they are about to, and some are even lower than before the election. Unless new use cases take hold across the industry, Bitcoin's rise in dominance is likely to continue."

I'm sorry, what? First, how is a crypto-native company like NYDIG still calling every token that isn't Bitcoin an "altcoin"? If you're not Bitcoin, you're an alternative? There are at least 10 distinct sectors utilizing blockchain now, and hundreds of different token types (asset-backed, quasi-equity amortizing buyback tokens, debt-like, etc.) in addition to whatever we're calling Bitcoin these days (store-of-value? Currency? Commodity?). Do we really have to keep pandering our terminology to the criminally stupid?

Second, what exactly constitutes "fresh narratives and use cases" if not some of the following?

- The US President and an African nation (Central African Republic) have issued tokens in the past 4 weeks, ushering roughly 1 million new people on-chain via the creation of new wallets.
- There are at least 22 states that are either pushing for or have proposed legislation to establish a Bitcoin reserve, and dozens of other countries, including the US, Brazil, Russia, Poland, Japan, Switzerland, Germany, Hong Kong, and others.
- SEC Commissioner Peirce just released an incredibly crypto-friendly priority list, essentially stating that everything that is currently legal and not FRAUD is ok by her.
- The banking industry is signaling readiness to embrace crypto – such as Bank of America's interest in crypto payments pending regulatory clarity and Morgan Stanley stating that the bank will work with the US Treasury and other regulators to explore deeper participation in the cryptocurrency market. Meanwhile, Blackrock's Larry Fink said, "I want the SEC to rapidly approve the tokenization of bonds and stocks."
- The largest prediction market is built on blockchain, and continues to grow into other areas (like sports betting) post the election.

- Stablecoins are once again reaching new all-time highs.
- New AI agents are being created on-chain and interacting with each other on-chain.
- Decentralized Exchange volumes are through the roof as more and more tokens are being issued, and traded, on-chain.

Do we need a blockchain to drive a Waymo or AirForce 1 before this can be considered a “fresh narrative and use case?”

Or how about this recent interaction below? Jesse Colombo seems to be, at the very least, a semi-intelligent professional investor, who spends his entire career researching investments. In one ingloriously and egregiously stupid tweet, he just called for the death of all “cryptocurrency” by lumping together a currency (BTC), several smart contract platforms (SOL, ETH), the quasi-equity / loyalty rewards token issued by a \$100 billion+, profitable company (BNB), a memecoin (DOGE), the token of the largest on-chain bank (AAVE) with over \$33 billion in deposits, and a collection of random tokens that have nothing to do with each other.

Jesse Colombo @TheBubbleBubble · Feb 2

I want to see these worthless fake currencies crash to zero—where they belong.

The sooner that happens, the sooner humanity can move on from this pointless distraction.



410 267 2.3K 190K

Jeff Dorman @jdorman81

Crypto is a wrapper that houses a lot of crap, but also a lot of real businesses. Calling them all "worthless currencies" is ignorant.

e.g. BNB is the token of a profitable company, the fastest growing in history, w/ an equity market cap >\$100 bn & a token market cap of \$80 bn.

10:37 PM · Feb 2, 2025 · 3,190 Views

Source: X/Twitter

Is it really that hard to spend 30 minutes figuring out that none of these tokens have any similarities other than the type of technology that created their token? We’re 8 years past the Ethereum-led ICO boom, and it is still too difficult to differentiate the different use cases of blockchain technology that has spawned from the rise of smart contract protocols.

Wood is used to build multi-million-dollar mansions and buildings. It is also used to build whatever the hell these things are. Does this mean from now on, we have to turn our brains off and lump everything made of wood together as a single output? I just cannot, for my life, understand why this is such a hard concept to grasp.

So... let's get back to markets. Bitcoin continues to separate from the rest of the market, as the majority of tokens have now given back most, if not all, of November and December's gains, with a few exceptions. As of Sunday, all tokens in the Coindesk 80 index (tokens #21-100 by market cap) are negative YTD. The bottom ten are down more than 50%. The CoinDesk 20 (tokens #1-20 by market cap) has only 4 constituents in the green for the year (XRP, SOL, BTC, LTC), and for very different reasons (SOL because of TRUMP coin launching on Solana, Bitcoin because of adoption by countries and states, LTC because of optimism over an ETF launch, and XRP because, well, Ripple?).



Source: Coindesk

Meanwhile, a lot of the tokens that are down the most have never seen more success or interest in their projects. From other blockchains to DeFi, to AI infrastructure projects.... this is one of the biggest disconnects we've ever seen in terms of news/usage/fundamentals relative to price/sentiment. So, let's talk about crypto sentiment and price action and how fickle it can be.

On May 28, 2024, I wrote that the past week was "the most bullish and important week in digital assets capital markets history." Some thought I was exaggerating, but upon reflection and after enough time had passed, I was mostly proven right. It was the most bullish and important week in the history of digital assets capital markets. The 180-degree pivot regarding crypto's future that week was insane and most certainly snowballed into the Presidential election and, ultimately the incredibly positive announcements coming out of Washington over the past 6 weeks.

Naturally, the market must have shot higher right? Nope. From May 28, 2024 until the lows on Sept 6, 2024, the total crypto market fell 28%. BTC was much more resilient, which means excluding BTC and stablecoins, the rest of the market fell even more.



Source: CoinGecko

Of course, many were shouting from the rooftops that crypto was dead. If the market couldn't rally on this news, it would never rally again, and there would never be any real use cases of blockchain.

And we know what happened next.

From the lows of Sept 6th, through the November election, up until the FOMC meeting on Dec 17th, crypto more than doubled, with many tokens gaining +300%+.



Source: CoinGecko

Today, we're right back in the same place. Low sentiment, "cycle over" chants, and a handful of people who caught the last 10% down move from the short side are declaring victory. Meanwhile, the last 3 weeks of news out of Washington and Wall Street was actually MORE positive and more important than in May 2024. It is not an exaggeration to say that we've never had more positive news in our industry's history!

So why is sentiment so bad? Well, actually it isn't. The exhausted full-time crypto investors and builders who work 20 hours per day and have seen more volatility in a few years than they would wish on their worst enemy are certainly depressed and angry, but sentiment has never been higher amongst traditional investors and innovators that we speak to. The TradFi world only sees the positive news, and Bitcoin is near all-time highs. They move slower than your average crypto-native on-chain degenerate gambler, but they are moving. They are building, and they are gearing up for investment.



Matt Hougan 
@Matt_Hougan



There is an absolutely massive disconnect between retail and professional sentiment in crypto right now. Retail sentiment is the worst it's been in years, while professional investors are extraordinarily bullish. It's like living in two completely separate worlds.

6:20 AM · Feb 7, 2025 · 978.6K Views

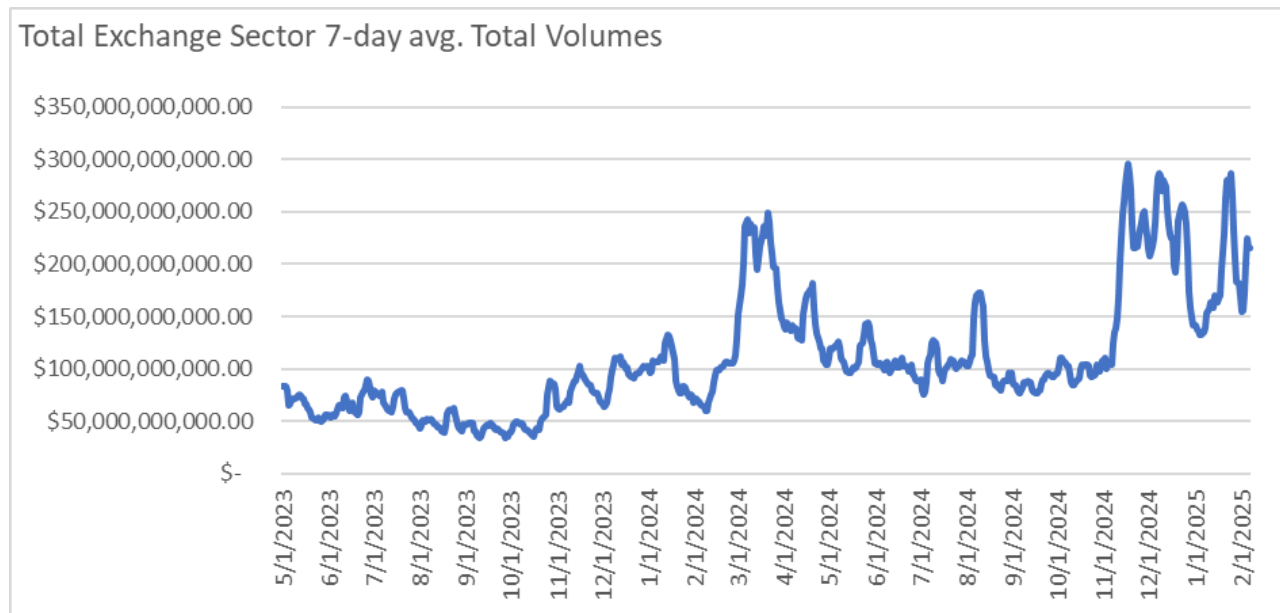
Source: X/Twitter

The TradFi world holds 100x more wealth than the entire size of the crypto market. A senior person at Morgan Stanley once told me, “We're not late. We could buy all of crypto if we wanted to.” And they aren't wrong. This industry is still tiny compared to the Wall Street giants, and still largely irrelevant.

According to the UBS Global Wealth Report, as of the end of 2022, the total net private wealth in the world stood at approximately **\$454.4 trillion**. 

Price often lags news. And only in crypto is the PTSD so bad that investors let price convince themselves that news, adoption and fundamentals don't matter. When you combine that with misinformation and lack of education, crypto can become a pretty lonely place for investors. Yes, it's baffling to me that value and growth investors who buy tech stocks have yet to figure out that the tokens of revenue-producing decentralized exchanges (i.e. HYPE, UNI, RAY, JUP, AERO, etc.) are incredibly cheap on both a current, and forward-looking multiple, and produce in many cases more revenues than anything in the Nasdaq outside of the Mag 7. Just look at the chart below of volume growth, and the P/S ratios of DEX's like Raydium, Jupiter and Hyperliquid. This is an investor's dream, yet the price charts of these tokens look the same as FartCoin, because it's all lumped together. It's maddening. But it is also just a reality. The industry has failed to educate.

Consolidated Comp Sheet												
(MM unless stated)	Market cap	Weekly Spot Volumes	Weekly Deriv Volumes	Weekly Total Volumes	WoW Delta	MoM Delta	Annualized Trading Volumes	Market Share Total	Monthly Revenue	P/S	P/Vol	
Binance	\$ 84,112.98	\$ 223,392.72	\$ 656,323.43	\$ 879,716.15	43%	104%	\$ 23,606,168.80	57.7%	n/a	n/a	0.00x	
Coinbase	\$ 68,720.00	\$ 46,053.45	\$ 43,889.12	\$ 89,942.57	45%	157%	\$ 575,958.32	5.9%	n/a	n/a	0.12x	
OKX	\$ 2,776.42	\$ 38,181.56	\$ 272,376.49	\$ 310,558.04	44%	94%	\$ 5,415,360.60	20.4%	n/a	n/a	0.00x	
Huobi Global	\$ 133.23	\$ 20,691.28	\$ 24,806.56	\$ 45,497.85	39%	96%	\$ 495,517.96	3.0%	n/a	n/a	0.00x	
Kucoin	\$ 1,494.62	\$ 11,994.16	\$ 18,555.39	\$ 30,549.55	37%	114%	\$ 1,041,334.24	2.0%	n/a	n/a	0.00x	
Uniswap	\$ 5,370.95	\$ 25,442.47	n/a	\$ 25,442.47	45%	29%	\$ 508,877.23	1.7%	\$ 133.58	40.2x	0.01x	
PancakeSwap	\$ 403.52	\$ 4,687.07	n/a	\$ 4,687.07	39%	13%	\$ 87,533.95	0.3%	\$ 12.58	32.1x	0.00x	
Curve	\$ 598.26	\$ 2,205.12	n/a	\$ 2,205.12	87%	23%	\$ 55,674.75	0.1%	\$ 0.95	631.3x	0.01x	
Aerodrome	\$ 636.18	\$ 6,183.27	n/a	\$ 6,183.27	30%	-12%	\$ 10,383.17	0.4%	\$ 28.86	22.0x	0.06x	
Raydium	\$ 1,436.87	\$ 39,441.16	n/a	\$ 39,441.16	-20%	65%	\$ 2,421,719.27	2.6%	\$ 400.80	3.6x	0.00x	
Jupiter	\$ 2,096.07	\$ 7,196.64	n/a	\$ 7,196.64	11%	12%	\$ 396,577.97	0.5%	\$ 64.45	2.7x	0.01x	
Thorchain	\$ 413.32	\$ 1,246.42	n/a	\$ 1,246.42	6%	n/a	\$ 62,543.35	0.1%	\$ 3.89	8.9x	0.01x	
DYDX	\$ 354.16	n/a	\$ 3,288.09	\$ 3,288.09	75%	-13%	\$ 538,581.69	0.2%	\$ 2.35	12.5x	0.00x	
Synthetix	\$ 419.72	n/a	\$ 303.74	\$ 303.74	69%	-59%	\$ 26,577.32	0.0%	\$ 0.22	157.4x	0.02x	
GMX	\$ 184.27	n/a	\$ 4,751.04	\$ 4,751.04	75%	9%	\$ 75,816.96	0.3%	\$ 9.53	1.6x	0.00x	
HyperLiquid	\$ 8,444.21	\$ 1,864.52	\$ 55,467.99	\$ 57,332.51	57%	122%	\$ 397,514.40	3.8%	\$ 51.41	13.7x	0.02x	
Veex	\$ 28.78	n/a	\$ 460.62	\$ 460.62	66%	-10%	\$ 96,051.14	0.0%	\$ 0.20	11.7x	0.00x	
Gains Network	\$ 43.54	n/a	\$ -	\$ -	n/a	n/a	\$ 0.00	n/a	n/a	n/a	n/a	
Average					44%	47%						
Total CEX Spot	\$ 157,237.24	\$ 340,313.17	n/a	\$ 340,313.17	44%	137%	\$ 8,300,628.30	78.9%	n/a	n/a	0.02x	
Total CEX Derivative	\$ 157,237.24	n/a	\$ 1,015,950.99	\$ 1,015,950.99	43%	94%	\$ 29,816,184.66	92.9%	n/a	n/a	0.2x	
Total DEX	\$ 12,890.03	\$ 90,824.74	n/a	\$ 90,824.74	4%	51%	\$ 776,348.80	21.1%	\$ 652.66	105.8x	0.02x	
Total DDEX	\$ 9,474.68	n/a	\$ 77,144.29	\$ 77,144.29	59%	79%	\$ 863,356.22	7.1%	\$ 65.69	39.4x	0.01x	
All Exchanges Total	\$ 179,601.95	\$ 428,579.83	\$ 1,080,222.46	\$ 1,524,233.18	39%	4%	\$ 39,756,517.99	\$	718.35	31.1x	0.0x	



Source: Arca Internal Calculations

We have a very simple investment thesis for the next five years. Blockchain technology has proven to work incredibly well for asset movement and transfer, but the majority of the world's most popular assets (stocks, bonds, real estate) are not available yet on blockchain rails (due largely to regulatory and workflow issues). As these barriers between crypto-native assets and TradFi assets break down, which is clearly and unequivocally happening for the first time ever, more tokenized assets will be issued and traded and sent on-chain. The beneficiaries will be certain Layer-1 blockchains that support this growth and these transactions, the DeFi applications built upon these chains, the stablecoins and stablecoin providers, and applications in a few sub-sectors like gaming and AI that will help you navigate on-chain. We haven't even begun to see what blockchains are capable of yet because the majority of the world's assets are not available on blockchain rails. So, while crypto traders get caught up in the short-term and often chase flashy returns with no substance (i.e. memecoins), the longer-term investment thesis is centered around boring, global permissionless finance that makes investing and banking more efficient and transparent.

And while I could have said the above statement at any point over the past 7 years (and I have), it has never been closer to reality, and more certain of an outcome.

Now, that does not mean that I love all the coins and tokens that exist. Of course not. I'm probably more bullish on crypto than anyone right now, but I hate most of the coins that exist, too. Many will go to zero. And many will somehow sustain billion-dollar-plus market caps for reasons that I may never understand. I'm also infuriated by the fact that my 7-year thesis that companies, municipalities, celebrities, universities and other organizations will issue tokens is finally playing out, and the issuers are blowing it with thoughtless memecoin launches instead of something much more tangible and useful. My first blog on the subject came before Arca even had a website in early 2018! If only there was a crypto-native investor and former investment banker who could help structure some of these tokens correctly!



Regardless, eventually, the real investment dollars from institutions will have to actually look at this space seriously and differentiate the wheat from the chaff. It will not be hard to differentiate between them if you just spend a few minutes talking to a rational person in this industry. We put together a taxonomy almost 5 years ago. While some of this may be a bit stale, it's definitely not a brand-new concept. It's just a matter of when the majority of investors will take the time to learn, objectively, instead of simply having a binary emotional response to the industry (crypto is good; crypto is bad).

Objectively, blockchain's future has never been more certain. And if we can simply educate the masses beyond the craziness, I honestly think it would be impossible for most investors and companies to refute this.

Then again, changing people's preconceived notions is hard. Try to read this tweet from Elon Musk about the Department of Government Efficiency (DOGE)'s goals, objectively (if possible), removing any preconceived biases about Musk or Trump or any political party. Think about how obvious it is in retrospect to demand transparency and accountability for how your tax dollars are spent.

We (society) often fail to question the status quo. Or fail to act even when we know it's ridiculous (i.e. Ticketmaster). But society is also filled with tipping points. And blockchain has hit that tipping point. It's objectively better than many of our traditional systems. It works. There are so many unique use cases, and more are on the way. When every company, university, municipality, celebrity, organization, and sports team inevitably issues tokens (which is happening sooner than you think), and utilizes DeFi, AI

agents, and blockchain games, the growth of this asset class will be mind-blowing, and so obvious in retrospect.