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Analysis of today
Assessment of tomorrow

By: The Editorial Board

Crypto market at the end of 2025 —decline despite political support

At the end of December, cryptocurrencies entered a period of deep consolidation. Bitcoin hovered between $87,000 and $90,000, far below the peak of $126,000 reached on 6 October.

The total value of the entire crypto market fell by more than a trillion dollars in the final months of the year, erasing many of the earlier gains.

A year that began with high expectations, fuelled by the pro-crypto stance of the new US administration, ended with significant losses and the lesson that political support alone cannot sustain speculative momentum when macroeconomic conditions are unfavourable.

The main blow came from the tariffs announced by President Donald Trump in October 2025. These 100% tariffs on imports from China caused a shock in global markets.

Within 24 hours, positions worth $19 billion were liquidated – the largest such event in cryptocurrency history.

Bitcoin lost over 30 per cent of its value in the following weeks, while Ethereum, the second largest cryptocurrency by market capitalisation, fell by about 40 per cent.

More than one and a half million traders faced forced closure of positions, triggering a chain reaction of sales and increased panic.

Crypto’s independence put to the test

These tariffs were not an isolated measure. They are part of a broader approach to protect the US economy but have also raised fears of inflation, supply chain disruptions, and slowing global growth.

Investors quickly moved to safer assets. Gold rose more than 60 per cent in 2025, reaching prices above $4,300 an ounce and recording one of its largest annual gains in four decades.

Cryptocurrencies, in contrast, have shown high sensitivity to the same factors that drive tech stocks and other risky investments.

For most of the year, Bitcoin was positively correlated with the Nasdaq 100, only to turn negative at the end of the year, indicating that the market no longer views cryptocurrencies as a completely independent asset class.

> Macroeconomic factors outweighed regulatory optimism and demonstrated that the crypto market is not immune to broader economic upheavals

The Trump administration introduced measures to support the crypto sector during the year, despite the pressures.

In January, the previous administration's restrictive policy was lifted, a digital assets task force was established, and a federal strategic Bitcoin reserve was announced in March.

The Securities and Exchange Commission (SEC) dropped charges against major crypto companies, removing legal uncertainty that had hampered the industry for years. These steps led to a temporary revival, with Bitcoin surpassing $94,000.

However, macroeconomic factors outweighed regulatory optimism and demonstrated that the crypto market is not immune to broader economic upheavals.

Not an isolated bubble after all

Companies such as Strategy (formerly MicroStrategy), the largest corporate holder of Bitcoin, experienced the full impact of the downturn.

Strategy continued aggressive accumulation during the year and, at the end of December, held over 671,000 Bitcoins, purchased at an average price of around $75,000 each.

However, its share value fell by more than 40 per cent in 2025, reducing the premium over net asset value and increasing pressure on investors.

Stablecoins, which serve as a key bridge between traditional money and the cryptocurrency world, also felt the effects of the market downturn.

During 2025, temporary disruptions occurred, particularly in periods of greatest stress – such as October's crash driven by trade tensions and late December when the Solana stablecoin USX briefly fell to just $0.10 due to depleted liquidity on decentralised exchanges.

Some stablecoins briefly lost their fixed peg to the value of one dollar in secondary markets, causing further uncertainty among participants.

> The fall in prices revealed how deeply intertwined the sector is with the global financial system

Liquidity interventions quickly corrected these shifts, primarily limited to smaller or decentralised tokens, without affecting fundamental reserve support.

Despite these episodes, the total market capitalisation of stablecoins exceeded $300 billion at the end of 2025, confirming their increasing role in the overall crypto ecosystem.

The Crypto Fear & Greed Index, which measures investor sentiment based on factors such as volatility, trading volume and social media activity, spent most of December in a zone of extreme fear.

Values hovered around 23, the lowest level, indicating deep caution and pessimism among participants.

This marks a sharp reversal from earlier in the year, when the index often exceeded 70, reflecting excessive euphoria and a willingness to take risks. Weaker trading volumes at the end of December further increased price volatility but did not result in a significant recovery.

Contrary to the common view that cryptocurrencies are merely an isolated speculative bubble, the events of 2025 demonstrate something quite different.

The fall in prices revealed how deeply intertwined the sector is with the global financial system. Trade tariffs acted as the trigger that exposed this connection.

A cautious outlook for crypto in 2026

Bitcoin and other cryptocurrencies now respond to the same economic signals that drive tech stocks and other risky investments – inflation, interest rates, and trade tensions.

This is not a weakness but a sign that the market has matured. It has become too large and too important to remain isolated. Its future now depends on general economic stability, not just favourable political decisions.

Looking ahead to 2026, market sentiment is significantly more cautious than at the start of 2025. Some analysts still expect Bitcoin to rise above $126,000 with further inflows of institutional capital, but a more realistic view suggests a longer period of price stabilisation.

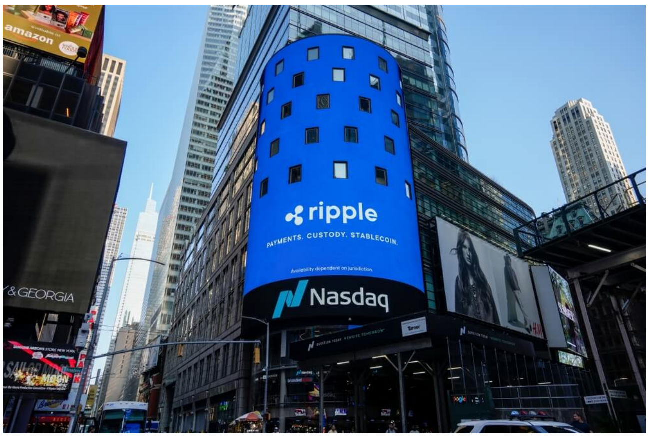
> A serious purge of excessive leverage over the past year, so debt levels are now lower

The market has undergone a serious purge of excessive leverage over the past year, so debt levels are now lower, and fundamentals are healthier than a year ago.

Large institutional investors, such as the fund BlackRock, continue to hold their positions. Exchange-traded funds (ETFs) attracted about $34 billion in new capital through 2025, despite outflows in December. Bitcoin government reserves and corporate portfolios are showing resilience even at lower prices, providing a firmer foundation for future development.

Stability before the next growth phase

What sets 2025 apart from previous crises are deep structural changes in the crypto sector. It is no longer a marginal phenomenon but an integral part of the global financial system.



Stablecoins have become systemically important because they enable fast and inexpensive transactions

Stablecoins have become systemically important because they enable fast and inexpensive transactions. Exchange-traded funds (ETFs) have provided access to institutional capital.

Corporate balance sheets now regularly include Bitcoin as a backup asset. These factors create a firmer and more stable foundation than ever, even during periods of falling prices.

At the end of 2025, the crypto market emerged from a difficult year weakened but with a stronger foundation for the future.

The drop in prices reminded everyone that no asset is immune from wider economic shocks. At the same time, it indicated that the sector is strong enough to withstand such shocks.

For long-term investors, this stabilisation phase could become the basis for more stable and sustainable growth in the coming years—but only if the global economy avoids major shocks such as trade wars, high inflation, or recessions and if investors gain enough confidence to reinvest in riskier assets.