

# Altcoin Drawdowns from \$TRUMP's Launch and Pump.fun's \$PUMP Token Scenarios

## Impact of \$TRUMP Memecoin Launch on Altcoins (Jan 2025)

When Donald Trump's official **\$TRUMP** memecoin launched on January 17, 2025, it sparked a frenzy that briefly **sucked liquidity out of the rest of the crypto market** <sup>1</sup>. Traders dumped their altcoin holdings to chase the new token, creating a **"liquidity blackhole"** effect. Within minutes of \$TRUMP's debut, an estimated **\$7.5 billion in altcoin market cap evaporated** as sell-offs hit existing coins <sup>2</sup>. This rapid rotation of capital caused many altcoin prices to **fall sharply over the first 48 hours** following \$TRUMP's launch <sup>3</sup>. Major altcoins in the top 100 by market cap suffered significant drawdowns in that period – for example, **Ethereum (ETH) plunged roughly 8%** (from about \$3,494 to \$3,130) within two days <sup>4</sup>. **Solana (SOL)**, by contrast, **surged to a new all-time high** around \$275 as it was the blockchain hosting \$TRUMP <sup>4</sup>. The chart below illustrates Ethereum's price drop during those two days, highlighting the abrupt **~8% decline** amid the \$TRUMP-induced volatility



. Other large-cap altcoins similarly struggled or lagged while attention – and liquidity – shifted to \$TRUMP.

**Memecoin sectors** saw especially wild swings. Trump's own coin rocketed from launch to a **fully diluted value over \$70 billion** within 48 hours <sup>5</sup> <sup>6</sup>, becoming one of the 15 largest cryptos by market cap overnight. But this came at the expense of smaller tokens: many **on-chain meme coins plunged 70-80% from their highs** as speculative capital was diverted away <sup>7</sup>. Even Trump's wife Melania's token, **\$MELANIA**, launched two days later, briefly hit a \$1.9 billion valuation before **collapsing ~90% from its peak** <sup>8</sup>. In short, **altcoins broadly experienced a sharp drawdown in the 48 hours post-\$TRUMP**. The altcoin market (often measured as **TOTAL3**, total crypto cap excluding BTC and ETH) dropped quickly as liquidity flowed into \$TRUMP. Analysts noted that **"people [were] sell[ing] their coins to buy \$TRUMP"**, creating a short-term liquidity vacuum for other alts <sup>3</sup>.

These dynamics underscore how \$TRUMP's hype **temporarily drained buying power** from the wider altcoin space. While Bitcoin and a few beneficiaries like SOL or DOGE saw momentary lifts, the **average**

**top-100 altcoin fell by high single-digit percentages** in those first two days, and memecoin-speculative tokens saw even deeper losses. The \$TRUMP launch became a textbook liquidity blackhole event – **capital rushed into one new coin at the expense of the rest of the market** <sup>1</sup> <sup>3</sup> .

## Pump.fun's \$PUMP Token Launch: Bearish vs. Bullish Scenarios

With **Pump.fun** – a popular Solana-based memecoin launchpad – set to release its own **\$PUMP** token on July 12, 2025, the crypto community is debating whether a similar liquidity shock to altcoins will occur again, or if this time could play out differently. Pump.fun's token sale is planned at a **\$4 billion fully diluted valuation (FDV)** (1 trillion total supply, with 150 billion tokens (15%) sold at \$0.004 each) <sup>9</sup> <sup>10</sup> . Below we consider two contrasting scenarios:

### Bearish Scenario: Another Liquidity Blackhole for Altcoins

Some analysts fear the \$PUMP launch **could siphon liquidity from other altcoins**, echoing the \$TRUMP event. Pump.fun's platform has been described as a **"liquidity black hole"** before, as its rapid rise in 2024–25 drew speculative capital away from traditional alts into countless on-chain micro-cap coins <sup>11</sup> <sup>12</sup> . In this bearish scenario, traders might **sell off holdings in existing altcoins en masse to free up funds for \$PUMP**, causing a short-term dump in the broader altcoin market.

- **Scale of Funds Shift:** The public sale aims to raise up to ~\$600 million (150 billion tokens × \$0.004) in a short 72-hour window <sup>9</sup> . If demand is high, hundreds of millions of dollars could be reallocated. For context, \$TRUMP's frenzy pulled **billions** in a weekend; \$PUMP's sale is smaller, but still significant if much of it comes from rotating out of other coins. **Altcoin market cap could see a few percent dip** around the sale if participants convert holdings to USDT/SOL for purchase. Liquidity is fragmented, so certain sectors or mid-cap alts might drop more sharply if big holders exit to chase \$PUMP.
- **Market Sentiment:** Anticipation alone can dampen alt prices – traders may preemptively reduce alt positions, expecting others to do the same. This "sell alts, hold stablecoins for \$PUMP" mindset could pressure prices in days around the launch. **Altcoin volatility may spike**, with weaker tokens potentially **dropping double-digits** in the lead-up, similar to how ETH lagged during the \$TRUMP rally <sup>4</sup> . If \$PUMP then surges post-listing, it could further attract momentum traders at the expense of other alts in the immediate term.
- **Historical Parallel:** The **post-inauguration alt slump in Jan 2025** offers a cautionary tale – after \$TRUMP's peak, crypto markets entered a correction that hit alts hardest (ETH fell ~40% from Dec to late Feb) <sup>13</sup> <sup>14</sup> . A liquidity drain event like a major token sale could similarly **delay any nascent "altseason"**. In fact, Pump.fun was previously cited as a reason the expected early-2025 altcoin season was "delayed," by absorbing speculative flows that might have pumped large-cap alts <sup>15</sup> <sup>7</sup> . If \$PUMP mania runs hot, it may once again **divert attention and capital from other projects**, at least temporarily.
- **Risk of Post-Launch Dump:** Moreover, if \$PUMP's price spikes and then dumps (not uncommon with large token sales), participants who incur losses might further **risk-off from altcoins**, adding to market weakness. Notably, Trump's own coin eventually **fell 80% from its peak by February** <sup>13</sup> , hurting late buyers. A similar boom-bust in \$PUMP could create turbulence across memecoin and

Solana-centric ecosystems. In a worst case, \$PUMP could act as a short-term “vacuum” that pulls liquidity in, only to see it exit crypto entirely if speculators cash out, depressing alt prices broadly <sup>16</sup> .

In summary, the bearish case expects **another liquidity crunch for altcoins** around the Pump.fun TGE. We could see measurable **drawdowns across top alts (perhaps on the order of 5–10% on average over a few days)** and deeper slides in smaller caps, as **funds rotate into \$PUMP** and overall market liquidity is momentarily constrained. This outcome would mirror the \$TRUMP launch effect – a short-lived altcoin selloff as traders pile into the “next big thing.”

## Bullish Scenario: Fundamental Value and Undervaluation of \$PUMP

On the other hand, many argue that Pump.fun’s token could **attract sustained investment without as severe a broader market disruption**, because the project has strong fundamentals and a valuation that might be **justified or even undervalued** by its revenue. Unlike meme coins that thrive purely on hype, Pump.fun has generated real usage and fees, which can underpin a more balanced outcome:

- **Massive Revenue & Profitability:** Pump.fun’s platform has been a **revenue-generating machine**. In the year or so since its early 2024 launch, users created nearly 11 million tokens on it, driving over **\$700 million in cumulative fees/revenue** <sup>17</sup> . At its peak in January 2025, Pump.fun raked in **\$7 million+ in revenue per day** <sup>18</sup> (even hitting an astonishing \$14 million on one day in early Jan <sup>12</sup>), thanks to the memecoin trading frenzy. Even though activity has cooled (daily revenue was down to ~\$1 million by mid-2025) <sup>19</sup>, the platform has **amassed around \$700 million total revenue** and proven highly profitable. The team reportedly turned a small seed funding into **“almost a BILLION in revenue in 1 year”**, an achievement that has earned respect even from skeptics <sup>20</sup> .
- **Undervalued at \$4B FDV?** Given those revenue figures, a \$4 billion FDV (fully diluted market cap) for \$PUMP might be considered reasonable or even cheap. At \$4B FDV, the token’s valuation is roughly **6× its historical revenues** – a ratio more akin to a high-growth tech company than a meme coin. For context, many top exchange tokens or DeFi projects trade at double-digit multiples of revenue (if not purely valued on speculation). Pump.fun has also hinted at **incorporating a revenue-sharing mechanism** for \$PUMP holders <sup>21</sup> . If implemented, this would effectively give the token a dividend-like quality, **tying its value to the platform’s fee generation**. That prospect makes \$PUMP attractive to more fundamental-oriented investors, potentially supporting its price. A *bullish scenario* envisions \$PUMP launching to strong demand and maintaining value because investors see **real yield and cash flows** behind the token – a very different dynamic from the purely speculative \$TRUMP rally.
- **Investor Positioning:** If larger buyers perceive \$PUMP as undervalued, they might allocate fresh capital (or sidelined stablecoins) to the sale, **rather than solely cannibalizing other alt positions**. Pump.fun’s success and growth story could bring in participants who sat out memecoin trading but are interested in owning a piece of a **“Solana blue-chip”** platform. In that case, the **net outflow from existing alts could be smaller**. Some funds might come from outside or from rotation out of *meme tokens* that lack fundamentals, rather than from core altcoins with strong holders. This would mitigate a broad market drawdown. In fact, if \$PUMP is well-received, it might **improve sentiment**

for **Solana ecosystem projects** (since Pump.fun is built on Solana) and for revenue-bearing tokens generally, possibly attracting new money into alts.

- **Room for Upside:** Despite community grumblings about the \$4B valuation being high, there is potential upside if Pump.fun continues to innovate or regains user momentum. The platform's **January peak monthly revenue was \$137 M** <sup>22</sup>, but June's was ~\$39 M <sup>22</sup>, indicating a slowdown. A successful token launch could reinvigorate usage (e.g. via new features, token incentives, or simply renewed attention). If revenues climb again or Pump.fun sustains, \$PUMP holders could see value increase. Some observers note that **even at \$4B, Pump.fun's valuation is justified by its dominance in the on-chain meme market**, and the token sale can fund further growth. The **founders' execution** – building a platform with **over \$4.5 B combined market cap of listed tokens** and reaching millions of users <sup>17</sup> – suggests long-term viability. This *bull case* holds that \$PUMP might **defy the typical post-launch dump** and instead trade strongly, becoming a top altcoin itself. In that scenario, any altcoin sell-off beforehand would be mild and short-lived, as the market would quickly rotate back or even rally on a successful launch.
- **Broader Market Context:** Unlike the euphoric backdrop of Trump's inauguration, the current market in mid-2025 is more subdued (Bitcoin dominance high, altcoin sentiment cautious) <sup>23</sup> <sup>24</sup>. A well-structured \$PUMP launch could actually act as a **catalyst for alt markets** if it signals that large-scale crypto fundraises can succeed even in a quieter market. If \$PUMP's launch is smooth and the token holds value, it might **restore confidence** that not all big launches lead to rug-pulls or crashes. This could attract sidelined liquidity back into altcoins, especially if Pump.fun's revenue-sharing sets a positive example. In effect, the \$PUMP event might be less of a zero-sum liquidity drain and more of a **rotation within crypto** (from weaker projects to a stronger one), which in the long run is bullish for the ecosystem's health.

**Bottom line:** In the bullish scenario, Pump.fun's \$PUMP would launch to **robust demand supported by strong fundamentals**, and while some altcoins might dip around the token sale, the impact would be limited and short-term. The token's valuation is underpinned by substantial revenue (≈\$700M to date) <sup>19</sup> and profitability, suggesting it could **trade more like an exchange/utility token than a transient meme fad**. If \$PUMP appreciates post-launch due to investor confidence in Pump.fun's business, it could quickly offset any initial altcoin drawdowns. In contrast to \$TRUMP's purely sentiment-driven surge-and-crash, \$PUMP has a case for more **sustainable value**, which might prevent a severe liquidity blackhole in the alt market.

## Conclusion

The **\$TRUMP memecoin launch demonstrated how a hyped token can temporarily drain liquidity from the entire altcoin market**, causing notable drawdowns across top 100 altcoins and especially in speculative meme tokens. Within 48 hours of \$TRUMP's debut, altcoins on average dropped significantly (e.g. ETH -8% <sup>4</sup>) as billions in market cap flowed into the new coin <sup>2</sup> <sup>3</sup>. This "liquidity blackhole" phenomenon underscores the fragility of alt markets during mania events.

As Pump.fun prepares to launch \$PUMP, investors and analysts are split on whether history will repeat. A cautious outlook warns that **\$PUMP's sale could trigger another round of altcoin selling** as participants reallocate funds, albeit likely on a smaller scale than the \$TRUMP episode. Top alts could see single-digit percentage dips and micro-caps larger falls if a frenzy ensues. However, a more optimistic view is that

**Pump.fun's strong revenue base and moderate valuation will anchor \$PUMP's value**, attracting fresh capital and minimizing damage to other alts. In that case, any liquidity vacuum may be brief, and \$PUMP's success could even rejuvenate interest in quality altcoin projects.

**Current market conditions** – with altcoins still recovering from early-2025 losses and trading below prior highs – will play a role in how this unfolds. If \$PUMP is perceived as *overhyped and purely dilutive*, we may see a mini repeat of January's turmoil. If it's viewed as *underserved and fundamentally sound*, it could mark a positive turning point. **In summary, we should watch for short-term volatility around July 12** (the TGE date) and gauge altcoin drawdowns sector-wise (large-cap vs memecoin segments) in that window. But unlike \$TRUMP's launch, which was a unique political spectacle, **Pump.fun's token comes with real business metrics** – a factor that could either **mitigate the liquidity shock or, if expectations are not met, still lead to turbulence**. Investors would be wise to prepare for both scenarios: **defensive positioning in case of an altcoin dip, and a strategy to capitalize on any upside if \$PUMP proves fundamentally rewarding**.

**Sources:** The Guardian <sup>25</sup> <sup>2</sup> ; Cointelegraph <sup>6</sup> <sup>3</sup> ; Reuters <sup>13</sup> ; CoinGecko Q1 Report <sup>26</sup> ; BeInCrypto <sup>7</sup> <sup>12</sup> ; Coingape (ETH analysis) <sup>4</sup> <sup>27</sup> ; CryptoRank/CryptoPolitan <sup>28</sup> <sup>22</sup> ; AInvest News <sup>19</sup> <sup>21</sup> ; blocmates <sup>17</sup> <sup>20</sup> .

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<sup>1</sup> <sup>2</sup> <sup>25</sup> Melania Trump launches meme coin as crypto conflicts worry experts | Cryptocurrencies | The Guardian

<https://www.theguardian.com/technology/2025/jan/20/donald-trump-meme-coin-price-melania-token>

<sup>3</sup> <sup>5</sup> <sup>6</sup> TRUMP memecoin hits top 15 worldwide in 48 hours, sparking tax cut rumors

<https://cointelegraph.com/news/trump-token-15th-largest-tax-cut-rumors>

<sup>4</sup> <sup>27</sup> Ethereum Price Forecast: Here's Why ETH stalled as TRUMP Token Rally drives BTC to \$105K

<https://coingape.com/markets/ethereum-price-analysis-heres-why-eth-stalled-as-trump-token-rally-drives-btc-to-105k/>

<sup>7</sup> <sup>11</sup> <sup>12</sup> <sup>15</sup> <sup>16</sup> Did Pump.fun Derail Altcoin Season? Analysts Weigh In

<https://beincrypto.com/pump-fun-delay-altcoin-season/>

<sup>8</sup> Bobby's Crypto Aggregate (Jan 2025): All About Trump | CoinGecko

<https://www.coingecko.com/research/publications/bobbys-crypto-aggregate-2025-01>

<sup>9</sup> <sup>10</sup> <sup>22</sup> <sup>28</sup> Pumpfun to launch Official PUMP token in public sale on July 12

<https://cryptorank.io/news/feed/53626-pumpfun-to-launch-official-pump-token>

<sup>13</sup> <sup>14</sup> Crypto prices tumble as Trump-fuelled euphoria fades | Reuters

<https://www.reuters.com/markets/currencies/crypto-prices-tumble-trump-fuelled-euphoria-fades-2025-02-28/>

<sup>17</sup> <sup>20</sup> Pump.fun Set to Drop Token at \$4B Valuation, Community Not Having It | blocmates.

<https://www.blocmates.com/news-posts/pump-fun-set-to-drop-token-at-4b-valuation-community-not-having-it>

<sup>18</sup> <sup>19</sup> <sup>21</sup> Pump.fun Lists PUMP Token on July 12 at \$0.04 USDT

<https://www.ainvest.com/news/pump-fun-lists-pump-token-july-12-0-04-usdt-2507/>

<sup>23</sup> <sup>24</sup> <sup>26</sup> 2025 Q1 Crypto Industry Report | CoinGecko

<https://www.coingecko.com/research/publications/2025-q1-crypto-report>