

BITCOIN MARKET REPORT Q1/2025

Adler's Crypto Insights by Axel Adler Jr, 2025

For informational purposes only.

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**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS;
FUTURE RETURNS ARE NOT GUARANTEED.**

INVESTMENT RISKS

This report informs investors about evaluating potential opportunities while highlighting risks that may affect forecasts.. Investors are advised to use the content solely for informational purposes and to understand the market risks associated with specific innovative sectors.

Please carefully review the risk disclosure:

Macroeconomics and Regulation

- Rapid changes in the regulatory environment (U.S., EU).
- Tight monetary policy by the Federal Reserve (rate hikes, QE tapering).

Correlation with Other Markets

- Dependence on the stock market and gold.
- Risks of heightened volatility in related markets.

Market Structure and Participants

- Abrupt behavior of Short/Long-Term Holders and miners.

Institutional Factors

- Sharp outflows from ETFs and limited liquidity.
- Risks of divestment by large funds.

Black Swans and Force Majeure

- Unexpected global events (crises, sanctions, political instability).
- Technological disruptions, network attacks, or infrastructure failures.

RESEARCH CONTENTS

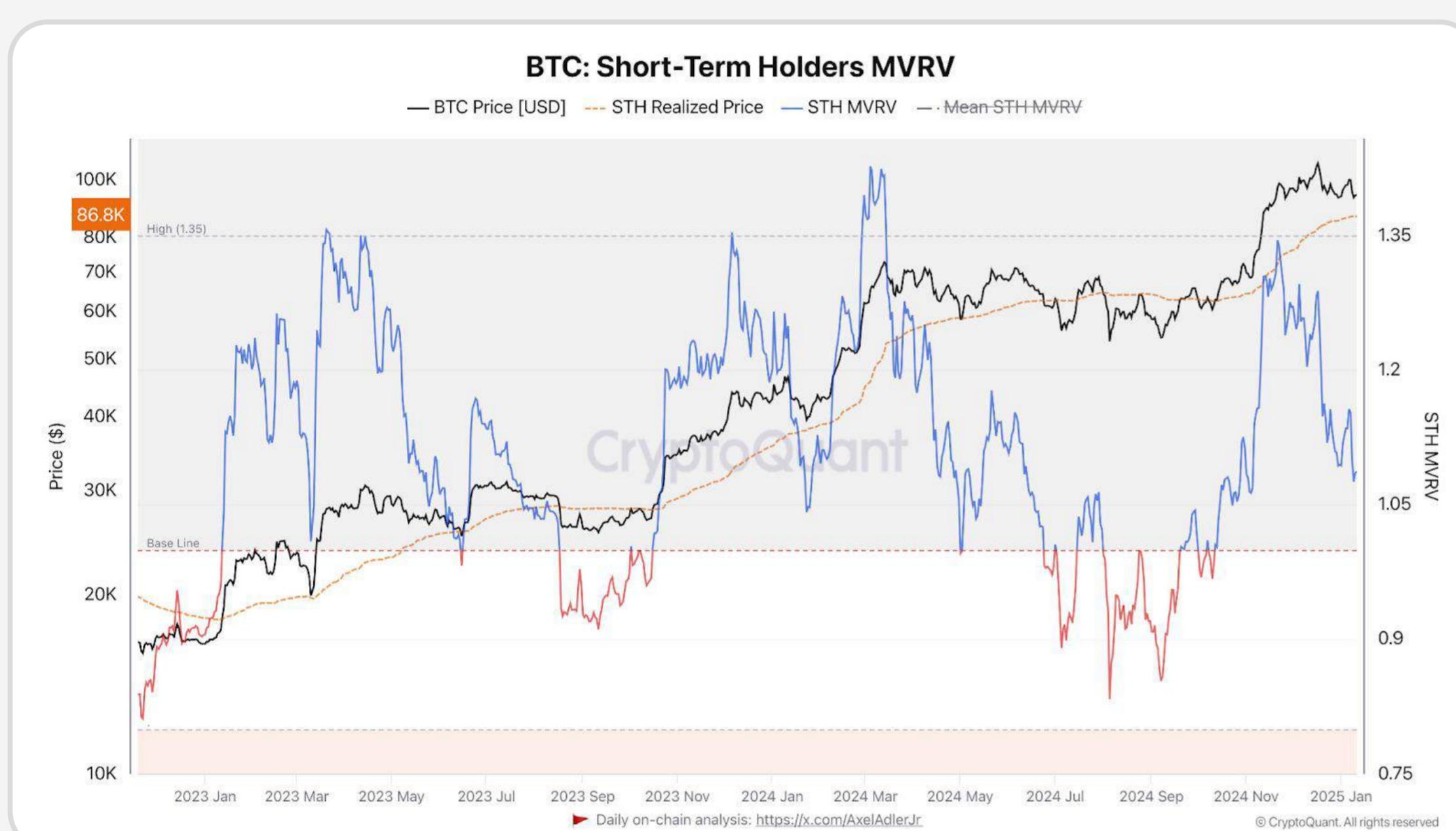
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In 2024, the Bitcoin network processed transactions totaling over \$19 trillion, more than double the \$8.7 trillion recorded in 2023. Bitcoin's market capitalization reached \$1.9 trillion in December 2024, while the network's hash rate hit a new all-time high of 1,000 exahashes per second (EH/s) in January 2025.

FORECAST FOR Q1/2025 (EXECUTIVE SUMMARY)

BUY

ENTRY POINT: REALIZED PRICE OF SHORT-TERM HOLDERS



Overall Trend:

Bullish, driven by (1) rate cuts, with a possible slowdown in cuts during Q1/2025 amid high DXY levels, (2) post-halving effects, and (3) pro-cryptocurrency policies in the U.S.

Volatility Level:

Moderate volatility is expected as demand rises, with corrections unlikely due to stable STH/LTH behavior and miner revenues.

ROI Target:

Approximately 30% growth over the quarter, with the potential to reach \$130K by the end of March 2025, assuming favorable macroeconomic developments in the U.S.

Risks:

Black swan events, macroeconomic shocks.

Metrics: Realized Price of Short-Term Holders https://bit.ly/sth_rp_mvrv



MACROECONOMICS AND REGULATION

Contents:

- Brief overview of the U.S. economy and the global context.
- Key regulatory highlights (U.S. / EU / local laws).
- Monetary policy of the Federal Reserve and other central banks (interest rates, QE/QT).

WHY IT MATTERS:

Sets the overall "temperature" of the market and determines the attractiveness of risky assets.

FORECASTS FOR THE U.S. ECONOMY:

World Economic Outlook Projections

(Real GDP growth, annual percent change)

Search...

	2023	2024	2025
World Output	3.3	3.2	3.2
Advanced Economies	1.7	1.8	1.8
United States	2.9	2.8	2.2

GDP Growth:

The IMF projects that the U.S. economy will grow by 2.2% in 2025, reflecting a slowdown from the 2.9% growth in 2023. This deceleration is attributed to the delayed effects of tighter monetary policy and the gradual tightening of fiscal policy.

Inflation: According to the latest projections from the U.S. Federal Reserve, inflation is expected to reach 2.5% in 2025, higher than the previously forecasted 2.1%. This revision reflects the Fed's concerns about potential inflationary pressures in the future. At the same time, the Fed anticipates a reduction in the federal funds rate to 3.9% by the end of 2025, signaling an effort to support economic growth while maintaining control over inflation.

GLOBAL ECONOMIC CONTEXT:

Global Growth:

According to IMF forecasts, global economic growth will remain stable but unimpressive, at 3.2% in 2024 and 3.2% in 2025. These figures are below the historical average of 3.8% recorded between 2000 and 2019, reflecting elevated central bank policy rates and the rollback of fiscal support.

Global Inflation:

Global inflation is expected to decline to 4.4% in 2025, reflecting a slowdown in inflationary pressures globally and the easing of cyclical imbalances.

Risks:

The IMF notes that risks to the global economy are skewed toward the downside. Key risks include:

- A sluggish pace of monetary policy easing.
- Disorderly deceleration in inflation.
- Sudden volatility spikes in financial markets.
- Issues in China's real estate sector.

Overall, forecasts indicate a slight deceleration in growth for both the U.S. and the global economy, accompanied by reduced inflationary pressure. However, persistent risks demand a cautious approach to economic policymaking.

Regulation

The regulation of cryptocurrencies in the U.S. and the European Union (EU) is evolving, reflecting distinct approaches to the oversight and integration of digital assets into financial systems.

UNITED STATES:

Current Landscape:



With the inauguration of President Donald Trump's administration in 2025, a more favorable stance toward cryptocurrencies is anticipated. The appointment of Paul Atkins as Chair of the Securities and Exchange Commission (SEC) and David Sacks as Advisor on Cryptocurrency and Artificial Intelligence signals potential regulatory easing.

At this time, there are no official confirmations regarding Paul Atkins being appointed as the head of the SEC or David Sacks as an advisor on cryptocurrency and artificial intelligence. Official information will be available after the presidential inauguration on January 20.

Plans and Initiatives:

Proposed measures include:

- Establishing a National Bitcoin Reserve.
- Creating an Advisory Council on Cryptocurrencies, which could foster industry growth and attract institutional investors.

EUROPEAN UNION:



MiCA Regulation:

The EU is implementing the Markets in Crypto-Assets Regulation (MiCA), which will come into effect on December 30, 2024. MiCA establishes uniform rules for issuing, trading, and custody of crypto-assets, aiming to protect investors and ensure financial stability.

Competitive Impact:

Despite the EU's efforts, the pro-crypto stance of the Trump administration in the U.S. could lead companies to favor the U.S. market due to more lenient regulations, potentially weakening MiCA's influence.

COMPARISON OF APPROACHES:

United States:

Expected to ease regulations and support cryptocurrency innovation, potentially attracting more companies and investors to the U.S. market.

European Union:

Introducing strict and uniform rules to enhance transparency and protect market participants, which could build trust but also increase operational costs for companies.

Overall, the divergent regulatory approaches of the U.S. and the EU could reshape the global distribution of crypto-assets and influence companies' strategic decisions in favor of the U.S. market.

MONETARY POLICY

Both the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) are expected to adopt more accommodative monetary policies in 2025, lowering interest rates to support economic growth and manage inflation.



Interest Rates:

The Fed is expected to cut rates in 2025, potentially two or three times, with greater uncertainty in the latter half of the year.

Forecasts:

According to median projections, the federal funds rate is anticipated to fall to 3.25–3.50% by the end of 2025.

EUROPEAN CENTRAL BANK:



Detailed projections on ECB policy shifts are awaited, but a similar easing trend is expected as the ECB aligns its policy to support economic stability in the eurozone.
European Central Bank (ECB):

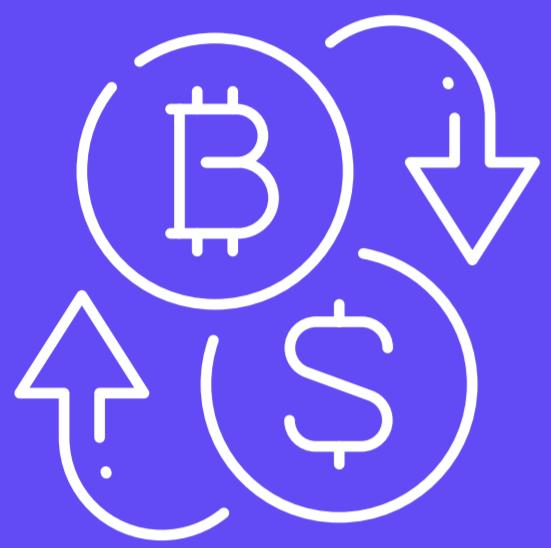
Interest Rates:

The ECB also plans to continue lowering rates in 2025, aiming to reach its inflation target of 2%.

Forecasts:

By the end of 2025, the ECB's base rate is expected to decrease to 2.0%, implying four 25-basis-point cuts throughout the year.

Both central banks are set to adopt accommodative monetary policies in 2025, reducing interest rates to stimulate economic growth and achieve inflation targets.



CORRELATION WITH OTHER MARKETS

Contents:

- How BTC reacts to the stock market and gold.
- Dynamics of "safe-haven assets" and their impact on BTC demand.

WHY IT MATTERS:

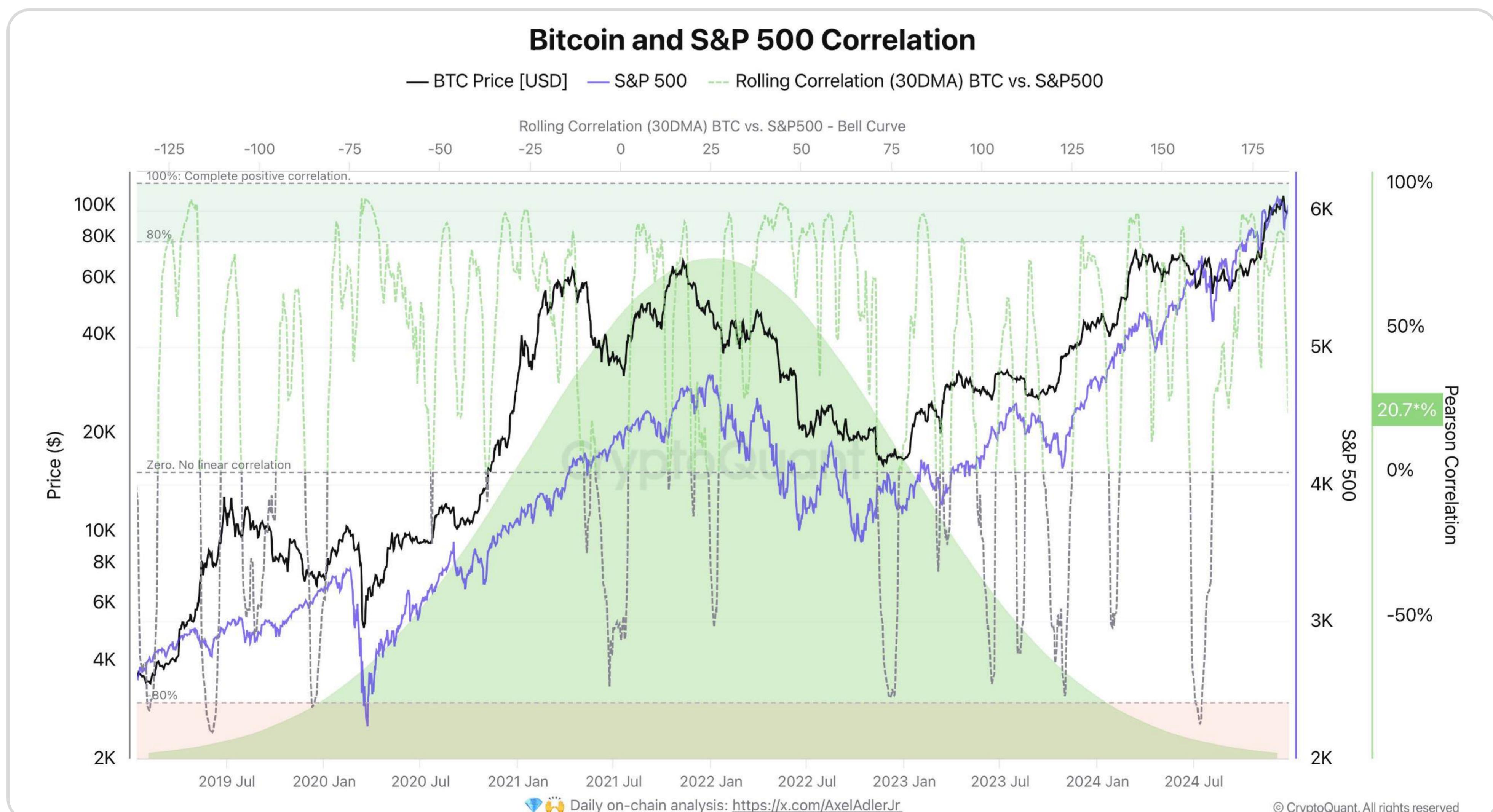
Helps assess whether Bitcoin remains a "risky" asset or increasingly behaves like "digital gold."

HOW BITCOIN REACTS TO THE STOCK MARKET AND GOLD:

STOCK MARKET CORRELATION:

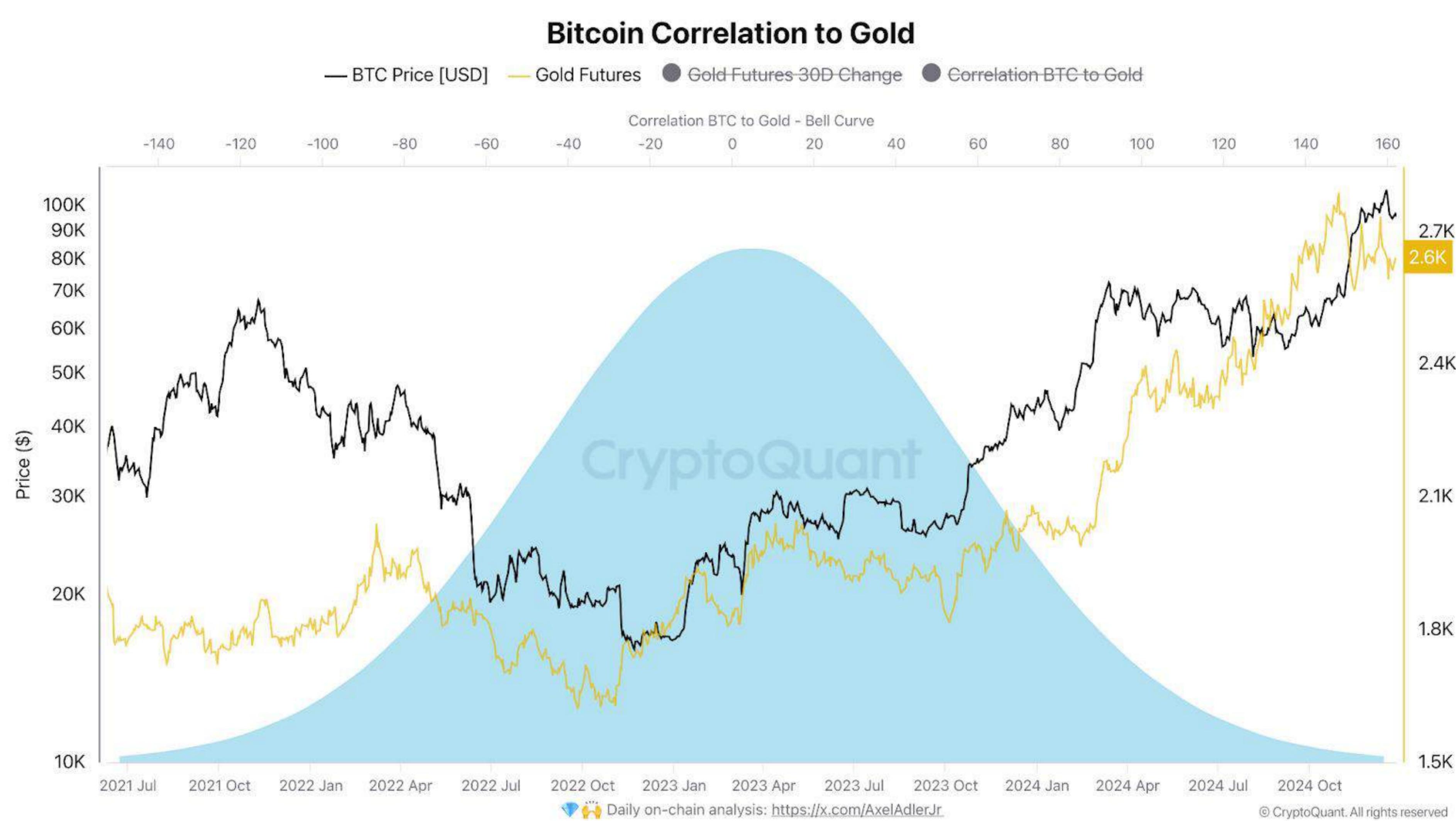
Correlation with Equities:

Research indicates that Bitcoin exhibits variable correlation with the stock market. During periods of economic instability or crises, this correlation tends to strengthen, highlighting similar investor reactions toward risky assets.



On the chart, the average monthly correlation between Bitcoin and the S&P 500 index is 25%. Negative sentiment in the stock market, driven by factors such as high interest rates or inflation, can put downward pressure on Bitcoin prices, reflecting investors' general tendency to reduce exposure to risky assets. The chart highlights the long-term correlation between the S&P 500 and Bitcoin, where the index reflects investors' risk appetite.

RELATIONSHIP WITH GOLD: ANALYSIS OF KEY FACTORS INFLUENCING THE GOLD MARKET AND 2025 OUTLOOK



Role of Interest Rates:

- The Federal Reserve is expected to cut rates by 100 basis points by the end of 2025.
- European central banks are also likely to lower rates.
- Historically, rate cuts have supported gold price increases. For instance, gold demonstrates an average gain of 6% during the first six months of a rate-cut cycle.

Geopolitical and Economic Risks:

- Elevated uncertainty, including inflation, trade wars, and global market instability, continues to drive demand for gold as a hedge asset.
- In 2024, gold posted a 28% increase, supported by market volatility and significant purchases by central banks.

Demand from Central Banks:

- Central banks remain key buyers of gold, reinforcing its role as a long-term store of value.
- In 2025, central bank gold purchases are expected to exceed the long-term trend, further supporting the market.

Scenarios for the Gold Market in 2025:

- Base Case: Sub-trend economic growth and slightly above-target inflation. Under these conditions, gold is likely to maintain its current price range, with modest potential for gains.

GOLD MARKET SCENARIOS FOR 2025:

Optimistic Scenario:

A more accommodative monetary policy combined with heightened geopolitical risks could lead to a significant increase in gold prices.

Pessimistic Scenario:

Tightening monetary policy and a slowdown in economic growth may put downward pressure on gold prices.

Demand Drivers:

- Asian Demand: Particularly in China and India, remains a key market driver but will depend on economic growth and government incentives.

CONCLUSION:

The gold market in 2025 will be heavily influenced by global economic conditions, central bank decisions, and geopolitical stability. If rates are cut and uncertainty persists, gold will maintain its role as a safe-haven asset with potential for further growth.

DYNAMICS OF "SAFE-HAVEN ASSETS" AND BITCOIN DEMAND

Alternative to Traditional Assets:

In an environment of economic uncertainty and low yields on traditional safe-haven assets like government bonds, Bitcoin is increasingly viewed by some investors as an alternative for capital preservation and risk hedging.

Institutional Interest:

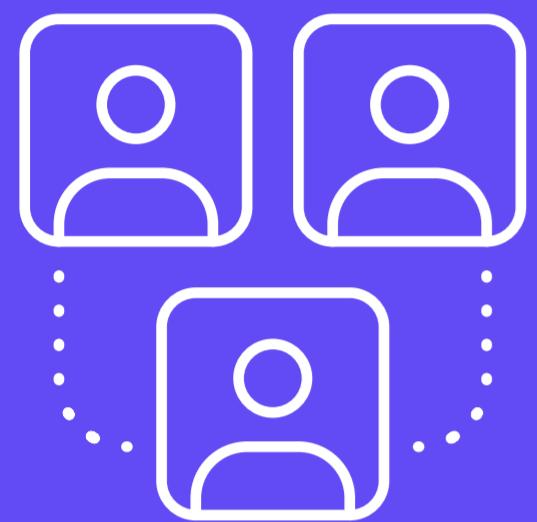
The launch of spot ETFs for Bitcoin and Ethereum in 2024 attracted substantial investments from institutional investors, signaling growing trust in cryptocurrencies as an asset class.

Impact of Macroeconomic Factors:

Central bank decisions, particularly those of the U.S. Federal Reserve, on interest rate changes can influence market liquidity and, in turn, demand for Bitcoin. Lower rates and increased liquidity tend to boost interest in risk assets, including cryptocurrencies.

CONCLUSION:

The dynamics of safe-haven assets and macroeconomic conditions significantly affect Bitcoin demand. During periods of economic instability and low yields on traditional assets, investors may increasingly view Bitcoin as an alternative store of value and a tool for risk hedging.



STRUCTURE AND PARTICIPANTS IN THE BITCOIN MARKET

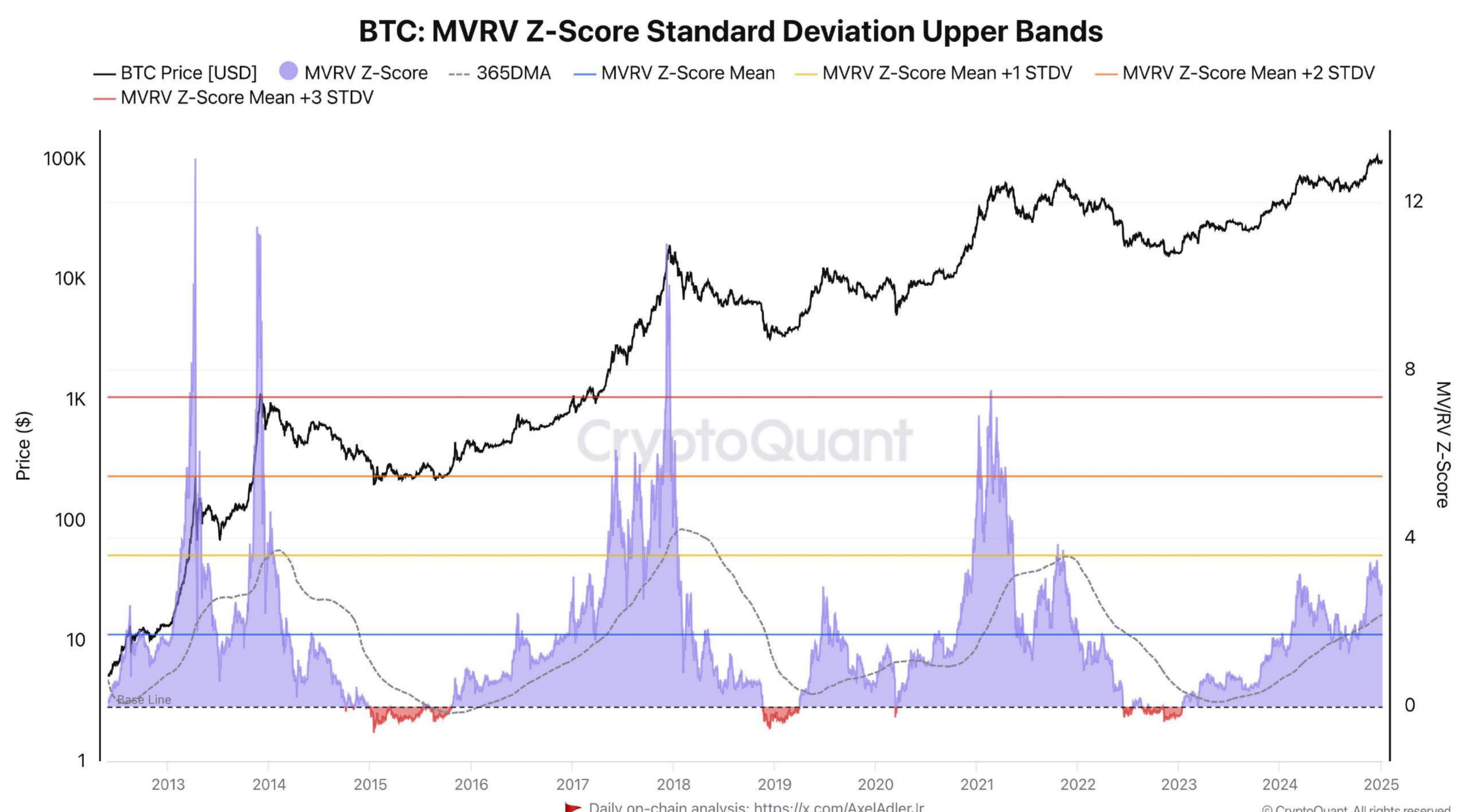
Contents:

- Bitcoin: MVRV Z-Score Standard Deviation Upper Bands: Market structure insights.
- Bitcoin Bull-Bear Market Cycle Indicator: Indicator of bullish/bearish market cycles.
- Short-Term Holders (STH) and Long-Term Holders (LTH): Analysis of their behavior (selling vs. accumulating).
- Miners Sentiment: Assessing pressure from miners.

WHY IT MATTERS:

Understanding these metrics helps evaluate the internal resilience of the market and the sentiments of key participant categories.

BITCOIN: MVRV Z-SCORE STANDARD DEVIATION UPPER BANDS



The MVRV Z-Score Standard Deviation Upper Bands is a tool used to identify extreme market conditions, such as overvaluation or undervaluation. It analyzes the deviation of the Market Value (MV) from the Realized Value (RV).

Key Insight:

- When the score nears the upper bands, it signals potential market overheating and a higher likelihood of corrections. Conversely, movements near the lower bands suggest undervaluation, often signaling buying opportunities.

Current Relevance:

- Recent data indicates that the MVRV Z-Score is within a neutral range, reflecting balanced market conditions. However, sustained upward movements toward the upper bands could highlight speculative behavior and increased risk.

Understanding this metric is essential for assessing market sentiment and identifying potential reversal points.

WHAT IS THE MVRV Z-SCORE AND WHY IS IT IMPORTANT?

The MVRV Z-Score compares Bitcoin's Market Value (MV) with its Realized Value (RV) and normalizes the difference through standard deviation. Simply put, this indicator shows how "overvalued" or "undervalued" Bitcoin's price is relative to the average cost basis of coins on the network.

High Values:

Typically between 7–9 or higher, indicate a "market overheating" phase and often align with the final stages of bull cycles.

Low Values:

Around 0 or below, signal "market cooling" phases and generally correspond to market bottoms or levels close to them.

WHY IT MATTERS:

The MVRV Z-Score provides valuable insights into market cycles and helps investors gauge sentiment extremes:

Overvaluation Zones:

- When the MVRV Z-Score rises above +3 standard deviations (STDV) (red line on the chart), it historically marks market peaks or zones near all-time highs.

Undervaluation Zones:

- When the score drops below 0 (negative zone), it often signifies market bottoms, highlighting potential accumulation opportunities.

VISUAL INTERPRETATION:

The chart typically includes bands at ± 1 , ± 2 , and ± 3 STDV from the mean MVRV Z-Score:

Above +3 STDV:

- Historically signals speculative excess and the likelihood of a price correction.

Below 0:

- Reflects deeply undervalued conditions, often indicating a good entry point for long-term investors.

By identifying these extremes, the MVRV Z-Score helps market participants make informed decisions, whether it's preparing for potential sell-offs in overheated conditions or capitalizing on undervaluation during bearish phases.

CURRENT MARKET STRUCTURE BASED ON THE MVRV Z-SCORE CHART

The MVRV Z-Score has exited the deep negative zone (as observed in early 2023), traditionally associated with market bottoms or accumulation phases.

Current Status:

The indicator is fluctuating around the +2 Z-Score, historically corresponding to just above the mid-cycle, a phase where the market has not yet reached extreme overheating.

Trend Outlook:

The 365-day moving average curve is gradually rising, signaling the continuation of a medium-term upward trend.

KEY INSIGHTS AND POTENTIAL SCENARIOS FOR Q1/2025

Post-Halving Period:

Historically, Bitcoin's price and network activity tend to strengthen within 6–12 months after the halving. By the end of Q1/2025, Bitcoin could enter an active growth phase, provided external macroeconomic factors do not disrupt the trend.

PROBABLE SCENARIOS:

Bullish Scenario:

If demand dynamics maintain a positive trajectory, a classic post-halving rally could push the MVRV Z-Score closer to the upper bands (+2 to +3 STDV) by Q1/Q2 2025.

Extreme Overheating (Q2/2025):

The likelihood of the MVRV Z-Score entering the “red zone” (+7 or higher) is highest in Q2/2025, typically marking the final stage of a bull market.

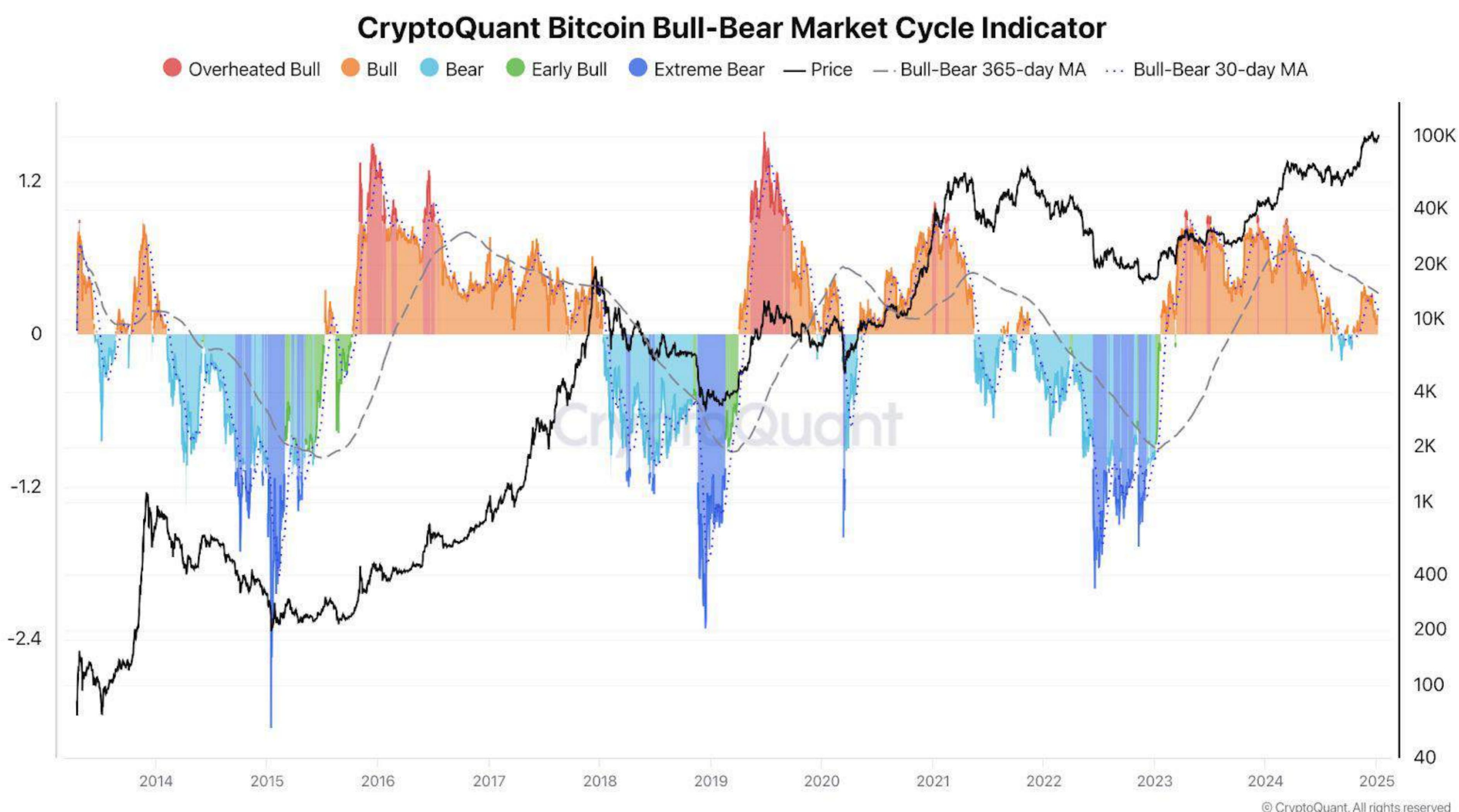
Cycle Variability:

It's important to note that the timing of cycles can shift – either shorter or longer – influenced by macroeconomic factors such as inflation or geopolitical events, which could delay or accelerate the onset of market overheating.

Correction Risks:

If the Z-Score enters the +7 to +8 zone or higher, a market correction becomes more likely.

BITCOIN BULL-BEAR MARKET CYCLE INDICATOR



Developed by: [Julio Moreno, Head of Research at CryptoQuant.](#)

This indicator is designed to track Bitcoin's position within the market cycle, identifying transitions between bullish and bearish phases.

Current Cycle Position:

Based on the MVRV Z-Score and other metrics, Bitcoin appears to be in a middle-to-late recovery phase within its cycle, suggesting room for further growth before approaching speculative extremes.

The combination of MVRV Z-Score and the Bull-Bear Cycle Indicator helps pinpoint where the market stands and provides actionable insights for navigating the upcoming phases of Bitcoin's market cycle.

The Bull-Bear Market Cycle Indicator tracks Bitcoin's market phase and identifies five key zones:

Overheated Bull (Red Zone):

- Indicates a "superheated" market, often marking the final stage of a bull cycle.

Bull (Orange Zone):

- Represents a strong bull market, with significant growth but not yet reaching extreme euphoria.

Bear (Blue Zone):

- Reflects a bearish market (decline or correction phase).

Early Bull (Green Zone):

- The early recovery phase following a market bottom, typically marked by initial price surges.

Extreme Bear (Dark Blue Zone):

- Corresponds to extreme bearish conditions, historically linked to capitulation events.

POTENTIAL SCENARIOS FOR Q1/2025

1 PROBABLE SCENARIOS:

Indicator Position:

Remains in the Bull Zone, nearing the Overheated Bull Zone.

Market Dynamics:

Bitcoin price continues to rise, supported by post-halving momentum and potentially favorable macroeconomic factors (e.g., rate cuts, increased institutional interest).

Implication:

If the indicator moves into the Red Zone (above previous cycle levels), it could signal the market is approaching a local or cyclical peak.

2 SHORT-TERM CORRECTION:

Indicator Movement:

A sharp decline in the short-term moving average (30-day MA) towards the long-term average (365-day MA).

Market Impact:

- Temporary phase of weaker growth or moderate correction lasting weeks or months.
- Despite the correction, the market remains above zero, indicating it's still within the bullish phase of the cycle.

Outcome:

This correction would serve as a healthy market reset, potentially setting the stage for renewed growth.

3 NEGATIVE MACRO SCENARIO:

Potential Risks:

- Abrupt shifts in monetary policy.
- Liquidity crises.
- Strict cryptocurrency regulations.

Indicator Position:

Could fall back into the Early Bull Zone or even the Bear Zone.

Historical Perspective:

Post-halving years (8–10 months after the halving) rarely see significant drops below zero. Instead, corrections tend to occur within a bullish trend, suggesting resilience unless severe external shocks disrupt the market.

SUMMARY:

The Bull-Bear Market Cycle Indicator provides a clear framework for understanding Bitcoin's current market phase. While Q1/2025 is likely to see continued bullish momentum, short-term corrections or macroeconomic shocks could temper growth temporarily. The market's long-term trajectory, especially in post-halving years, remains historically optimistic barring extreme external disruptions.

FINAL CONCLUSIONS AND KEY LEVELS TO WATCH

The market is currently in a stable bullish phase, according to the Bull-Bear Market Cycle Indicator.

No Clear Overheating Signal:

While the indicator remains in the positive range, it is not yet in the red zone (Overheated Bull), though it is approaching the upper portion of the positive spectrum.

KEY SIGNALS TO MONITOR:

Short-Term Moving Average Crossing Downward Through Long-Term (30-day < 365-day):

- If this occurs, it could signal the onset of a correction phase.

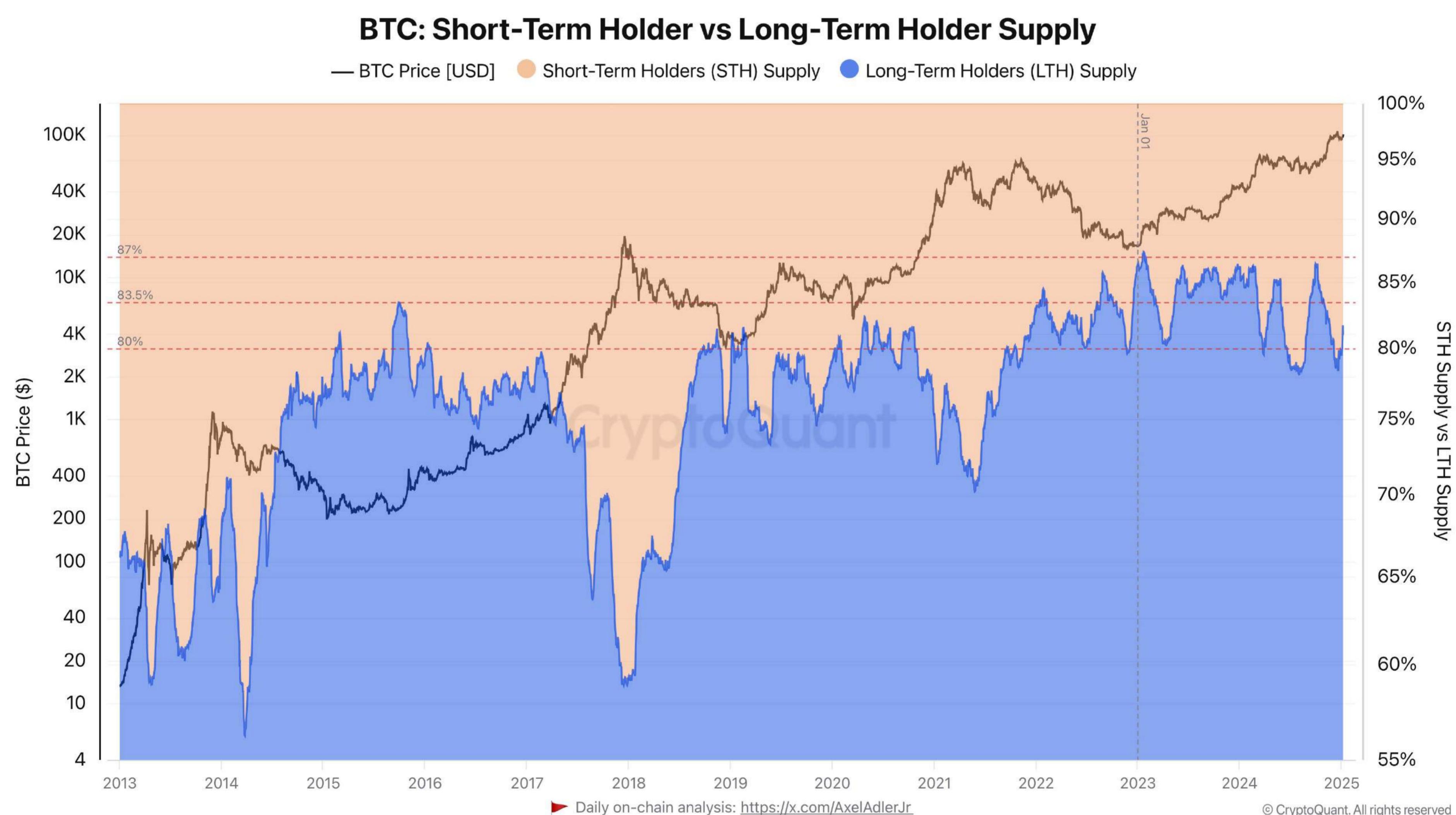
Entry Into the Red Zone ("Overheated Bull"):

- Historically, this has aligned with the final stages of market growth and the formation of local or global peaks.

Q1/2025 OUTLOOK (THROUGH MARCH):

- The base scenario suggests continued bullish momentum without a high probability of a major correction into a full bearish phase.
- Monitoring macroeconomic factors and key indicators will remain critical for anticipating any potential market shifts.

SHORT-TERM HOLDERS (STH) AND LONG-TERM HOLDERS (LTH) ANALYSIS



WHAT THE CHART REPRESENTS

Orange Zone:

- The percentage of the total Bitcoin supply held by short-term holders (STH), those who have owned BTC for a relatively short period (up to 6 months).

Blue Zone:

- The percentage of the supply held by long-term holders (LTH), those who have held BTC for over 6 months.

Right Axis Levels:

- Markers like 80%, 83.5%, and 87% help track the supply proportion held by STH or LTH.

CURRENT STH VS. LTH SUPPLY RATIO

HIGH LTH SUPPLY

- The proportion of coins held by LTH is near the upper historical range (around or above 80%).
- This indicates that a significant portion of Bitcoin supply has remained unmoved for an extended period, effectively "locked up" by hodlers.

LOW STH SUPPLY

- Conversely, the proportion of coins held by STH is relatively small, meaning fewer coins have recently changed hands.
- This reflects reduced market activity by speculative participants.

LOW STH SUPPLY

High LTH Supply:

- Typically correlates with strong holding behavior, characteristic of the mid-to-late stages of a bull cycle or recovery phases following a market bottom.

Low STH Supply:

- Suggests reduced market supply from speculative participants, often leading to less selling pressure during corrections.

HOLDER BEHAVIOR: SELLING VS. ACCUMULATING

LONG-TERM HOLDERS (LTH)

- A high percentage of LTH implies that most BTC is "conserved" in wallets, indicating investors are reluctant to sell.
- Historically, LTH tend to offload significant portions of their holdings during the final stages of a bull market when prices reach overheated levels.
- Currently, there is no significant selling activity from LTH, as their supply remains near historical highs.

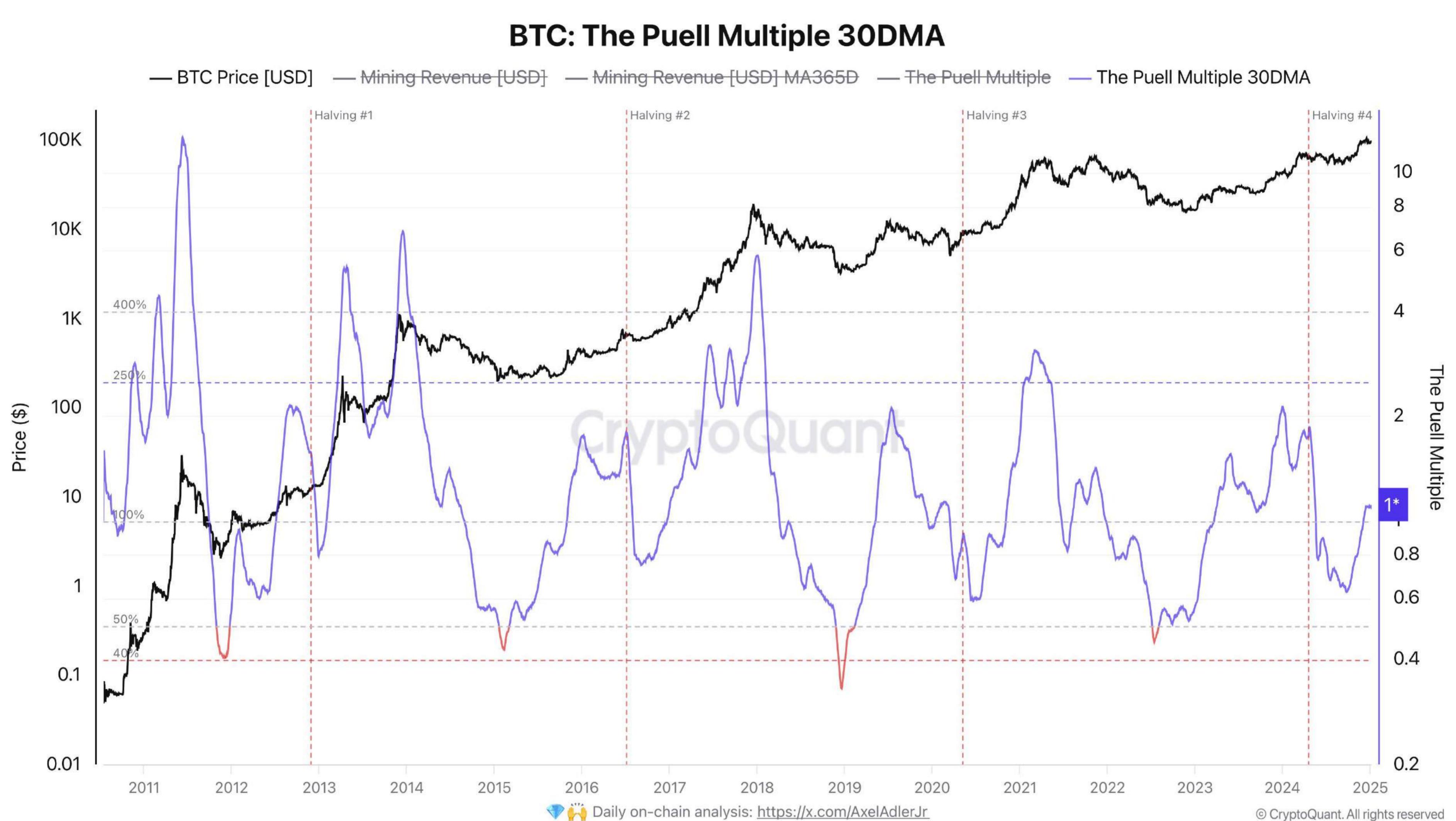
SHORT-TERM HOLDERS (STH)

- A low percentage of STH often signals limited speculative supply.
- STH are more likely to react to sharp price movements:
 - **During rallies:** They may sell to lock in profits.
 - **During drops:** They are prone to capitulate and sell at a loss.
- Given the low STH share, a large-scale selling wave from this group seems unlikely at present.

KEY TAKEAWAYS

- **LTH Holding Behavior:** Long-term holders continue to dominate the market, showing no signs of significant selling activity.
- **Limited Speculative Liquidity:** The relatively small share of short-term holders suggests reduced speculative pressure.
- **Bullish Implications:** This combination of high LTH and low STH supply typically supports a bullish market direction, potentially creating conditions for further price growth.

MINER SENTIMENT: UNDERSTANDING THE PUELL MULTIPLE



The Puell Multiple is calculated as the ratio of miners' current daily revenue to their average annual revenue. It serves as a key metric for assessing the economic pressure on miners and their potential behavior in the market.

KEY LEVELS AND THEIR IMPLICATIONS: ZONE BELOW 0.5 (OR NEAR 0.4):

Economic Pressure:

- Indicates that miners' current revenue is significantly below the annual average.
- Suggests financial stress, increasing the likelihood of miners selling accumulated BTC to cover operational costs.

Historical Significance:

- Such values often signal market bottoms, marking miners' capitulation phases.

ZONE ABOVE 2.0–2.5 (AND HIGHER):

Market Overheating:

- Reflects a period where miners' revenue is 2.5x or more than the annual average, typically indicating a highly profitable market.
- Historically observed near the peaks of bull cycles, signaling market overheating.

Miner Behavior:

- Miners often hold newly mined coins during this phase, anticipating further price increases.
- Alternatively, some miners may sell aggressively at the peak, locking in substantial profits.

PRACTICAL INTERPRETATION OF THESE LEVELS:

BELOW 0.5 ZONE:

Action:

- Miners face profitability challenges and are more likely to sell Bitcoin to sustain operations.

Market Insight:

- Signals potential accumulation opportunities, as this level often aligns with market bottoms.

ABOVE 2.0–2.5 ZONE:

Action:

- Miners may either hold BTC in expectation of continued price growth or sell aggressively at perceived peaks.

Market Insight:

- Indicates market exuberance, with a higher risk of corrections following such periods.

CURRENT RELEVANCE:

- The Puell Multiple provides valuable insights into miner sentiment and their role in the market cycle.
- Monitoring this metric alongside other indicators like MVRV Z-Score and holder behavior helps create a comprehensive picture of the market's current state and potential future movements.

In summary, the Puell Multiple is a critical tool for understanding miner-driven market dynamics, helping investors anticipate key phases of accumulation, growth, or correction.

PUELL MULTIPLE AROUND 1: "NORMAL" MARKET CONDITIONS

A Puell Multiple near 1 indicates that miners' daily revenue is approximately equal to their annual average revenue.

Stable Market Dynamics:

- When the indicator remains around 1 or fluctuates within a narrow range, it signals a market without extreme conditions.
- Neither significant pressure to sell (as seen with values below 0.4) nor excessive profits (as seen with values above 2.5) are present.

INSIGHTS ON MINER REVENUES (EARLY 2025):

Current State:

The Puell Multiple remains in the "normal" range (close to 1), suggesting that:

- Miners' daily income aligns with the annual average, indicating no major economic stress or overheated profitability.
- There is no urgent need for miners to liquidate holdings to cover operational costs.
- Miners are also not earning extraordinary profits that would incentivize sharp increases in supply.

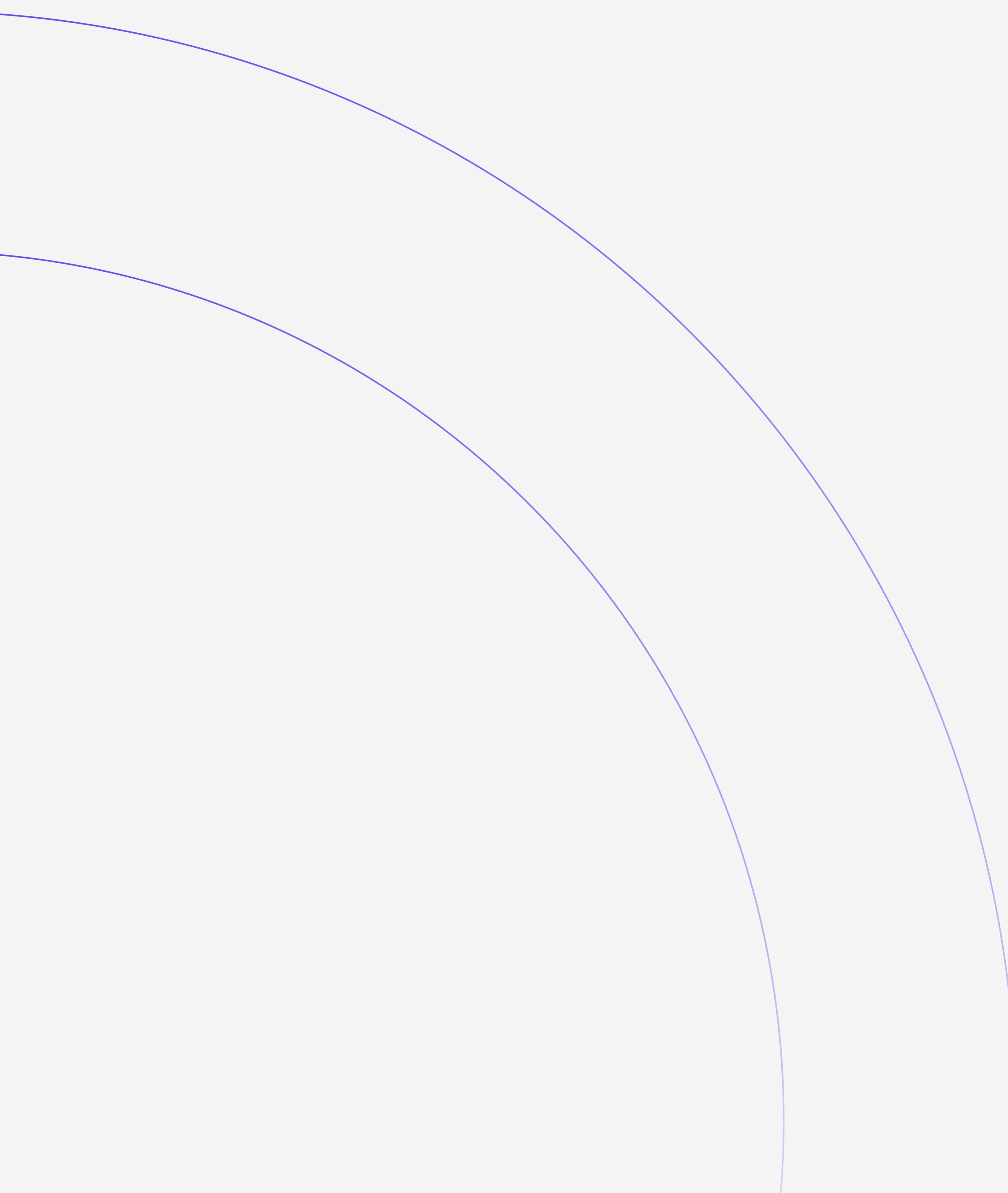
Market Implications for Q1/2025:

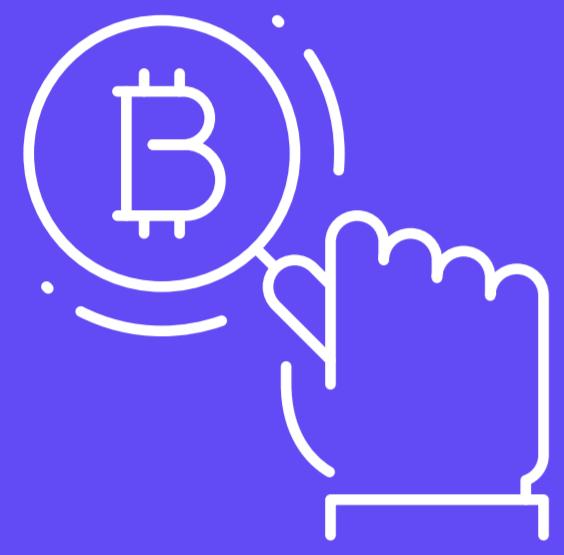
- With the Puell Multiple stable and other bullish indicators (e.g., high LTH dominance and moderate price growth), the market is likely to maintain a gradual upward trajectory.
- If the Puell Multiple begins to rise above 2.0–2.5, it may signal potential market overheating, prompting miners and other participants to lock in profits.

CONCLUSION:

As of Q1/2025, the Puell Multiple reflects a balanced market environment, with no significant pressures on miners. This stability supports a bullish outlook, with steady growth likely to continue in the near term. However, continued monitoring is advised, as a sharp rise in the Puell Multiple could indicate approaching market peaks and a shift in miner behavior.

This "normal" Puell Multiple level reinforces the market's current stability, creating a favorable foundation for sustainable growth.





INSTITUTIONAL FACTORS

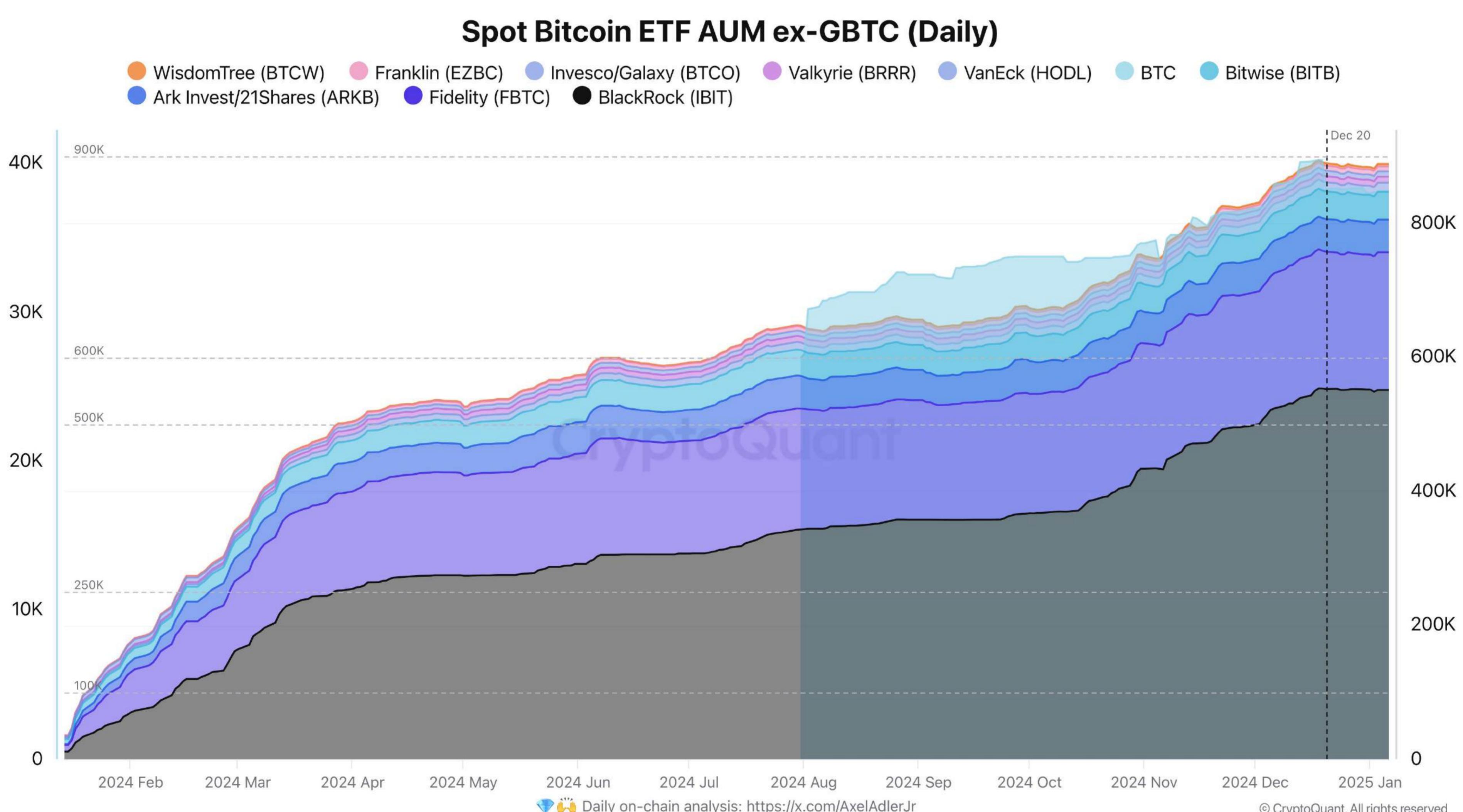
Contents:

- Spot Bitcoin ETF AUM ex-GBTC (Daily)

WHY IT MATTERS:

Spot Bitcoin ETFs are a gateway for large-scale investors (institutions, funds, hedge funds, etc.) to enter the market. They provide a regulated and accessible means for gaining exposure to Bitcoin, making them a critical component in driving mainstream adoption.

CURRENT STATE OF THE US ETF MARKET



GROWTH IN AUM DURING 2024:

- The chart shows a steady increase in Assets Under Management (AUM) since the launch/approval of major spot Bitcoin ETFs in the U.S. at the beginning of 2024.

This growth is attributed to:

- The introduction of new products from leading providers such as WisdomTree, BlackRock, and ARK.
- An active inflow of capital from both institutional and retail investors seeking exposure to Bitcoin in a regulatorily transparent format.

ANOMALY: OUTFLOWS AFTER DECEMBER 20, 2024:

- A temporary decline in AUM occurred among some providers, with total outflows amounting to a few percentage points.

Likely causes:

- Seasonal factors: End-of-year holidays and portfolio rebalancing common during the close of the fiscal year.
- Tax planning, including partial fund withdrawals, is typical during year-end position closures.

Insight:

- This appears to reflect seasonal adjustments rather than a fundamental loss of investor confidence.

FORECAST FOR Q1/2025

LIKELIHOOD OF RENEWED INFLOWS:

- With the holiday period behind and business activity resuming, AUM is expected to rebound in January–February 2025.

Drivers of growth:

- Investors who missed the initial rally in 2024 may enter the market, motivated by Bitcoin's post-halving growth and favorable macroeconomic conditions.
- Continued demand for regulated crypto exposure via ETFs will support inflows, particularly from institutions.

KEY INDICATORS TO WATCH:

- **ETF inflows:** A steady rise in AUM will reinforce the bullish trend and signal sustained institutional interest.
- **Macro conditions:** Positive economic factors and growing interest in crypto-assets will likely amplify inflows.

CONCLUSION:

Spot Bitcoin ETFs have cemented their role as a cornerstone for institutional adoption. While the end-of-year outflows in late 2024 reflect seasonal adjustments, the broader trend points to renewed inflows and growth in Q1/2025. ETFs are likely to remain a driving force behind Bitcoin's market expansion, with increasing AUM signaling greater confidence and participation from large-scale investors.

KEY INFLUENCING FACTORS

Regulatory Decisions:

- Approval of new funds and policies that expand or restrict access to retail investors.
- Regulatory clarity can significantly influence market participation and confidence.

BTC Price Dynamics:

- A continued upward trend in Bitcoin's price would provide additional incentives for new ETF purchases, attracting both institutional and retail investors.

Institutional Role:

- Large funds increasingly view spot Bitcoin ETFs as a diversification tool, bolstering demand and stabilizing inflows.
- Institutional participation reinforces Bitcoin's legitimacy as an asset class, driving further adoption.

CONCLUSION:

The local outflows after December 20 are likely seasonal adjustments tied to portfolio rebalancing and tax planning, rather than a fundamental shift in market sentiment.

With the persistence of positive factors—such as regulatory stability, rising BTC prices, and institutional interest—US Bitcoin ETFs are expected to resume AUM growth in Q1/2025, supporting the overall bullish momentum in the crypto market.





FORECAST FOR Q1/2025

Contents:

- Overall trend (bullish or bearish) against the backdrop of macroeconomic and regulatory factors.
- Assessment of potential volatility and key BTC benchmarks (e.g., ROI predictions).

FORECAST FOR Q1/2025

OVERALL TREND:

Trend: Bullish.

Macroeconomic Environment:

- Gradual easing of monetary policy, including rate cuts by the Federal Reserve and ECB, is likely to increase interest in risk assets like Bitcoin.
- The pro-crypto regulatory stance in the U.S. may further enhance investor confidence, contrasting with MiCA in the EU, which could slow crypto adoption in European markets.

Regulation:

- The U.S. is showing a softer approach to crypto, attracting institutional and retail investors.

Institutional Factors:

- Capital inflows through ETFs are expected to resume after seasonal outflows in late 2024, providing further support for Bitcoin's bullish momentum.

POTENTIAL VOLATILITY AND BITCOIN BENCHMARKS:

Volatility:

- Moderate with an upward trend:
 - Post-halving cycles are traditionally accompanied by heightened interest, leading to increased price fluctuations.
 - Institutional demand and stable miner behavior (Puell Multiple in the "normal" range) will help temper excessive volatility.

ROI Prediction:

- **Base Scenario:** A price increase of approximately 30% over the quarter.
- **Key Levels:** Bitcoin could potentially reach \$130K by the end of March 2025, depending on the pace of the post-halving rally and macroeconomic developments.

KEY RISKS:

Black Swan Events:

- Unexpected regulatory actions or macroeconomic shocks could disrupt the trend.

Slowdown in New Investor Demand:

- Reduced inflow of new participants could hinder the bullish trajectory.

CONCLUSION:

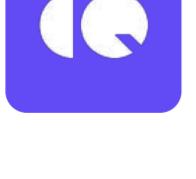
Bitcoin is likely to continue its upward trajectory within a bullish trend. Final levels will depend on the interplay of macroeconomic factors, post-halving effects, and sustained institutional interest. While the outlook is optimistic, careful monitoring of risks, such as potential regulatory surprises or shifts in demand, remains essential.



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Hi! My name is Axel, and I hold a C-Level position at a European investment bank, where my division develops tools for stock market analysis. In recent years, I have focused on Bitcoin market analysis and am a verified analyst at CryptoQuant, a platform specializing in on-chain cryptocurrency analytics.

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