

MONITORING OF RUSSIA'S ECONOMIC OUTLOOK

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THE CRYPTOCURRENCY MARKET SHOWS POSITIVE DYNAMICS IN H1 2025

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The cryptocurrency market continues to grow, and its connection to the traditional financial market is increasing due to new inflows of funds into BTC and ETH ETFs, while funds for other major cryptocurrencies are preparing to launch. In 2025, there was a trend toward purchasing cryptocurrencies (not only Bitcoin) for the balance sheets of public companies. On the one hand, this is a driver of growth in cryptocurrency capitalization, and on the other, it increases the costs of the cryptocurrency market bubble bursting, as a significant portion of these companies purchase cryptocurrencies with borrowed funds.

In the first eight months of 2025, the cryptocurrency market demonstrated positive dynamics. Market capitalization has grown by 22% (+\$714.8 bn) since the beginning of the year and, as of mid-August 2025, is close to its maximum level of around \$4 trillion (Fig. 1). Bitcoin again made the main contribution to growth, with its capitalization increasing by 25% (+\$468 bn) since the beginning

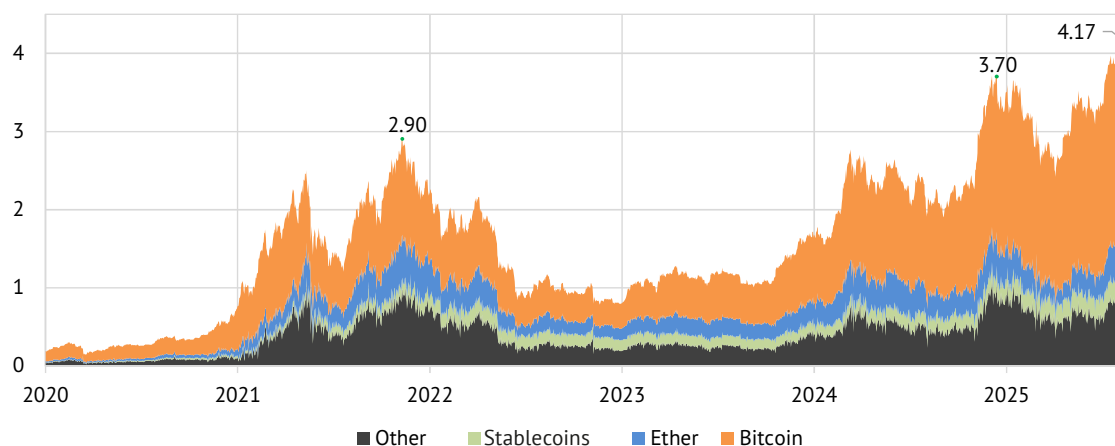


Fig. 1. Dynamics of the capitalization of the entire cryptocurrency market and its individual components (Bitcoin, Ether, stablecoins, and other altcoins), trillion dollars

Sources: coinmarketcap.com & defillama.com

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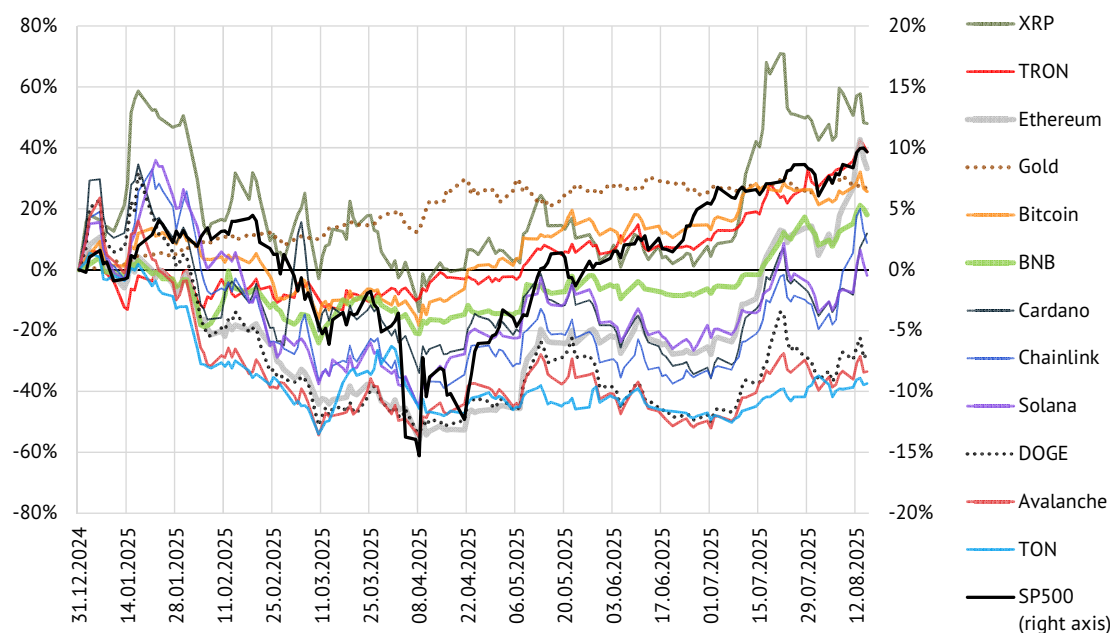


Fig. 2. Price dynamics of major cryptocurrencies, gold, and the S&P 500 index (right axis) from December 31, 2024, to August 15, 2025

Sources: coinmarketcap.com & yahoo.finance

of the year, while Ether's capitalization increased by 33% (+\$136 bn) and other altcoins by only 4.9% (\$38.4 bn). In percentage terms, the market capitalization of stablecoins grew the most, by 35.3% (+\$72 bn).

The dynamics of the cryptocurrency market in 2025 as a whole are largely subject to major macroeconomic and political shocks that also affect traditional markets (Fig. 2).

At the beginning of the year, prices of the leading cryptocurrencies by capitalization exhibited generally positive dynamics, mainly due to expectations surrounding the inauguration of the new US president, whose campaign rhetoric was exceptionally "pro-cryptocurrency." In particular, there were promises to create a national state reserve of digital currencies, as well as a change in the leadership of the Securities and Exchange Commission (SEC), which had exerted strong regulatory pressure on the industry after the collapse of the FTX exchange in November 2022. The dynamics of the XRP cryptocurrency reacted particularly positively to these expectations, with the SEC litigating against its issuer, Ripple, to recognize XRP as a security and hold it accountable for its illegal issuance.

On January 20, SEC Chairman Gary Gensler left his post, and on March 6, 2025, the US president signed an executive order to create a strategic Bitcoin reserve, which immediately included about 198,000 BTC held by the US government, most of which had been seized by the FBI as part of an investigation into the hacking of the Bitfinex cryptocurrency exchange. BTC at the disposal of the US government, most of which was seized by the FBI as part of operational search measures in the case of the hacking of the Bitfinex crypto exchange (2016) and the closure of the Silkroad darknet marketplace (2013). In addition to the Bitcoin reserve, the same decree established the U.S. Digital Asset Stockpile, which includes other cryptocurrencies (altcoins) previously seized by U.S. law enforcement agencies. Ahead of the signing of the decree, in early March, Trump announced that this reserve would include the cryptocurrencies Ether

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(Ethereum), XRP, ADA (Cardano), and SOL (Solana), which immediately caused some of them to rise (the short-term reaction to this news for XRP and Cardano can be seen in *Fig. 2*). However, unlike the Bitcoin reserve, which is strategic and not intended for sale, assets from the altcoin reserve can be sold at any time. There is no reliable information about the composition of this reserve in open sources.

The reaction of cryptocurrency prices to Donald Trump's signing of an Executive Order on March 6, 2025, which marked the increased role and significance of digital currencies in the world, turned out to be purely local, as "tariff wars" were unfolding in parallel at that moment, leading to a downturn in global markets in late February and early April 2025. Thus, the deepest fall in the S&P 500 index from its values at the beginning of the year occurred on April 8, 2025 (-15.3%) in connection with the US president's statements about the introduction of 50% tariffs on Chinese goods if China did not cancel the tariffs on American goods introduced earlier (April 2). The cryptocurrencies of most of the largest crypto projects by capitalization also hit their lowest levels since the beginning of the year on that day: Bitcoin (-18.4%), Ethereum (-55.8%), XRP (-13.7%), Solana (-44.3%), DOGE (-55.0%), Chainlink (-45.5%), and Avalanche (-54.8%). The ensuing "truce" in the trade war between the US and China in early May, which was extended for another quarter in early August, as well as strong corporate reports and expectations of a Fed rate cut, triggered a significant increase in investor demand, leading to new highs for the S&P 500 index in August, which has risen 10% since the beginning of the year.

Cryptocurrencies also showed a recovery trend along with the US market, with Bitcoin, XRP, and TRON rising to their year-to-date highs a month earlier than the S&P 500 index. In general, there was a slight lag in the performance of those cryptocurrencies that received significantly less media coverage and did not have any growth drivers (investor interest). For example, among the largest digital currencies by capitalization, XRP showed the best dynamics by mid-August, apparently due to the successful settlement of the lawsuit with the SEC and in anticipation of the launch of an ETF for the XRP cryptocurrency in the near future (the relevant applications have already been submitted by Grayscale, Bitwise, and Franklin Templeton).

The TRX cryptocurrency of the TRON blockchain showed strong momentum in anticipation of the listing of a TRON-related company on the traditional stock exchange (NASDAQ), which took place on July 24 this year, but not through an initial public offering (IPO), but through the complete acquisition of SRM Entertainment, which was already listed on the exchange. At the same time, the newly created TRON Inc. does not plan to wind up the souvenir and toy manufacturing business (SRM's main activity) but has already announced plans to raise bn dollars through the issuance of securities (additional shares, bonds, warrants, or other rights), which they will spend on purchases of TRX cryptocurrency. Thus, TRON Inc.'s goal is to transform the company into a tool for traditional investors, with which they can gain exposure to TRX, the sixth largest cryptocurrency (excluding stablecoins) in terms of capitalization (approximately \$33 bn). In other words, TRON Inc. plans to become a kind of analogue of MicroStrategy, which is actively buying up Bitcoin for its balance sheet, including through funds raised from bond issues.

As for the largest cryptocurrency, Bitcoin, or "digital gold," its return from the beginning of the year to mid-August coincided with the return on real gold, which, however, did not experience a serious decline during the year and grew

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steadily in the first half of the year. Investors' interest in Bitcoin remains strong: since the beginning of the year, net inflows into Bitcoin ETFs have amounted to almost 18 bn dollars, and private companies have increased their investments in "digital gold" by almost 40%. While at the beginning of 2025, public companies had about 684,000 BTC in their accounts, by mid-August, that number had exceeded 950,000¹ of which about 67% was held by the aforementioned company Microstrategy. The total investments of institutional investors and companies in mid-August 2025 amounted to about 2.8 mn bitcoins, which corresponds to more than 13% of the total supply of cryptocurrency in the amount of 21 mn. The current rate of Bitcoin purchases by this group of investors alone is four times higher² than the rate at which new cryptocurrency units are mined, which, all other things being equal, causes its price to rise.

In the cryptocurrency sphere, Ether, as the second largest digital currency in terms of capitalization and importance, is considered to be the leading altcoin, whose growth signals the beginning of the "alt season," a period of significant price growth for all cryptocurrencies other than Bitcoin. However, throughout the first half of 2025, Ether showed even weaker dynamics than some of the altcoins in the top ten by market capitalization. Despite the existence of Ether ETFs, investor demand for them was rather weak: from January to June 2025, net inflows amounted to only 402 bn, compared to 2.6 bn in 2024 (from launch in July to December). In June, however, inflows increased, firstly due to the successful May update of the Ethereum network, secondly due to the emergence of a narrative about public companies accumulating Ether in their accounts, similar to reserves in BTC (there are currently 17 such companies known³), and thirdly due to the development of a narrative that after full regulatory transparency on the issuance of stablecoins in the US in accordance with the agreement signed in July, the US will become the world's largest stablecoin issuer. and thirdly, due to the development of the narrative that after full regulatory transparency on the issuance of stablecoins in the US in accordance with the Genius Act signed in July, the Ethereum network will be a direct beneficiary, as it is the main blockchain for stablecoin circulation.⁴ All this led to a net inflow of more than 8.5 bn into Ether ETFs in just 2.5 months, during which time the price of Ether rose by 82%.

Along with Ether, other altcoins (Solana, BNB, Chainlink, Cardano) also showed growth, but some major digital currencies lagged significantly behind and are still below their levels at the beginning of the year. Among the "outsiders" are TON, AVAX (Avalanche), DOGE, and SOL (Solana), although some of them are currently preparing to launch ETFs. For example, trading of the Solana ETF began on August 14, and applications for ETFs on DOGE and AVAX are under review by the SEC.

One of the main trends in 2025 is the purchase of cryptocurrencies for company balance sheets. Whereas previously Bitcoin was referred to as "digital gold," today this also applies to Ether, TRON, and other major cryptocurrencies such as TON, AVAX, Litecoin, HYPE,⁵ and even memecoins⁶ (TRUMP, BONK, DOGE). Considering that on August 8, 2025, Donald Trump signed an executive

1 According to URL: <https://bitcointreasuries.net/>

2 According to River estimates. URL: <https://x.com/River/status/1960736350392738209>

3 URL: <https://ethereumtreasuries.net/>

4 URL: <https://www.theblock.co/post/363554/genius-act-letting-ethereum-have-its-moment-bernstein>

5 URL: <https://www.ft.com/content/50f98757-3823-4cd2-9adf-738f9e41b546>

6 URL: <https://finance.yahoo.com/news/safety-shot-acquires-10-revenue-124500473.html>

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order simplifying access to cryptocurrencies within the framework of American 401(k)¹ retirement accounts, which in the medium term could lead to an influx of funds into digital currencies, this strategy may prove profitable for companies that, in essence, do not engage in any active business and purchase cryptocurrencies with borrowed money. However, it is difficult to call such a strategy “reliable.” The growth in the number of such companies could lead to a bubble in the cryptocurrency market, the bursting of which, with the involvement of investors in ETFs and public companies, could prove painful for the global financial system.▲

1 URL: <https://www.whitehouse.gov/presidential-actions/2025/08/democratizing-access-to-alternative-assets-for-401k-investors/>