BITFINEX Alpha

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EXECUTIVE SUMMARY

Waiting for Conviction

Bitcoin has extended its decline from the January 20th all-time high of $109,590, falling to a low of $77,041 last week—a 29.7 percent retracement, marking the second deepest correction of this bull cycle. While historical bull markets have often seen 30 percent pullbacks before resuming an uptrend, the current cycle had previously been defined by shallower declines, largely due to institutional adoption and ETF-driven demand. The ongoing outflows from US spot Bitcoin ETFs, which totalled $921.4 million last week, suggest that institutional buyers have not yet returned with sufficient strength to counteract selling pressure.

Figure: Bitcoin Capital Flow By Short-Term Holder Across Various Cohorts. (Source: Glassnode)

Short-term holders are also continuing to face net unrealised losses, exacerbating sell-side pressure. These investors, particularly those who bought within the past 7 to 30 days, are often the most susceptible to capitulation. Historically, when fresh capital inflows slow and cost basis trends shift, it signals a weakening demand environment. This trend has become increasingly evident as Bitcoin struggles to hold above key levels. Without new buyers stepping in, Bitcoin risks extended consolidation, or even further downside as weaker hands continue to exit their positions.

The key factor to watch is whether long-term holders or institutional demand re-emerge at these lower levels. If deeper-pocketed investors begin absorbing supply, it could signal a shift back toward accumulation, potentially stabilising price action and reversing sentiment.

The US economy is also at a crossroads, with a resilient yet cooling labour market, moderating inflation, but declining consumer confidence. Inflation remained subdued in February, with lower airline fares and gasoline prices offsetting higher housing costs, but supply chain disruptions and tariff-related pressures could drive prices higher in the coming months. Job openings rose in January, while layoffs hit a seven-month low, signalling stability. However, underemployment is rising, and trade uncertainty, particularly new tariffs on key imports, is weighing on business sentiment. Consumer confidence has plunged to its lowest level in over two years, with inflation expectations surging and economic uncertainty dampening both household and business outlooks. As trade policies and inflationary risks unfold, the Federal Reserve's response will be critical in determining whether the economy stabilizes or weakens further.

University of Michigan Consumer Sentiment (Source: University of Michigan, Macrmicro)

In cryptocurrency market developments last week, the Cboe BZX Exchange proposed staking for the Fidelity Ethereum Fund. This could encourage greater ETH ETF inflows if staking yields, which amount to 3-4 percent annually, become built in. However SEC scrutiny remains a hurdle. Thailand's SEC on the other hand, approved USDt and USDC for trading on licensed exchanges, setting a regulatory precedent that may influence global stablecoin policies. In the US., Senator Cynthia Lummis reintroduced the BITCOIN Act to establish a Strategic Bitcoin Reserve, aiming to enhance financial security but facing resistance from banking institutions and the Federal Reserve. Meanwhile, Strategy™ announced a $21 billion stock offering to expand its Bitcoin holdings, reinforcing institutional interest but drawing regulatory attention. These developments highlight increasing crypto integration into traditional finance, and bring with them lasting market implications.

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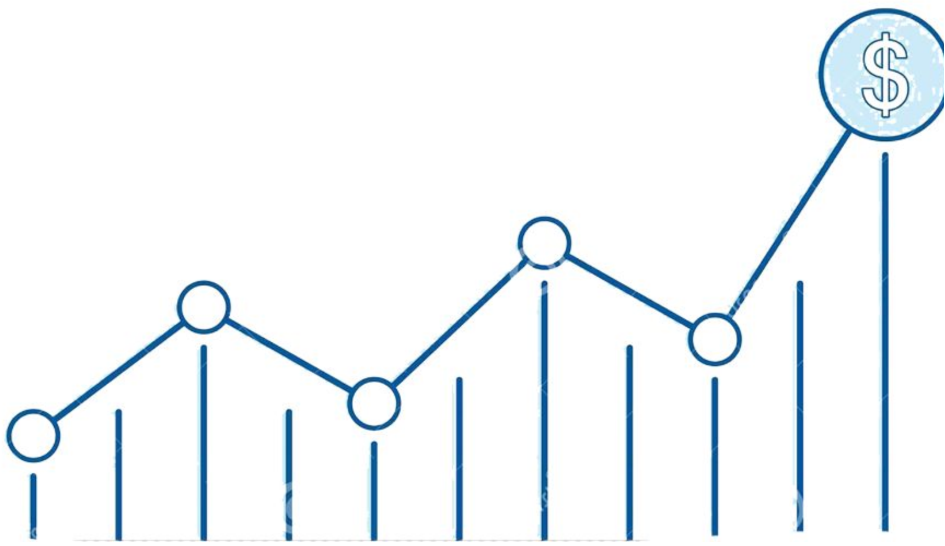


MARKET SIGNALS

Bitcoin Continues to Range After Extending Decline

Since reaching an all-time high (ATH) of $109,590 on January 20th, the day President Donald Trump was inaugurated, Bitcoin has steadily fallen. The latest decline, extending to $77,041 last week, now marks a 29.7 percent retracement from its peak, making it the second deepest pullback of the current bull cycle.

Figure 1. BTC/USD Daily Chart. (Source: Bitfinex)

Historically, bull markets have seen 30 percent corrections before resuming their uptrend. However, this cycle has been notably different. With institutional adoption accelerating, largely through spot Bitcoin ETFs and corporate accumulation, Bitcoin has experienced shallower retracements, typically ranging between 18-22 percent before continuing higher. The current 29.7 percent decline surpasses this threshold, making this only the second time Bitcoin has deviated from the recent pattern of shallower pullbacks. While institutional flows and the macro situation is pivotal for market direction in the mid-term, statistically, a 30 percent drawdown has often marked the low before continuation higher. If Bitcoin stabilises around this level, history suggests a strong recovery could follow.

While ETF-driven demand has supported price stability in previous corrections, this downturn suggests institutional buyers have not stepped in with enough aggression to counteract the selling pressure. The pattern of ETF outflows continued last week, with $921.4 million in net outflows recorded on four out of five trading days. (refer Figure 2 below)

	IBIT	FBTC	BITB	ARKB	BTCO	EZBC	BRRR	HODL	BTCW	GBTC	BTC	
Fee	0.25%	0.25%	0.20%	0.21%	0.25%	0.19%	0.25%	0.20%	0.25%	1.50%	0.15%	
24 Feb 2025	(158.6)	(247.0)	(10.3)	(22.6)	(15.0)	0.0	0.0	(7.3)	(12.5)	(59.5)	(6.2)	(539.0)
25 Feb 2025	(164.4)	(344.7)	(88.3)	(126.2)	(62.0)	(74.1)	(100.0)	(10.0)	(17.3)	(66.1)	(85.8)	(1,138.9)
26 Feb 2025	(418.1)	(145.7)	(13.6)	(60.5)	(16.8)	(9.7)	0.0	0.0	(11.5)	(22.7)	(56.0)	(754.6)
27 Feb 2025	(189.0)	(7.3)	17.6	0.0	0.0	(7.2)	(12.8)	(10.6)	(53.8)	(7.3)	(5.5)	(275.9)
28 Feb 2025	(244.6)	176.0	4.6	193.7	0.0	0.0	0.0	(7.7)	0.0	(33.3)	5.6	94.3
03 Mar 2025	(78.0)	0.0	0.0	58.2	0.0	0.0	0.0	0.0	0.0	(54.4)	0.0	(74.2)
04 Mar 2025	0.0	(46.1)	(24.0)	(43.9)	(16.5)	(35.7)	0.0	0.0	(13.1)	0.0	35.8	(143.5)
05 Mar 2025	38.9	0.0	(6.9)	0.0	(9.9)	0.0	0.0	0.0	0.0	0.0	0.0	22.1
06 Mar 2025	(50.6)	0.0	0.0	(17.8)	0.0	(18.0)	0.0	(8.2)	(5.2)	(34.5)	0.0	(134.3)
07 Mar 2025	(39.9)	(154.9)	(18.6)	(160.0)	0.0	0.0	0.0	0.6	0.0	(36.5)	0.0	(409.3)
10 Mar 2025	(89.2)	(134.0)	(6.8)	(90.9)	(14.2)	(13.6)	0.0	0.0	0.0	(20.6)	0.0	(369.3)
11 Mar 2025	(151.3)	(107.1)	(9.1)	0.0	(14.9)	(33.7)	(3.4)	(0.6)	(15.4)	(35.5)	0.0	(371.0)
12 Mar 2025	(47.1)	0.0	0.0	82.6	(12.4)	0.0	0.0	0.0	(3.5)	(11.8)	5.5	13.3
13 Mar 2025	45.7	(75.5)	(11.0)	(60.2)	0.0	(7.0)	0.0	0.0	(14.5)	(12.7)	0.0	(135.2)
14 Mar 2025	(96.2)	9.2	23.0	-	0.0	0.0	0.0	4.8	0.0	0.0	0.0	(59.2)
Total	39,236	11,255	2,024	2,498	116	243	417	832	103	(22,501)	1,069	35,293

Figure 2. US-Based Spot Bitcoin ETF Net Flows. (Source: FarsideUK)

With Bitcoin at a crucial inflection point, the coming weeks will likely be dictated by ETF flows, macroeconomic developments, and liquidity conditions. If institutional participation resurges, Bitcoin could regain momentum. However, if the broader market remains risk-averse, we may see an extended period of range-bound price action and perhaps even more downside.

Adding to the recent wave of selling, most Bitcoin Short-Term Holders (STH) are currently underwater, and are also contributing to the downward pressure on Bitcoin’s price. Short-Term Holders—defined as wallets holding BTC for less than 180 days—are now in a state of net unrealised loss, which historically leads to increased sell-side activity. A particularly vulnerable subset within this group are Bitcoin “shrimps”—addresses holding less than 1 BTC. These smaller holders tend to exit positions during relief bounces after being stuck in unrealised losses for an extended period.

Figure 3. Bitcoin Capital Flow By Short-Term Holder Across Various Cohorts. (Source: Glassnode)

We can examine STHs by segmenting them into two sub-cohorts based on their acquisition time frame: those who purchased Bitcoin within the past 7 to 30 days (1w–1m holders) and those who acquired BTC between 1 and 3 months ago (1m–3m holders).

In periods of strong capital inflows, the cost basis of the 1w–1m cohort typically rises above that of the 1m–3m cohort. This indicates that newer investors are paying a premium to enter the market, reflecting bullish sentiment and momentum-driven demand. However, in Q1 2025, this trend began to flatten out, signalling the first signs of weakening demand. As Bitcoin’s price dropped below $90,000 and remained there, the model confirmed a transition into net capital outflows, with the 1w–1m cost basis falling below the 1m–3m cost basis. This reversal is significant, as it suggests that fresh capital is no longer entering the market at the same pace, reinforcing the shift from post-ATH euphoria to a more cautious trading environment.

This shift in cost basis trends suggests that new investors are hesitant to absorb sell-side pressure, a clear sign of deteriorating risk appetite. The broader macroeconomic backdrop—rising geopolitical tensions, continued ETF outflows, and stalling momentum across risk assets—has likely exacerbated this hesitancy. If new buyers fail to step in, Bitcoin could face extended consolidation or further downside pressure as short-term holders, already in unrealised losses, continue to offload their positions.

A crucial metric for assessing the rising sell pressure on Bitcoin is the Short-Term Holder Spent Output Profit Ratio (STH-SOPR). This indicator tracks whether short-term holders (STHs) are selling at a profit (SOPR > 1) or at a loss (SOPR < 1), providing a clear view of investor sentiment and market stress.

Since Bitcoin fell below $95,000, the 30-day moving average of STH-SOPR has consistently remained under one, signalling that most short-term investors are realising losses on their sales. The situation intensifies during extreme sell-offs, with STH-SOPR dropping to 0.97 when BTC briefly dropped to $78,000, reflecting one of the most severe capitulation events of the cycle.

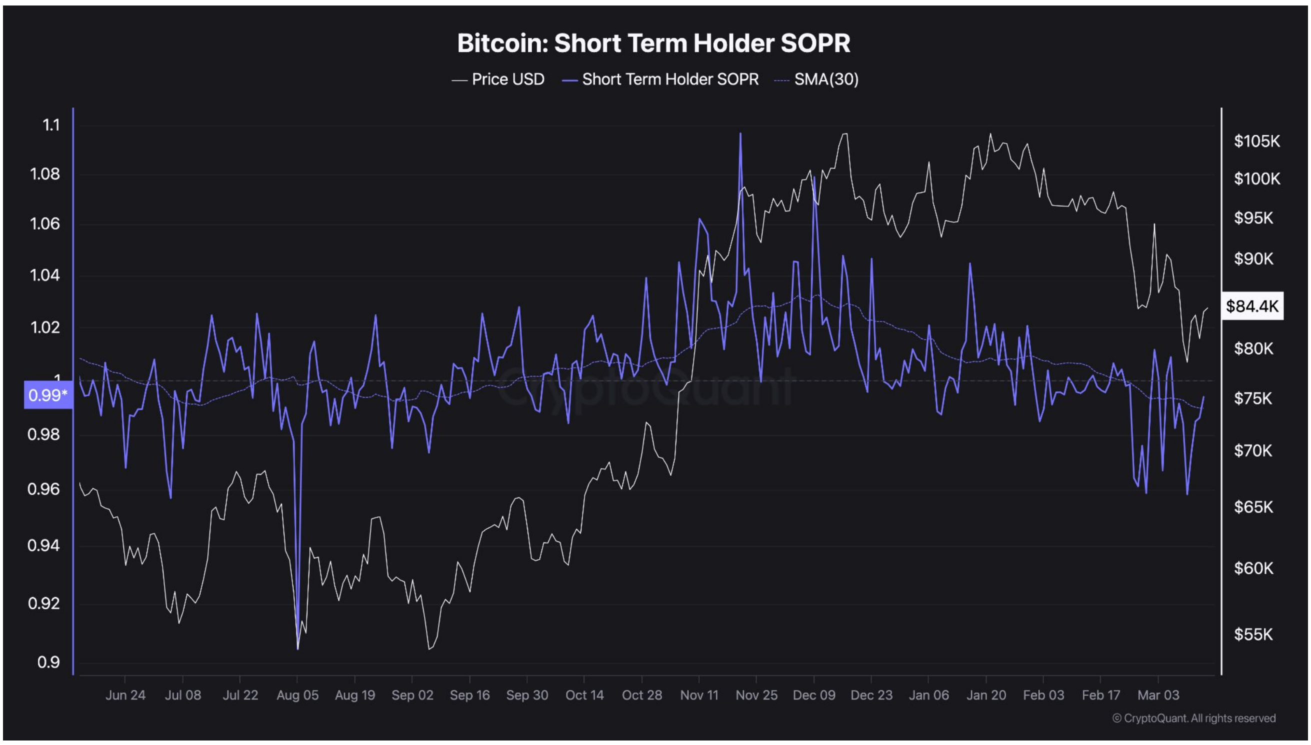


Figure 4. Bitcoin Short-Term Holder Spent Output Profit Ratio. (Source: CryptoQuant)

This persistent downward pressure has kept newer market participants on edge, leading to widespread selling at a loss. Historically, such conditions often precede local seller exhaustion, a key phase where the bulk of weak hands have exited, and stronger hands start to accumulate again. Long-term investors typically monitor these capitulation zones for potential re-entry opportunities, recognising that deeply negative STH-SOPR prints can act as a contrarian buy signal when sell-side momentum weakens.

As BTC continues its second largest pullback of this cycle, the impact of STH capitulation will be crucial to monitor. If selling from this cohort intensifies, it could reinforce a lower volatility, grind-down scenario, further delaying any meaningful price recovery. However, if demand from long-term holders or institutional buyers steps in at these lower levels, we could see a stronger price reaction and a reversal in sentiment.

GENERAL MACRO UPDATE

Inflation Trends and Trade Policies: What's Next for the US Economy?

Inflation in the US rose slowly in February, as rising housing costs were counterbalanced by lower airline fares. We believe this provides the Federal Reserve with room to maintain its current interest rate stance in the near term while monitoring the economic impact of current ongoing trade disputes. However, we see this as only a temporary reprieve, before tariffs start putting upward pressure on consumer prices in the coming months.

The Consumer Price Index (CPI), which measures changes in the cost of goods and services, rose by 0.2 percent in February—the smallest increase since October 2024. This followed a sharper rise of 0.5 percent in January, according to data published in the Bureau of Labor Statistics' Consumer Price Index Summary last Wednesday, March 12th. Housing costs, which include rent, hotels, and motels, contributed significantly to the increase, rising 0.3 percent in February after a 0.4 percent jump in January.

However, other price components helped temper inflation. Airline fares dropped by 4 percent, suggesting weaker demand as businesses and consumers reduced spending. US airlines have already revised their earnings forecasts downward, citing economic uncertainty.

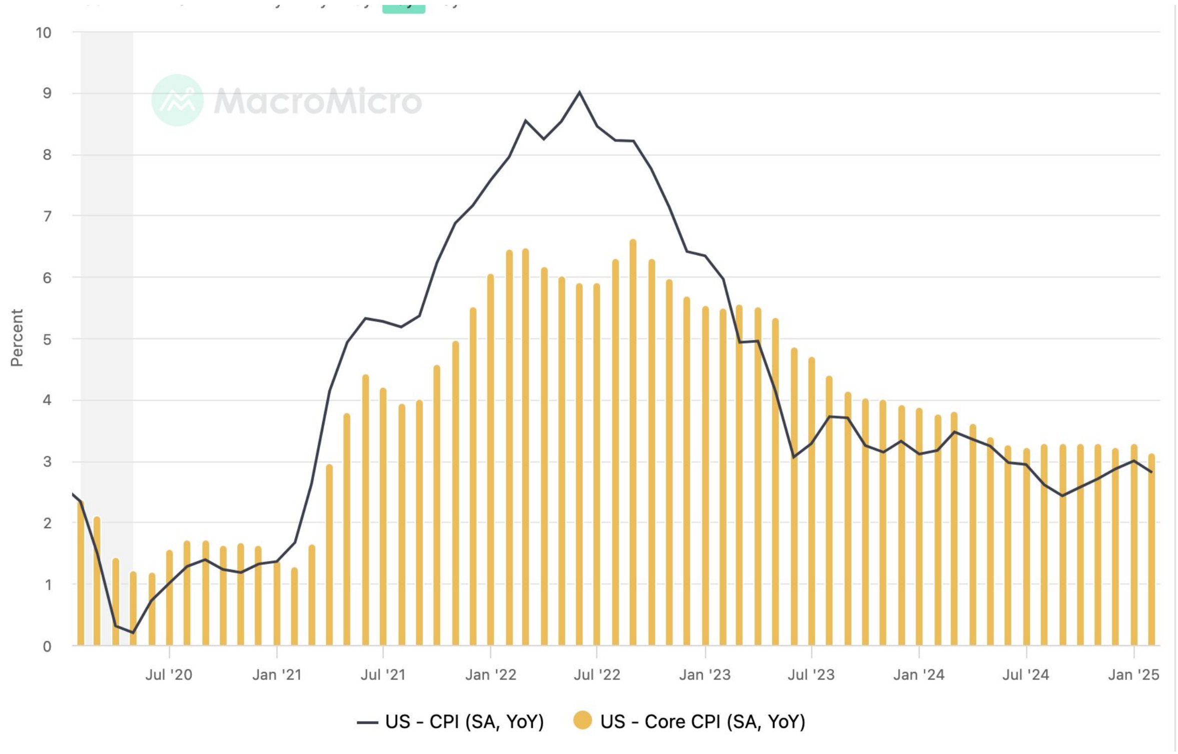


Figure 5. Year-Over-Year Change in Consumer Price Index (Source: Bureau of Labor Statistics, Macromicro)

Additionally, gasoline prices declined by 1 percent as slowing global economic growth curbed oil demand. Food prices on the other hand, saw a moderate increase of 0.2 percent, down from a 0.4 percent rise in January. While grocery prices remained stable, egg prices surged 10.4 percent due to supply shortages caused by an avian flu outbreak, continuing their upward trajectory. Over the past year, egg prices have skyrocketed 58.8 percent, and in doing so have become a relatable talking point in discussions about inflation.

On a year-over-year basis, CPI was up 2.8 percent in February, easing slightly from the 3 percent rise recorded in January. The consensus forecast was for a slightly higher annual gain of 2.9 percent. When excluding the volatile food and energy sectors, core CPI increased by 0.2 percent in February, slowing from a 0.4 percent rise in January. This moderation was driven in part by the lower airline fares mentioned above, as well as a drop in new motor vehicle prices.

Despite this moderation in inflation however, financial markets have been volatile, with stocks dropping significantly as investor concern has spread to the ongoing trade tensions between the US and some of its largest trading partners, and how that might impact overall economic expansion.

At the beginning of February, the US administration imposed a 20 percent tariff on Chinese goods and a 25 percent duty on imports from Canada and Mexico. However, an exemption was granted for imports from Canada and Mexico in recognition of the structure of the automotive supply chain that strives to bring production into the US, and no tariffs were imposed on goods from Canada and Mexico that claim and qualify under the US-Mexico-Canada Agreement on rules-of-origin.. However, new steel and aluminum tariffs did take effect globally, prompting swift retaliatory measures from Europe.

Fearing higher prices, consumers have been accelerating purchases of durable goods such as motor vehicles, and we expect this to soon be reflected in economic data.

So, despite some signs of inflation cooling, the Federal Reserve faces a complex policy decision. If inflationary pressures from tariffs persist and consumer expectations shift, the central bank may need to reconsider its interest rate strategy. While current conditions allow for stability, the risk of inflation accelerating due to trade disruptions remains a key factor in future policy decisions.

Resilient Job Market Could Be Threatened by Trade and Fiscal Challenges

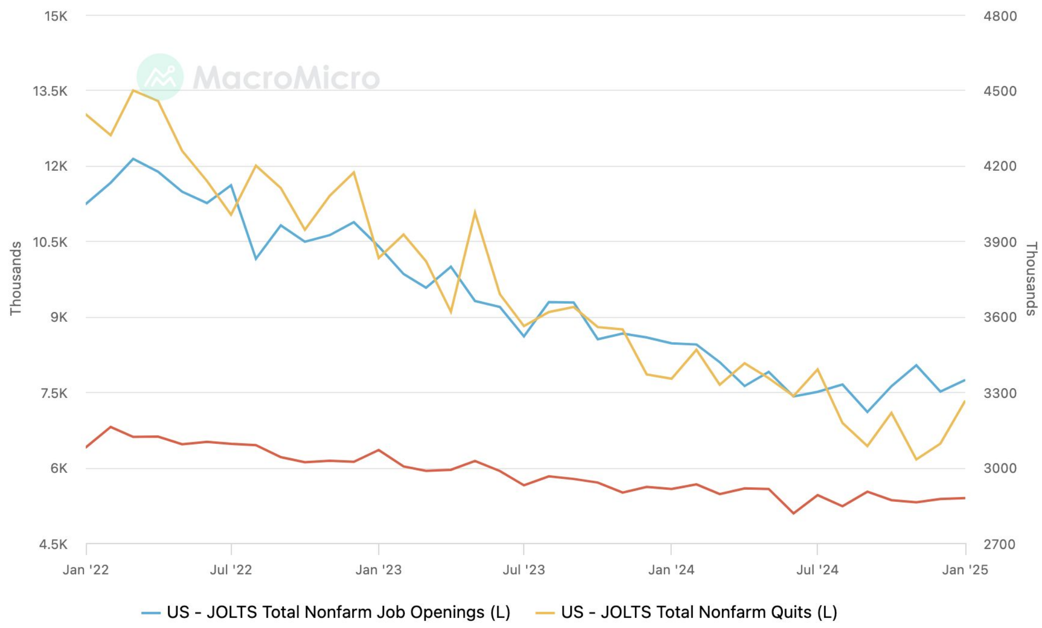


Figure 6. Job Opening and Labor Turnover Survey (Source: Bureau of Labor Statistics)

The US labour market continued to demonstrate its remarkable resilience in early 2025. With January's job openings data indicating strong demand for workers, February's data has now come in with net job gains of 151,000 , reinforcing just how strong employment conditions are in the US. Despite broader economic uncertainty, labour market stability remains intact according to The Bureau of Labor Statistics' latest Job Openings and Labor Turnover Survey (JOLTS), issued last Tuesday, March 11th.

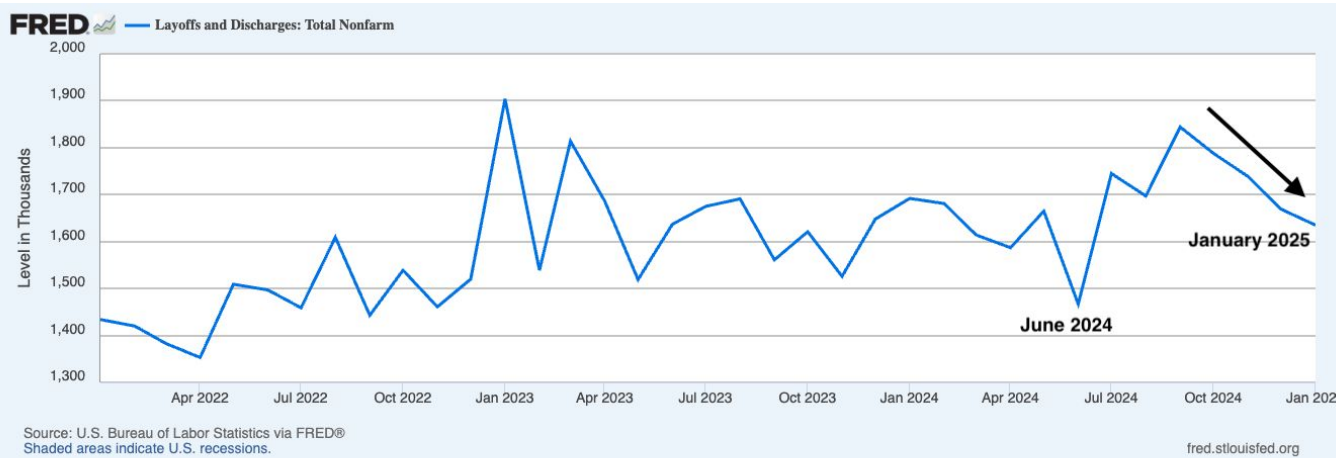


Figure 7. Layoffs and Discharges Total Nonfarm (Source: Bureau of Labor Statistics via FRED)

At the end of January, job openings increased by 232,000 to 7.74 million, although December's figures were revised downward. Moreover, revised data showed that the average number of job openings throughout 2024 decreased by 1.5 million to 7.8 million, suggesting some cooling in the labour market.

The survey also revealed however that layoffs declined for the fourth consecutive month, reaching their lowest level since June 2024. Layoffs fell by 34,000 in January, a seven-month low of 1.635 million. Job cuts were primarily reduced in retail, leisure and hospitality, and financial activities. Federal government job losses also decreased by 1,000, and the overall layoff rate dropped to 1.0 percent. However, the availability of new job opportunities remains limited, reflecting ongoing caution among employers.

Trade policy uncertainty, especially regarding changing tariffs being imposed on Canada and Mexico, has unsettled businesses and consumers. Investor sentiment has also taken a hit, with the decline in share prices erasing all the earlier post-election gains, as fears of an economic dislocation are heightened.

Figure 8. S&P 500, Dow Jones Industrial Average, Nasdaq Price Action (Source: Tradingview)

Federal Reserve's Next Move and Economic Outlook

Given the labour market's relative stability, the Federal Reserve is expected to keep its benchmark interest rate steady within the 4.25 to 4.50 percent range. However, financial markets anticipate that rate cuts may resume by June, as economic conditions deteriorate. Since September, the Fed has already reduced rates by 100 basis points, following an aggressive tightening cycle in 2022 and 2023 that saw rates rise by 5.25 percentage points to combat inflation.

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	**225-250**	**250-275**	**275-300**	**300-325**	**325-350**	**350-375**	**375-400**	**400-425**	**425-450**	**450-475**
3/19/2025				0.0%	0.0%	0.0%	0.0%	2.0%	98.0%	0.0%
5/7/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	27.7%	71.8%	0.0%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	19.0%	57.7%	22.9%	0.0%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.1%	6.9%	32.6%	45.5%	14.8%	0.0%
9/17/2025	0.0%	0.0%	0.0%	0.1%	4.2%	22.4%	40.3%	27.1%	5.9%	0.0%
10/29/2025	0.0%	0.0%	0.0%	1.3%	9.6%	27.7%	36.4%	20.7%	4.2%	0.0%
12/10/2025	0.0%	0.0%	0.5%	4.6%	16.7%	31.1%	30.3%	14.3%	2.5%	0.0%
1/28/2026	0.0%	0.1%	1.0%	5.9%	18.3%	31.0%	28.5%	13.0%	2.3%	0.0%
3/18/2026	0.0%	0.3%	2.0%	8.6%	21.0%	30.5%	25.1%	10.7%	1.8%	0.0%
4/29/2026	0.0%	0.4%	2.6%	9.6%	21.8%	30.0%	23.9%	9.9%	1.6%	0.0%
6/17/2026	0.1%	0.6%	3.1%	10.6%	22.5%	29.6%	22.9%	9.3%	1.5%	0.0%
7/29/2026	0.1%	0.7%	3.4%	11.1%	22.8%	29.3%	22.3%	8.9%	1.4%	0.0%
9/16/2026	0.1%	0.8%	3.7%	11.4%	23.0%	29.1%	21.9%	8.7%	1.4%	0.0%
10/28/2026	0.1%	0.7%	3.4%	10.7%	21.9%	28.5%	22.5%	9.9%	2.0%	0.1%
12/9/2026	0.6%	3.1%	9.8%	20.5%	27.7%	23.3%	11.5%	3.0%	0.4%	0.0%

Figure 9. CME FedWatch Tool - Conditional Meeting Probabilities (Source: CME FedWatch Tool)

The quit rate, which reflects labour market confidence, increased in January. This suggests that workers have a stronger bargaining position due to steady demand. While expected government layoffs, spurred on by the new US Department of Government Efficiency, could have broader economic implications, the private sector is expected to absorb much of the impact, provided economic conditions remain stable.

Other warning signs also persist. A broader measure of unemployment, known as the U-6 rate, has surged to its highest level in over three years. Unlike the standard unemployment rate (U-3), which only counts those actively seeking work, the U-6 rate includes discouraged workers, those marginally attached to the labour force, and individuals working part-time for economic reasons—those who want full-time jobs but can't find them. This rise indicates growing underemployment, with more workers taking on part-time roles. Additionally, the proportion of individuals juggling multiple jobs has reached levels not seen since the Great Recession.

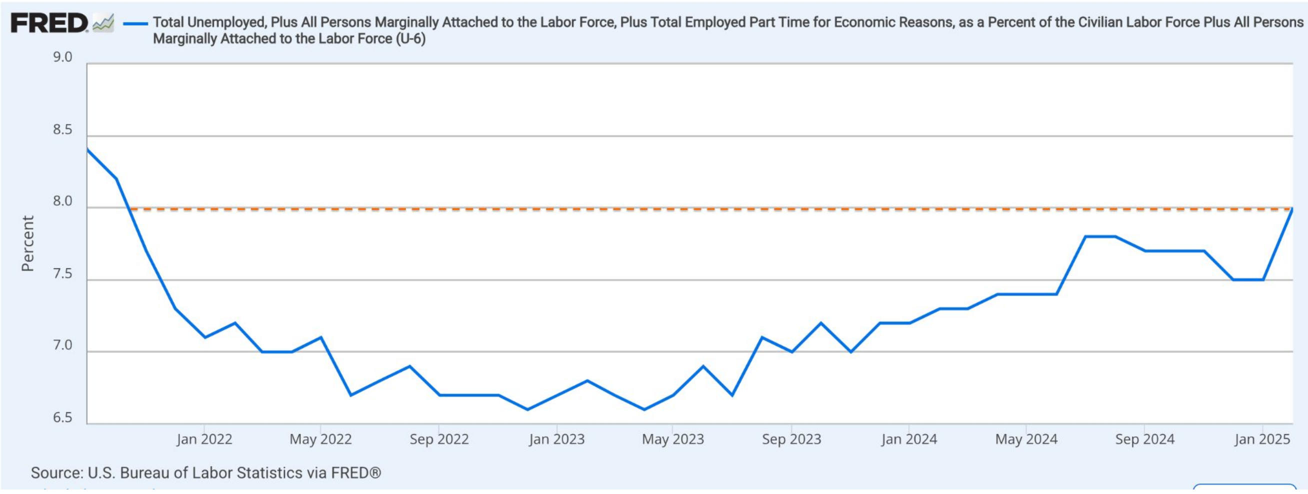


Figure 10. Total Unemployment , U-6 (Source: Bureau of Labor Statistics, Fred)

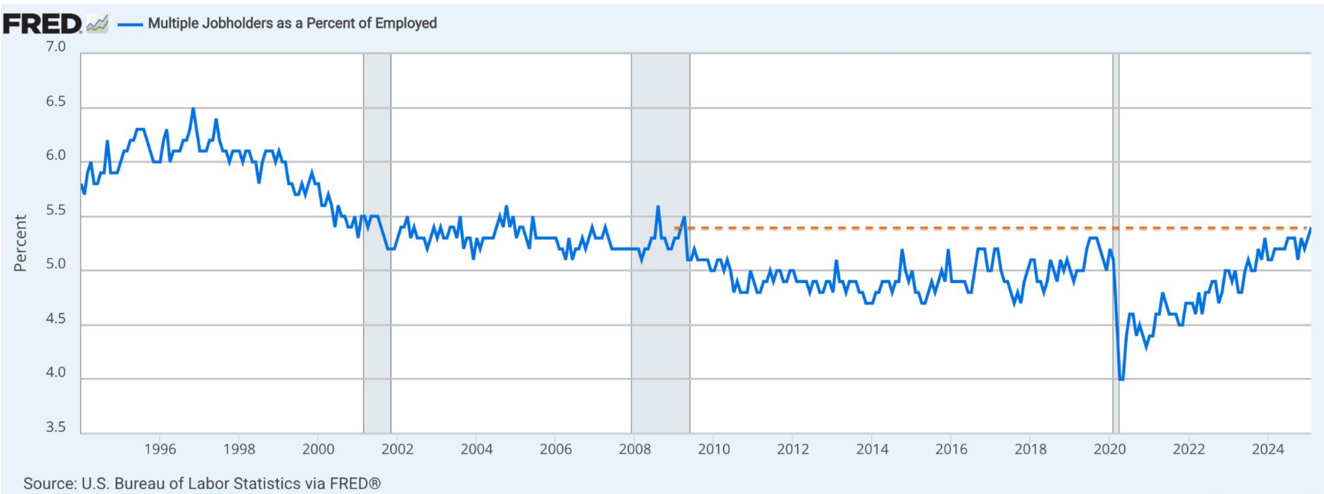


Figure 11. Multiple Jobholders Has Reached Levels Not Seen Since The Great Recession (Source: Bureau of Labor Statistics, Fred)

Looking ahead, much will depend on how trade policies evolve. If tariff-related uncertainties persist, they could disrupt hiring trends and business confidence. While the labour market remains strong for now, its trajectory in the coming months will be shaped by domestic policy decisions and global economic conditions.

Consumer Confidence Sinks as Inflation Fears Mount

Preliminary Results for March 2025

	Mar 2025	Feb 2025	Mar 2024	M-M Change	Y-Y Change
Index of Consumer Sentiment	**57.9**	64.7	79.4	-10.5%	-27.1%
Current Economic Conditions	**63.5**	65.7	82.5	-3.3%	-23.0%
Index of Consumer Expectations	**54.2**	64.0	77.4	-15.3%	-30.0%

Figure 12. Consumer Sentiment Index (Source: University of Michigan)

Consumer confidence in the US has taken a sharp hit, reaching its lowest point in nearly two and a half years. The latest University of Michigan Consumer Sentiment Index shows a significant decline, reflecting growing concerns over inflation and economic uncertainty. At the heart of this downturn is the increasing unpredictability of government policies, particularly the impact of trade tariffs and federal workforce cuts.

Figure 13. University of Michigan Consumer Sentiment (Source: University of Michigan, Macrmicro)

The University of Michigan's Consumer Sentiment Index fell to 57.9 in March, the weakest level since November 2022, according to the Survey of Consumers Preliminary Report, issued last Friday, March 14th. This drop was steeper than the consensus forecast, indicating that Americans are increasingly worried about their financial outlook.

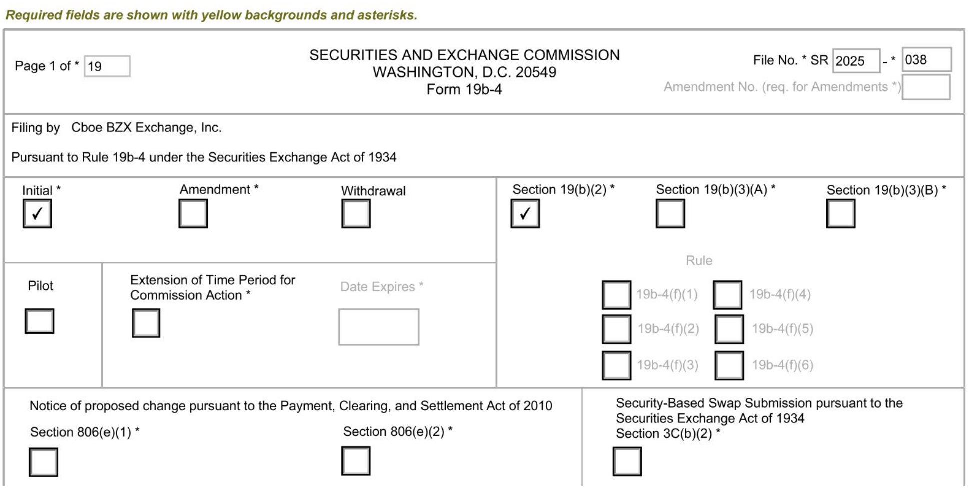
One major factor driving this decline is inflation expectations. The latest data reveals that consumers expect inflation to reach 4.9 percent over the next 12 months, up from 4.3 percent in February. Even long-term inflation expectations have surged, with the five-year inflation outlook climbing to 3.9 percent, the highest level recorded since 1993.

Beyond inflation, concerns about employment, personal finances, and stock market stability have contributed to the decline in sentiment. Many Americans feel uncertain about their ability to plan for the future, a sentiment mirrored by business leaders too, who are concerned by the increasingly unpredictable shifts in trade policies and economic regulations, created by the changing rhetoric on trade tariffs.

As tariffs increase the cost of imported goods, this is likely to lead to higher prices for businesses and consumers alike. As costs rise, companies may respond by reducing capital investments or delaying hiring, which can slow economic growth and increase the risk of unemployment.

NEWS FROM THE CRYPTO-SPHERE

Cboe BZX Exchange Proposed Allowing Staking for the Fidelity Ethereum Fund



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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2025 - * 038
Amendment No. (req. for Amendments *)

Filing by Cboe BZX Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ✓ | Amendment * | Withdrawal | Section 19(b)(2) * ✓ | Section 19(b)(3)(A) * | Section 19(b)(3)(B) *

Pilot | Extension of Time Period for Commission Action * | Date Expires *

Rule: 19b-4(f)(1) | 19b-4(f)(4) | 19b-4(f)(2) | 19b-4(f)(5) | 19b-4(f)(3) | 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) * | Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Figure 14. Cboe BZX Exchange Proposed Allowing Staking for the Fidelity Ethereum Fund

- **The Cboe BZX Exchange proposed allowing staking for the Fidelity Ethereum Fund, potentially boost ETH ETF inflows, as staking is likely to result in additional rewards of 3-4 percent annually and make them more attractive to institutional investors**
- **If approved, it could set a regulatory precedent for staking in traditional finance, but SEC scrutiny remains a key hurdle, given its past crackdown on staking services**

Last Tuesday, March 11th, the Cboe BZX Exchange proposed allowing staking for the Fidelity Ethereum Fund. If approved, the fund could stake its Ethereum (ETH) holdings, earn rewards, and reinvest or distribute them. This move comes as ETH ETFs struggle with low inflows compared to Bitcoin ETFs.

Unlike Bitcoin, Ethereum offers staking rewards of approximately 3-4 percent annually. Adding a yield component could attract more institutional investors and reverse the negative inflows ETH ETFs have faced. Staking could also make ETH ETFs resemble dividend-paying assets, appealing to hedge funds and pension managers. Additionally, locked-up ETH reduces circulating supply, potentially driving price appreciation and market stability.

The SEC has previously cracked down on staking, such as shutting down Kraken's staking services in 2023. Approving this proposal could set a major precedent for regulated staking in traditional finance. The decision on this proposal could reshape Ethereum's institutional adoption and impact its role in financial markets.

Thailand Grants Regulatory Approval to USDT and USDC

Figure 15. Thailand Grants Regulatory Approval to USDT (Image from Tether.io)

- **Thailand's SEC has approved USDt and USDC for trading on regulated exchanges starting March 16, 2025, reinforcing its commitment to integrating stablecoins into its financial system while ensuring investor protection**

- **This move could expand Thailand's cryptocurrency market and set a global precedent for stablecoin regulation, influencing other countries to adopt similar frameworks**

Thailand's Securities and Exchange Commission (SEC) has officially approved Tether's USDt and Circle's USDC as recognised cryptocurrencies, marking a significant milestone in the country's digital asset landscape. The decision, announced last Monday, March 10th, underscores Thailand's commitment to integrating stablecoins into its financial ecosystem while ensuring investor protection.

The regulatory approval allows USDt and USDC to be listed on Thailand's licensed cryptocurrency exchanges starting March 16, 2025. This move is part of broader efforts to foster financial innovation and enhance the flexibility of digital asset transactions within the country.

Prior to the approval, the SEC conducted a public consultation in February 2025, gathering feedback from industry stakeholders. The strong support for stablecoin adoption highlighted their growing role in the financial sector, reinforcing the need for regulatory clarity.

The recognition of USDt and USDC is expected to expand Thailand's cryptocurrency market by offering investors reliable, fiat-pegged digital assets. Increased accessibility to stablecoins could drive greater trading activity and adoption in the region.

Beyond Thailand, this move may set a precedent for other nations considering the regulation of stablecoins. As more governments explore digital asset frameworks, Thailand's structured approach could influence global regulatory trends and encourage wider acceptance of stablecoins.

Senator Cynthia Lummis Reintroduces BITCOIN Act to Establish US Strategic Bitcoin Reserve

Figure 16. Senator Cynthia Lummis Reintroduces BITCOIN Act to Establish US Strategic Bitcoin Reserve

- **Senator Cynthia Lummis reintroduced the BITCOIN Act to establish a US Strategic Bitcoin Reserve, proposing the purchase of 1 million bitcoins and secure government-managed vaults, without taxpayer burden**
- **While the bill could enhance Bitcoin's legitimacy and financial stability, critics argue it clashes with existing banking structures, lacks Federal Reserve support, and raises concerns about long-term value stability**

Last Tuesday, March 11th, Senator Cynthia Lummis (R-WY) reintroduced the Boosting Innovation, Technology, and Competitiveness through Optimized Investment Nationwide (BITCOIN) Act in the US Senate. The bill proposes the establishment of a Strategic Bitcoin Reserve, positioning Bitcoin as a national asset similar to gold, to enhance America's financial security and address national debt concerns.

Key Provisions of the BITCOIN Act

1. Creation of Secure Bitcoin Vaults
   The Department of the Treasury would oversee a distributed network of secure Bitcoin vaults to ensure both physical and cyber protection of the nation's Bitcoin holdings.
2. Acquisition of 1 Million bitcoins
   The bill suggests a government initiative to purchase 1 million bitcoins, approximately 5 percent of Bitcoin's total supply, mirroring the scale of the US gold reserves.
3. Funding Mechanism
   The acquisition would be financed by reallocating existing funds within the Federal Reserve System and the Treasury Department, ensuring no additional taxpayer burden.
4. Protection of Financial Freedoms
   The bill explicitly upholds individuals' self-custody rights over Bitcoin, affirming that the national reserve would not impose restrictions on private Bitcoin ownership.

Implications for the Cryptocurrency Market

The establishment of a US Strategic Bitcoin Reserve could have significant effects on the cryptocurrency landscape:

- Greater Institutional Adoption – A government-backed Bitcoin reserve could signal increased institutional legitimacy, encouraging other nations and major financial institutions to explore similar holdings.
- Market Confidence & Price Stability – Government participation in Bitcoin accumulation may boost market confidence, potentially stabilizing Bitcoin's volatility.
- Regulatory Developments – The move could lead to clearer regulatory frameworks, providing increased certainty for investors and businesses.
- Impact on Bitcoin Supply – With 1 million bitcoins allocated to the US reserve, the available market supply could decrease, further reinforcing Bitcoin's scarcity and potential value appreciation.

Skepticism and Challenges

Despite the bold vision, the proposal faces skepticism from various economic and financial stakeholders:

- Critics argue that reliance on Bitcoin may clash with the existing banking infrastructure backing the US dollar.
- Some analysts express concerns about Bitcoin's long-term value stability and the cost of storage without guaranteed returns.
- Federal Reserve Chairman Jerome Powell has stated that the central bank has no framework to hold Bitcoin and is not considering policy revisions to facilitate such holdings. Any legislative changes would require Congressional authorisation, a process that may take significant time and debate.

The reintroduction of the BITCOIN Act marks a significant step toward integrating cryptocurrency into US national financial strategies. While its feasibility and long-term impact remain subjects of debate, the bill underscores a growing recognition of digital assets' potential role in the global economy. If passed, it could redefine America's approach to financial innovation and monetary sovereignty in the digital age.

Strategy Announces $21 Billion ATM Program to Expand Bitcoin Holdings

Figure 17. Strategy Announces $21 Billion ATM Program to Expand Bitcoin Holdings (Image Source: Strategy)

Last Monday, March 10th, Strategy™ (formerly MicroStrategy) unveiled a $21 billion at-the-market (ATM) offering of its 8.00 percent Series A perpetual strike preferred stock (STRK), reinforcing its aggressive Bitcoin acquisition strategy. The move not only signals the company's continued commitment to digital assets but also provides additional capital for corporate operations.

Key Details of the ATM Program

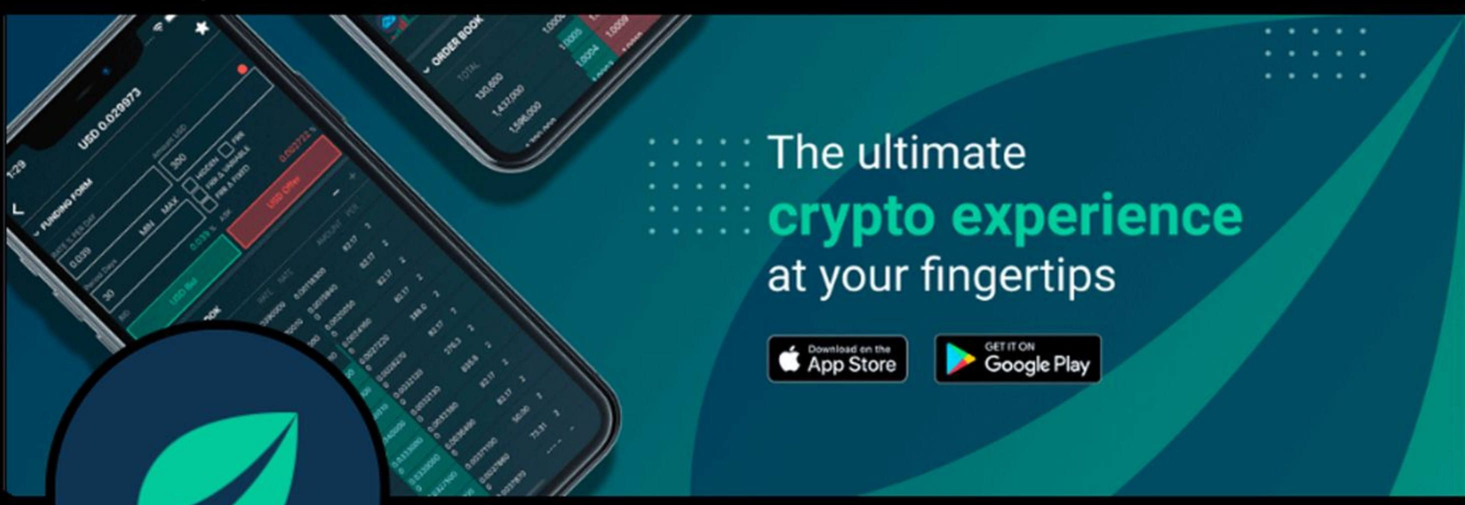
- **Preferred Stock Offering:** Strategy plans to issue and sell shares of its perpetual strike preferred stock, with a total offering worth up to $21 billion. These shares are convertible into Strategy's Class A common stock.
- **Utilisation of Proceeds:** The proceeds from the offering will be directed toward general corporate purposes, including further Bitcoin purchases and working capital.
- **Sales Approach:** Strategy intends to execute the sales in a measured manner over time, factoring in trading prices and market conditions to optimise the offering.

Strategy’s Expanding Bitcoin Holdings

As of the announcement, Strategy holds nearly 500,000 bitcoins, valued at approximately $42 billion. This cements its position as the largest corporate Bitcoin holder, surpassing other institutional investors.

The news of Strategy’s expanded investment program had boosted Bitcoin prices and underscored the growing role of corporate institutions in digital asset accumulation.

Large-scale institutional investments of this nature may however attract increased regulatory scrutiny, potentially shaping future cryptocurrency policies and compliance requirements. However, Strategy’s continued engagement with Bitcoin showcases the increasing integration of digital assets into corporate treasury strategies.



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