

Caleb & Brown

Crypto Brokerage

Inside the Markets

August 2025

Global macro moves markets in July and 'OG' altcoins soar

July saw record highs across TradFi risk assets, a new all-time high for bitcoin and a rally for many altcoins, including 'OG' cryptocurrencies, such as Ethereum, XTZ, XRP, and Litecoin. The U.S. continued its negotiations with its trading partners and later announced the tariffs that will come into effect from August 7. This announcement, coupled with weak U.S. jobs data and profit-taking, caused a sell-off across risk assets, including crypto, as August began.

Keep reading to understand what's currently impacting crypto markets and what we'll be monitoring in August.

Tariffs, strong earnings and global M2 money supply moved TradFi in July

Risk assets in TradFi markets performed well in July, with the S&P 500 and Nasdaq repeatedly closing at record highs. Upward momentum was driven by Q2 earnings and global M2 money supply reaching a record [US\\$55.5 trillion](#). By mid-July, [86%](#) of S&P 500 firms reporting had beaten expectations. [Meta and Microsoft](#) also beat Q2 forecasts, with Meta raising its Q3 guidance.

The U.S. secured [trade deals](#) with the EU, Japan, and South Korea, while Mexico received a 90-day extension to negotiate. However, sentiment shifted after President Trump signed an executive order on July 31 to impose tariffs of 10% to 41% on dozens of countries, effective August 7. The U.S.–China trade agreement deadline is August 12.

Non-farm payrolls also disappointed, coming in at just [73,000](#) for July, plus a revision of 258,000 fewer jobs for May and June. Bureau of Labor Statistics Commissioner Erika McEntarfer was [dismissed](#) from her role following the release of the report. These developments led to a late-month sell-off across risk assets. Still, July ended with notable gains: the Nasdaq rose 3.7%, the S&P 500 added 2.3%, while the Dow Jones was flat.

The Fed holds steady on interest rates

The U.S. Federal Open Market Committee (FOMC) left rates on hold at [4.5%](#) at its July 30 meeting. Trump-appointed Federal Reserve appointees Chris Waller and Michelle Bowman dissented, voting for an [immediate 25-basis-point rate cut](#). Governor Jerome Powell has acknowledged that recent indicators demonstrate the economy slowed moderately in H1, but maintains that a 'modestly restrictive' policy stance is still necessary. Some [analysts currently consider December](#) to be the likely starting point for U.S. rate cuts, while [other firms](#) place odds of a September rate cut just above 50%. In this scenario, some analysts expect a 25-basis-point cut in the next five FOMC meetings from September, finishing at a terminal rate of [3% to 3.25%](#) in June 2026. However, if President Trump's preferences came to fruition, rate cuts would start larger and sooner.

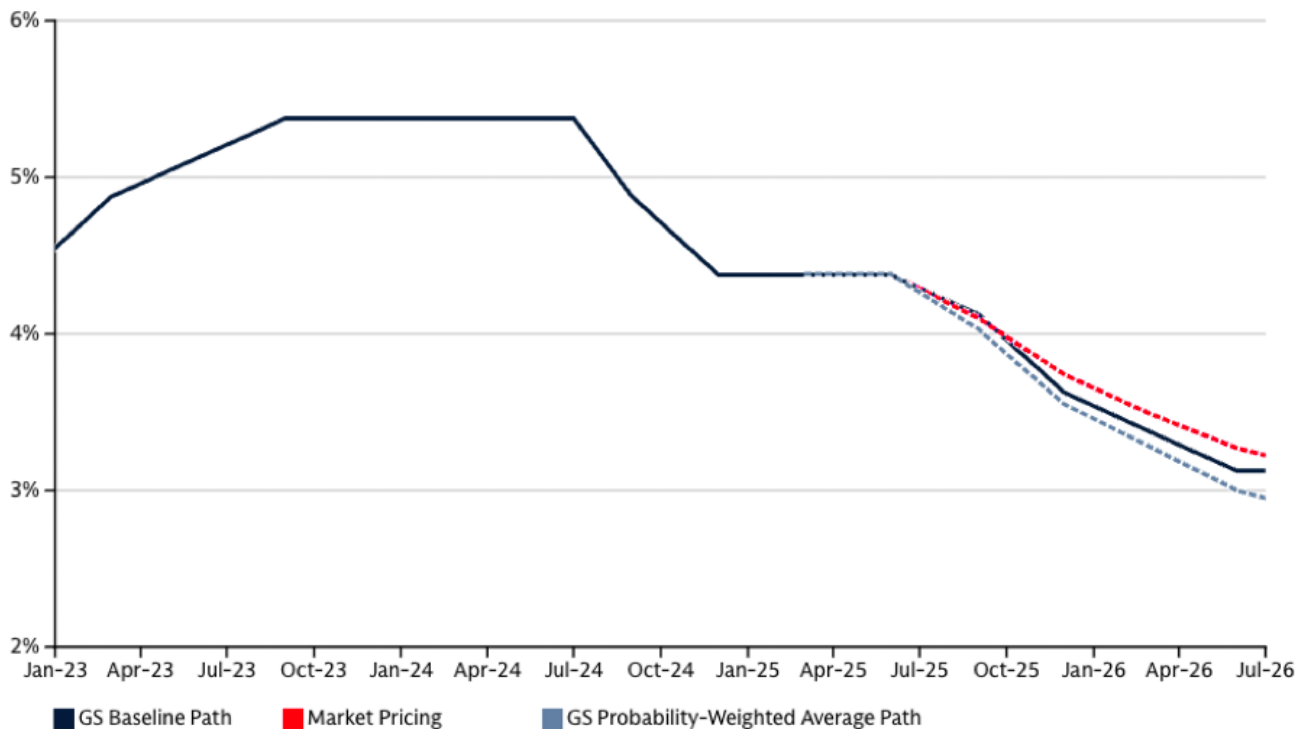
BTC Snapshot

12-month high \$123,231
12-month low \$54,150
Price (6 Aug 2025) \$114,116

Key Market Metrics

BTC Dominance 61.90%
ETH Price \$3,599
Total Crypto Market Cap \$3.79T
Alt-Coin Market Cap \$1.52T

The President has continued his criticism of Powell, spurring unprecedented tension between a sitting President and the U.S. Federal Reserve Governor. Most notably, in a recent [video](#), President Trump held a list outlining the costs of the Federal Reserve's recent renovations. Powell was quick to point out that the data was incorrect. It follows President Trump threatening to fire "[Jerome 'Too Late' Powell](#)" throughout 2025, saying that he "should also be put 'out to pasture'".

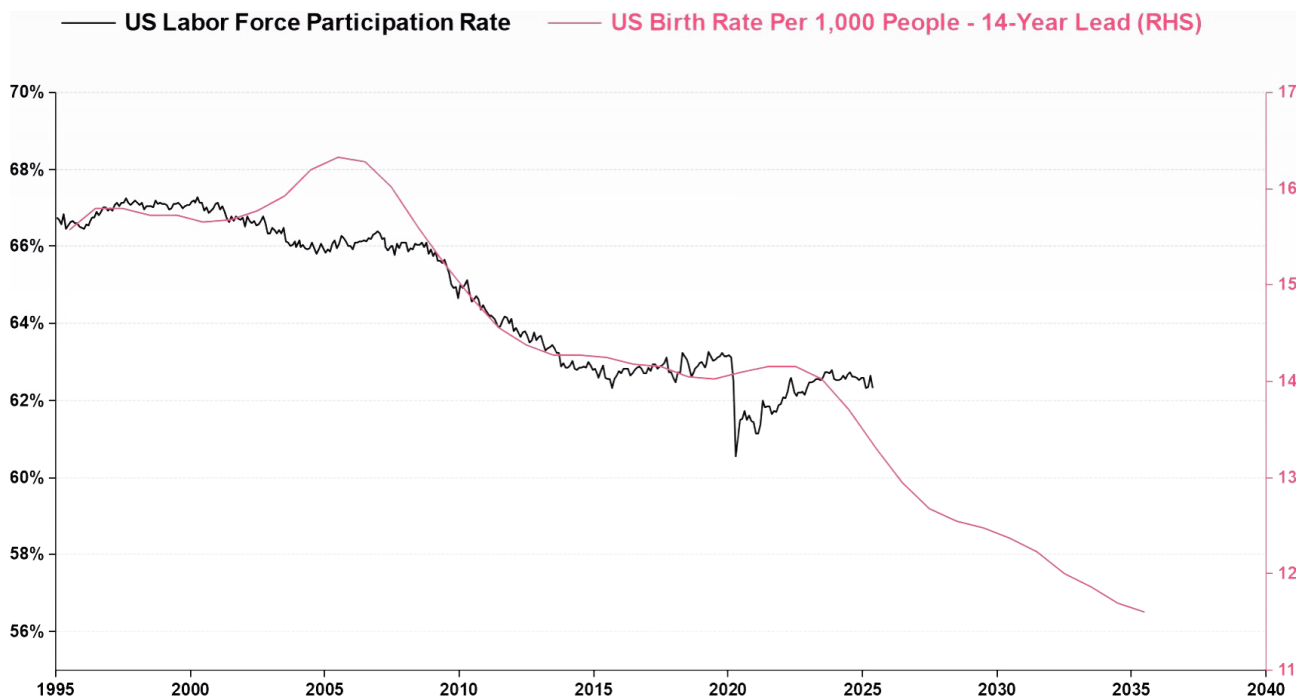


Fed Funds Rate cut path. (Source: [Goldman Sachs Research](#))

Despite the pullback, expanding global liquidity and the expectation of U.S. Federal Reserve rate cuts in the second half of 2025 are expected to support continued risk asset demand, especially with a weakening U.S. dollar and rising government debt levels.

A weakening U.S. Dollar and growing debt require riskier assets for wealth creation

The dollar index (DXY) weakened by over [10%](#) in H1. It marks the worst performance for the U.S. dollar since 1973, when the [Bretton Woods system collapsed](#). It comes as Treasury Secretary Scott Bessent plans to borrow [US\\$1 trillion](#) in Q3, demonstrating that the administration is focused on short-term bill issuance, rather than long-dated bonds, until the U.S. Federal Reserve begins cutting interest rates.



U.S. labour force participation rate and U.S. birth rate with a 14-year lead. Source: [Global Macro Investor](#)

The U.S., like many developed nations, is now in a position where it needs to borrow just to make the interest payments on its existing debt, as factors such as declining birth rates mean the economy is incapable of growing GDP and productivity to outpace the debt growth. With risk of default looming, the U.S. Government may increasingly turn to interest rate cuts or currency debasement as tools to manage its debt obligations.

“We can’t outgrow this debt. With declining productivity and demographics, governments are forced to pile debt on balance sheets just to pay interest. This is the everything code: rates down first, then currency debasement.”

- [Raoul Pal, Founder and CEO, Global Macro Investor](#)

As the value of currency continues to decline, while liquidity increases, traders and investors will presumably look for assets that can outpace inflation and the rate of currency debasement. Assuming the current rates of U.S. Dollar debasement at 8% and inflation at 3%, people’s assets would need to return at least [12%](#) per year to maintain purchasing power in the future. Against this backdrop, investors may increasingly turn to risk assets, such as crypto, as part of their strategy to preserve and grow wealth.

BTC reaches a new all-time high

Opening the month at US\$107,173, bitcoin rallied to a fresh all-time high (ATH) of US\$123,231 on July 14 and then traded between US\$120,000 and US\$116,000. The range-bound trading came as realised profits on BTC reached [US\\$8 billion](#) in late July from 'new whales' taking profits. It followed a long-dormant wallet selling 80,000 BTC, realising US\$9.7 billion in profits in the third week of July.

As global liquidity continues to climb, bitcoin's price remains correlated, indicating further upside potential. However, the recent decline in global M2 money supply is important to note. Assuming the correlation with bitcoin's price continues, as evidenced in the chart below, there may be another pullback [in ten to twelve weeks](#), which is normal when bitcoin reaches new stages of price discovery. Bitcoin closed July at US\$115,761, a gain of 8%.



Bitcoin Price and M2 Supply with 84-Day Offset. (Source: [Brett](#)) Past performance is not a reliable indicator of future results.

"I think, at a minimum, it [bitcoin] should have the same network value as gold... But I think Bitcoin is more valuable than gold. Bitcoin could be US\$2 million, US\$3 million long term, I mean even higher."

- [Tom Lee, Managing Partner and Head of Research, Fundstrat Global Advisors](#)

In our view, the area around US\$116,000 acting as support over recent weeks, global M2 money supply reaching a record high, and the [weakening U.S. Dollar](#) (see the charts below) indicate that BTC may still have more upside in the weeks ahead.



Bitcoin vs U.S. Dollar index. (Source: [Justin Wu](#)) Past performance is not a reliable indicator of future results.

Ethereum soars to seven-month highs

Opening the month at US\$2,486, Ethereum rallied to US\$3,941 on July 28, the highest the asset has traded since December 2024. Ethereum closed the month at US\$3,698, a gain of [56%](#) and the largest monthly gain in three years. The gains come as Sharplink became the largest corporate holder of ETH, with 438,190 tokens, worth [US\\$1.6 billion](#).

“Ether ETFs show how fast things can change in the crypto category, recently emerging from bitcoin’s shadow with a 110% run over three months that sparked billions in inflows.”

- [Eric Balchunas, Senior ETF Analyst, Bloomberg](#)

In recent weeks, Ethereum exchange-traded funds (ETFs) have seen significant inflows, with the latest 19-day streak bringing in almost [US\\$5.4 billion](#). Ethereum’s strong July performance, growing adoption as a corporate treasury asset and strong ETF inflows indicate that Ethereum may see further upside in the coming weeks and months, especially as indicators of altseason emerge.

Patience is key in altseason

While there are signs that altseason may be beginning, especially with Ethereum’s latest rally, altseason has several [stages](#). These stages begin with Ethereum rallying, capital being allocated to large-cap altcoins, followed by altseason ‘taking off’, where mid-cap and low-cap coins see rallies, too.

In short, seeing altcoins begin to rally can be exciting, but it’s important to be patient, take a long-term horizon and not let short-term fluctuations cause panic buying or selling. If you have questions about your portfolio, speak to your Caleb & Brown broker about your approach.

August key dates and crypto catalysts

The U.S. Federal Reserve’s rate trajectory, the amount of global liquidity entering crypto markets, and the passage of key legislation are expected to influence sentiment in the weeks ahead.

August 5	August 7	August 14	September 17
Feedback closes on Senate crypto market clarity bill	Updated global tariffs take effect	China tariff pause deadline	FOMC rate decision

U.S. trade policy

What’s at stake? The U.S. reached agreements with some of its trading partners in July, with tariffs for other nations set to go into effect on August 7. The exception is a trade deal between the U.S. and China, which has a negotiation deadline of August 14.

What to consider? Expect volatility in risk assets around trade announcements. Engage with your broker to understand how tariff changes may affect your positions.

U.S. Federal Reserve rate decision (September 17)

What’s at stake? The next FOMC meeting is on September 17. The meeting minutes will be released on October 9.

What to consider? The U.S. Fed’s rate trajectory will affect market sentiment. Discuss potential outcomes with your broker.

Crypto policy and legislation

What's at stake? After a successful '[crypto week](#)' from July 14 to 18, the GENIUS Act was signed into law, and the CLARITY Act and the Anti-CBDC Surveillance State Act each passed a House vote. The Senate is now considering its own version of crypto market clarity legislation, the [Responsible Financial Innovation Act of 2025](#), which focuses on creating the term 'ancillary asset' and defining what this will mean in terms of SEC oversight of digital assets. Consultation and feedback on the act closes on August 5. Passage of the market structure bill through the Senate is expected [by September 30](#).

President Trump's report from the President's Working Group on Digital Assets was released on July 30, recommending an initiative to modernise regulatory agencies for digital finance. The U.S. Securities and Exchange Commission then announced '[Project Crypto](#)' on July 31. The initiative proposes easing licensing rules to allow different asset classes to be offered under a single license and a clear market structure, which separates commodities from securities.

The [Securities Clarity Act](#) was reintroduced to the House and referred to the House Committee on Financial Services on March 26. It remains before the Committee at the time of writing.

The [Lummis Crypto Tax Bill](#) was introduced in the Senate on July 3. The bill proposes a US\$300 de minimis exemption for most digital asset transactions and aims to simplify tax reporting and encourage everyday crypto use. Additionally, it defers taxation on mining and staking rewards until assets are sold and streamlines charitable crypto donations. Senator Lummis also introduced the [21st Century Mortgage Act](#), a bill that would allow financial institutions to include a mortgage applicant's crypto holdings in the assessment process.

[State-based crypto legislation](#) is before Congress in several U.S. states.

What to consider? If you're assessing your exposure to stablecoin-related or U.S.-based crypto projects, now may be a good time to reach out to your broker to revisit your strategy.

Need help navigating the markets? Speak with your Caleb & Brown broker to align your portfolio with evolving macro and crypto developments.

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