

Caleb & Brown Crypto Brokerage

Inside the Markets

December 2025

Bitcoin regains strength on December U.S. rate cut prospects

Bearish sentiment continued across the crypto market throughout the first few weeks of November due to persistent uncertainty over whether the U.S. Federal Open Market Committee (FOMC) will cut rates at its December 10 meeting. TradFi assets saw weakness too, as both market analysts and Federal Reserve Governors raised concerns around inflated artificial intelligence (AI) stock valuations. The sell-off slowed over the weekend of November 22 and 23, which saw risk assets, including crypto, begin a potential recovery.

Keep reading for the key catalysts shaping crypto in December.

Bitcoin and crypto stage potential recovery from November 21 lows

Opening November at US\$109,555, bitcoin's sell-off continued throughout November, reaching a seven-month low of US\$80,524 on Friday, November 21. [Sell pressure mounted](#) as macroeconomic uncertainty continued to plague risk assets, which saw growing exchange-traded fund (ETF) outflows, declining retail and institutional spot interest, and whales selling their BTC holdings.

In the first few weeks of November, bitcoin declined 30% from its October 6 all-time high (ATH) of US\$126,296. For reference, the sell-off that followed President Trump's January 20, 2025 inauguration to the tariff-driven sell-off in April was almost 32%, where price declined from US\$101,217 to a low of US\$74,553 on April 9.

Notably, the recent sell-off occurred over 46 days, while the January to April sell-off was 77 days' long, indicating the increased selling pressure and de-leveraging in the recent pullback. Like previous cycles, the timing of the most-recent ATH on October 6 is similar to previous cycles. This timing is driving market participants to consider whether the standard four-year bitcoin cycle is repeating or if it's extending to align with global liquidity. There are compelling cases to be made for both scenarios (more on that below). The timing between bitcoin's previous cycle lows and highs is:

Cycle dates	Market	Count (days)
Cycle low Jan 14, 2015 → ATH Dec 17, 2017	Bull	1,068
ATH Dec 17, 2017 → Cycle Low Dec 15, 2018	Bear	363
Cycle Low Dec 15, 2018 → ATH Nov 10, 2021	Bull	1,061
ATH Nov 10, 2021 → Cycle Low Nov 21, 2022	Bear	376
Cycle Low Nov 21, 2022 → most-recent ATH Oct 6, 2025	Bull (in progress)	1,050 to date

Source: [CoinMarketCap](#)

BTC Snapshot

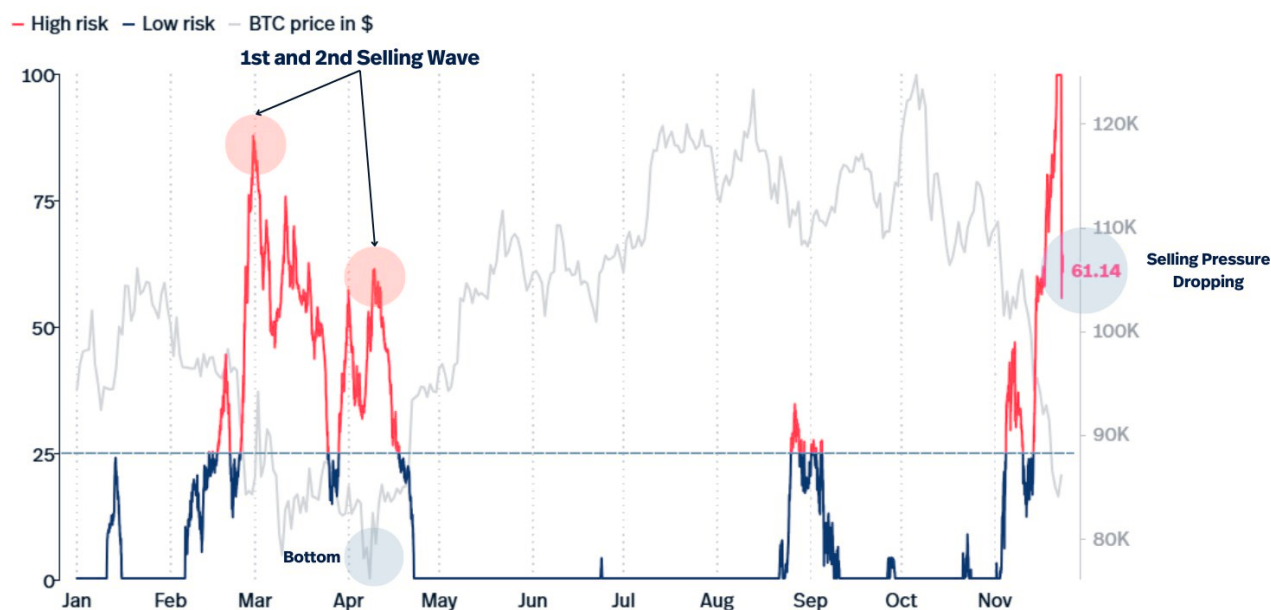
12-month high \$126,080
12-month low \$76,329
Price (1 Dec 2025) \$87,298

Key Market Metrics

BTC Dominance 59.29%
ETH Price \$2,825
Total Crypto Market Cap \$3.0T
Alt-Coin Market Cap \$ 1.3T

As the sell-off appeared to slow and bottom over the weekend of November 22 and 23, the risk-off signal, which is a measure of selling pressure, began to ease. Bitcoin has since regained some strength from the November 21 low, though stagnation occurred around US\$91,000 before declining over 3%, due to a US\$600m liquidation event on Sunday evening, November 30.

Risk Off Signal



Bitcoin risk-off signal at November 24, 2025. Source: [Swissblock Technologies](#)

Interest rate uncertainty and AI bubble fears seesaw TradFi

If tariffs were the narrative causing market swings earlier in 2025, U.S. interest rates and uncertainty over a lack of U.S. economic data became the market’s new focus in November. The U.S. government shutdown ended after 43 days, extending federal funding until January 30, 2026. Following the end to the shutdown, the September non-farm payroll report was finally released on November 20, coming in at [119,000](#), well above the forecast of 53,000.

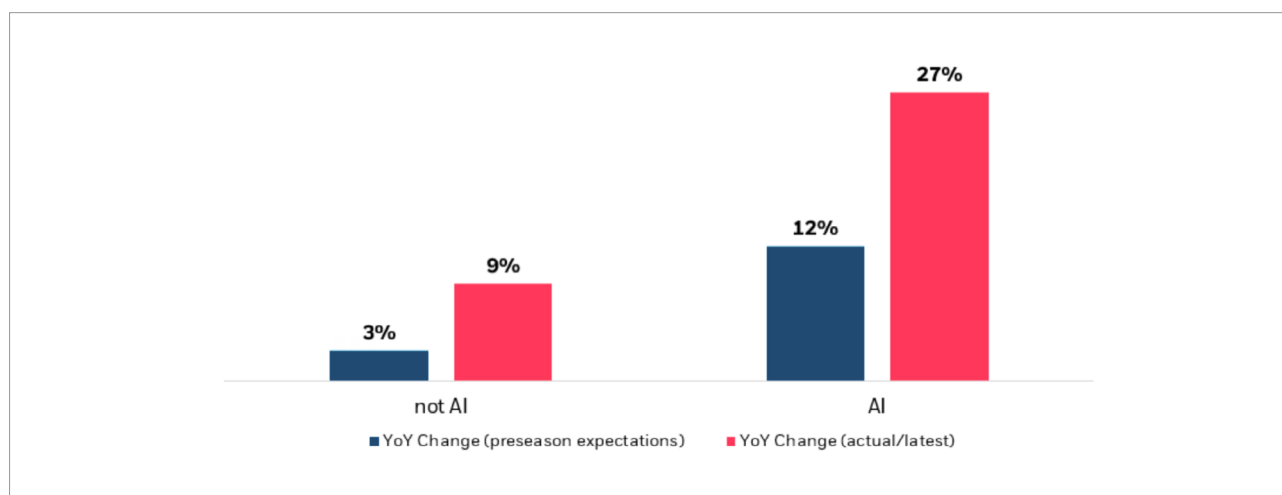
“In discussing the near-term course of monetary policy, participants expressed strongly differing views about what policy decision would most likely be appropriate at the Committee’s December meeting.”

- [October meeting minutes, Federal Open Market Committee](#)

The release of the FOMC’s October meeting minutes on November 19 amplified uncertainty over the Fed’s direction, with officials divided over whether a December 10 rate cut would be appropriate. Other Fed Governors raised concerns about inflated asset valuations, especially as AI-related companies continued to post sizable gains. A couple of days later, Fed Governor John Williams stated that interest rates can still fall 'in the near term', which saw TradFi risk assets rally and the likelihood of a December rate cut increase to [84.7%](#), up from as low as 45% throughout the month.

Earnings remain strong in Q3

In earnings, Nvidia's profit jumped [65% to US\\$31.9 billion](#) in Q3, quelling fears that, if there is an AI bubble, it's not going to burst—[yet](#). The chipmaker saw a 5% rally on the results, though it ended the week beginning Monday, November 17 down 5.9% as risk assets declined more broadly. In true 2025 fashion, risk assets have since recouped some of the losses, as the major indexes appear to be bouncing back.



Year-on-year earnings growth change Q3 2025. Source: [iShares](#).

Across the broader market, Q3 earnings are set to be the best year-over-year earnings growth since Q4 2021. Notably, non-AI companies are forecast to grow their Q3 earnings by 9% year-over-year (YoY), while AI-focused companies are expected to deliver 27% YoY earnings growth. These results suggest that Q3's strong earnings have been driven both by continued interest and developments in AI, plus additional market factors, like tariffs not impacting company margins as greatly as originally anticipated.

U.S.-China and U.S.-EU trade progress

On the trade front, November was relatively quiet. President Trump and Xi Jinping met via a phone call on Monday, November 24 to discuss latent geopolitical tensions, including China purchasing U.S. soybeans and Taiwan's sovereignty as a self-governing island. President Trump said the call was "[very good](#)". He will visit Beijing in April 2026, and Xi Jinping will reciprocate with a visit to the U.S. later next year.

The U.S. and European Union (EU) are in the process of implementing the trade framework agreed to earlier this year. However, the EU is still seeking lower tariffs on steel and aluminium, and rejected demands to ease its tech rules. Meanwhile, the U.S. Supreme Court is deliberating on whether President Trump had the authority to issue the tariffs in the first place. Given that the recent trade developments started in late-November and the Supreme Court case is ongoing, any further trade tensions in the near future may not be a surprise, though it may still cause sell pressure for risk assets.

Are markets heading into a holiday rally?

To [end November](#), the S&P 500 gained 0.1%, the Nasdaq declined by 1.5%, and the Dow Jones increased by 0.3%. Heading into the new month, traders and investors will presumably be eagerly awaiting the FOMC's rate decision on December 10. Quantitative tightening also ends on December 1. Importantly, quantitative easing (QE) typically doesn't begin until rates are at or near zero, meaning that the next cycle of QE in the U.S. may not begin until several further rate cuts have occurred. In the meantime, global liquidity continues to trend upwards, which could drive upward momentum across risk assets.

Is bitcoin's four-year cycle 'broken'?

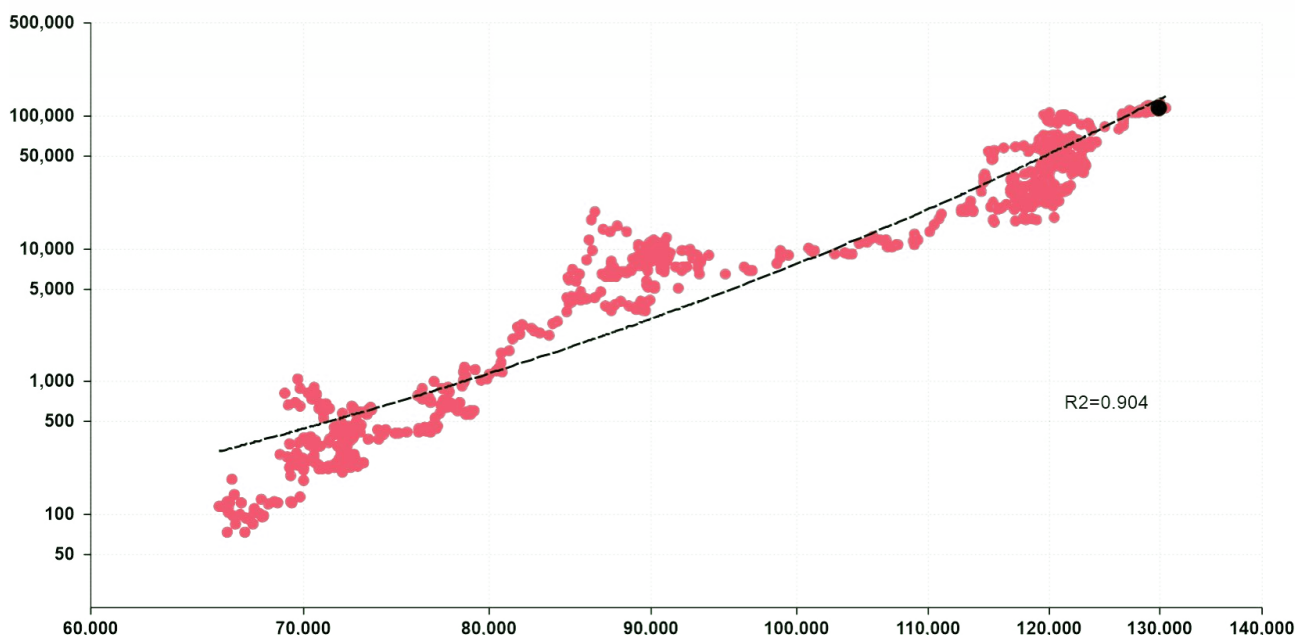
Back to crypto. Given that it has been over 18 months since bitcoin's last halving on April 24, 2024 many market participants are asking a critical question: Is the most-recent pullback another 30% drawdown typical of a bull market that will extend into 2026 or does it signal the end of this four-year cycle?

“Bitcoin is increasingly a macro asset correlated with liquidity and business cycles. The 2020 bull market wasn't halving-driven—it was a liquidity event. Same in 2024. The halving is now just a calendar footnote.”

- [Mitchell Askew, Head of Blockware Intelligence, Blockware Solutions](#)

Proponents of the crypto market cycle aligning with an elongated business cycle reference demographics and the fact that, in the U.S., government debt is 100% of gross domestic product (GDP), while private sector debt also equates to 100% of GDP. This is because population and productivity growth can't keep pace with the GDP growth required to effectively manage and pay down the country's debt. As a result, monetary stimulus through measures such as quantitative easing (QE) is the only way to expand GDP and service old debt. These measures also devalue fiat currency. Assuming U.S. interest rates and inflation continue to trend downwards, while total liquidity grows, bitcoin could see further upside as liquidity flows into risk assets.

• GMI Total Liquidity Index (\$BN, X-Axis) vs. Bitcoin (Y-Axis) - Weekly 2013-Today



Global Macro Investor total liquidity index vs. bitcoin. Source: [Global Macro Investor](#)

The recent recovery, the FOMC's rate decision on December 10, and the prospect of President Trump announcing a [new Federal Reserve Chair before the holiday season](#), could drive upward momentum into the New Year. The Trump administration is generally in favour of lower rates, faster, which could see more liquidity flow into risk assets like bitcoin. The new Fed Chair will presumably share this view on monetary policy.

BTC whale and government activity add to the upward momentum

Also this month, a Satoshi-era whale bought [10,145 BTC](#), worth US\$1 billion, on November 26 and Texas became the first U.S. state to buy bitcoin. State officials executed the transaction, buying [US\\$5 million](#) worth of BlackRock's spot bitcoin ETF. While it's a relatively small amount, the purchase indicates the State's commitment to adding bitcoin to its long-term treasury planning. As for the Satoshi-era whale, the fact that smart money and institutions are still buying bitcoin emphasises it still holds long-term value in a portfolio despite recent volatility.

"...because of the elongation of the business cycle, because rates were higher for longer, the forward-looking liquidity suggests that, again, probabilistically speaking... this whole thing goes into Q1, maybe Q2 of 2026, which would align with Trump trying to win the midterms."

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

Bitcoin closed November around US\$90,700 (-17.3%). As the holidays approach, confirmation of lower interest rates, the Fed ending quantitative tightening, and clarity on monetary policy heading into 2026 could provide the certainty needed for upward momentum.

Infamous Hyperliquid Whale Bets Big on Ethereum

Also this month, the infamous Hyperliquid whale who made almost US\$200 million in the October 10 crypto crash has added to their long Ethereum position. Data from Arkham Intelligence revealed that the whale provided a further US\$10 million, bringing the position's total to [US\\$44.5 million](#). Despite the bearish sentiment this month, the catalysts for some upward momentum for Ethereum may be arising between continued institutional buying, whale activity, and the upcoming [Fusaka upgrade](#) on December 3. Ethereum closed November around US\$3,000 (-21.5%).

Remain vigilant and maintain long time horizons in volatile markets

November has been difficult across crypto, with [US\\$2.2 billion](#) liquidated in the most-recent sell-off. Not only have the steep gains seen in recent months been wiped out, but many market participants and commentators expected these rallies to start the height of altseason, where blow-off tops would be seen before the holidays. Despite the recent bearish sentiment, we remain cautiously optimistic, especially as risk assets appear to be showing signs of a recovery.

Given that it's unclear whether the crypto market is adhering to bitcoin's four-year cycle or there will be an [extension into 2026](#), which aligns with the business cycle, it's important to understand what market moves invalidate or validate your own thesis, risk appetite and broader goals. Looking closely at momentum into market rebounds or sell-offs could provide clarity on whether bears or bulls are in control. Further, certainty around the Fed's monetary policy focus and President Trump's Fed Chair appointee may ease market jitters into the holidays and New Year, too.

If you have questions about your portfolio as you navigate December and plan for 2026, speak to your Caleb & Brown broker.

December key dates and crypto catalysts

The U.S. Federal Reserve's rate trajectory, U.S. trade policy and global liquidity are expected to influence sentiment in the weeks ahead.

December 10	December 30
FOMC meeting	FOMC meeting minutes

U.S. trade policy

What's at stake? Progress on a U.S.-China trade deal continues, as President Trump and Xi Jinping met via phone in November. The two leaders are planning reciprocal visits to each other's countries in 2026. The EU and U.S. continued to negotiate the implementation of the trade framework agreed to earlier in 2025.

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 (December 10)

What's at stake? The next FOMC meeting is on December 10. The meeting minutes will be released on December 30. President Trump may also appoint a new Federal Reserve Chair before the holiday season.

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? Following passage of the CLARITY Act in the House, the Senate is considering its own version of crypto market clarity legislation, the [Responsible Financial Innovation Act of 2025](#). In late October, the Senate [resumed talks](#) on finalising the market structure bill that stalled in recent months.

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. 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. Both bills remain before the Senate for consideration.

[State-based crypto legislation](#) is before Congress in several U.S. states. [Michigan's crypto and bitcoin reserve bill](#) advanced to the House Government Operations Committee on September 18.

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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