

Caleb & Brown Crypto Brokerage

Crypto Market Outlook

December 2024

BTC, ETH and XRP are shaping the next bull run

In the weeks since the U.S. presidential election, the crypto market has seen strong upward momentum. Bitcoin continually made new highs, reaching an all-time high of US\$103,679 on Thursday, 5 December. Similarly, the next two biggest cryptocurrencies by market cap (ETH and XRP) are showing signs that they're entering their next bull run. Ethereum broke US\$4,000 for the first time since July. And after years of stagnation, XRP has broken US\$2.00 to the upside and become the third largest cryptocurrency by market cap.

On the macro front, central banks globally aren't expected to deliver any significant rate cuts before the end of this year. U.S. Federal Reserve Governor Jerome Powell said in the Federal Open Market Committee's (FOMC) November meeting minutes that the central bank doesn't need to rush its rate-cutting agenda. Instead, the central bank says it will gradually move to a ["neutral policy stance over time"](#). This stance isn't surprising given that employment data out of the U.S. continues to be relatively strong, and inflation, while it has dropped since its 2022 peak of [8%](#), still came in at [3.2%](#) for the twelve months to 30 October 2024. According to the Kalshi platform, the chance of a 25-basis-point cut in December currently stands at [74%](#).

The recent price action across the crypto market, especially the three biggest cryptocurrencies by market cap (BTC, ETH and XRP) and traditional finance markets, indicates that risk-on assets are performing well, and traders and investors have a bullish outlook on the markets and economy. Further, President-elect Donald Trump's pro-crypto stance, the changing of the guard at the U.S. Securities and Exchange Commission (SEC), and [crypto-friendly cabinet members](#) are converging to provide a more accommodative regulatory landscape for crypto compared to previous administrations. Keep reading to learn what's shaping crypto markets throughout the holiday season and into 2025.

Bitcoin is still in a bull phase

On Thursday, 5 December, bitcoin finally broke US\$100,000 to make a fresh all-time high of US\$103,679. Price then retraced, resulting in a flash crash, which was presumably triggered by the [US\\$1 billion](#) in bitcoin positions that were liquidated within three minutes following the new peak. Many of these positions were liquidated due to the increase in funding rates when BTC broke US\$100,000, and leveraged long positions being taken out when price retraced below this level. Price has since regained the losses, with bitcoin breaking above US\$100,000 again on Wednesday, 11 December.

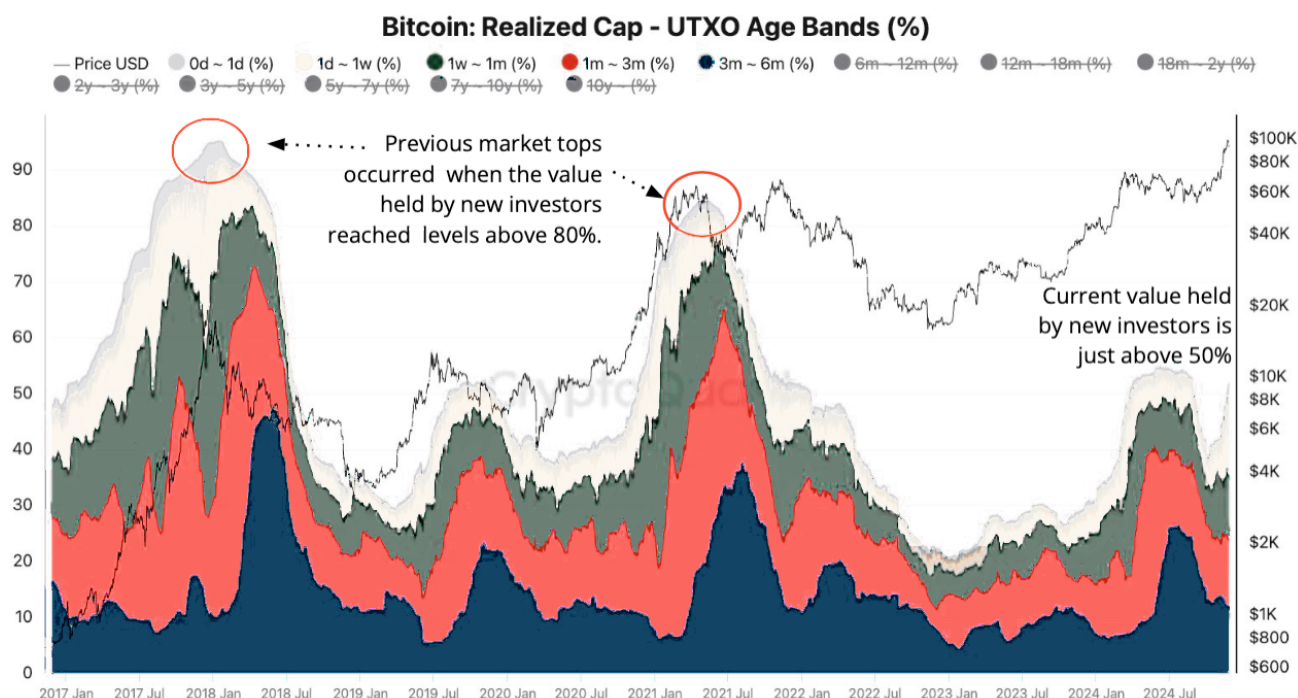
The choppy price action in recent weeks is to be expected, given many traders and investors have likely been focusing on the key level at US\$100,000 when opening and closing positions, but it doesn't mean the upward momentum is over. A recent report from research firm CryptoQuant found that new bitcoin holders make up [just over 50%](#) of the total invested in BTC. In contrast, the 2017 and 2021 bull markets saw these holdings grow to [90% and 80%](#), respectively, at the market tops. These figures indicate slow retail activity, which is typical in the accumulation phase, where sophisticated capital is purchasing assets. In short, the smart money is allocating now before the next big upside moves.

BTC Snapshot

12-month high \$103,679
12-month low \$39,833
Price (12 Dec 2024) \$100,481

Key Market Metrics

BTC Dominance 59.06%
ETH Price \$3,817
Total Crypto Market Cap \$3.8T
Alt-Coin Market Cap \$1.51T



New investors' holdings value is below previous bull cycles (Source: CryptoQuant). Past performance is not a reliable indicator of future performance.

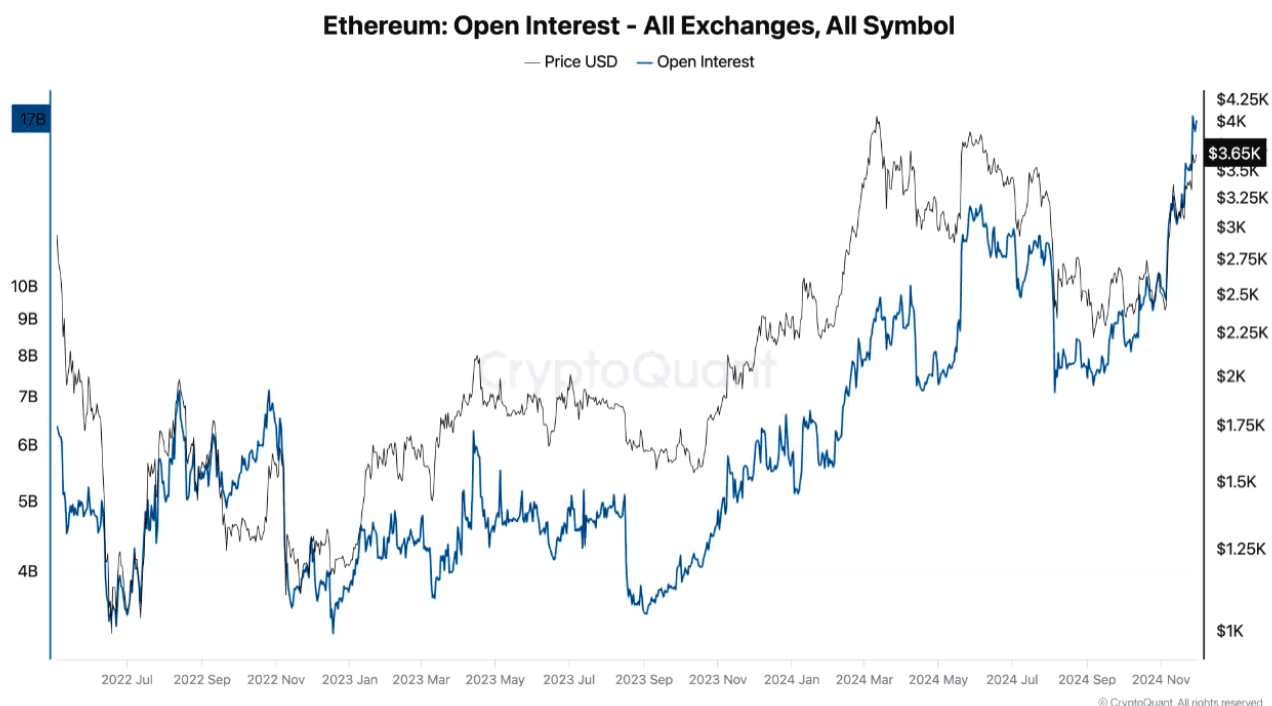
Also this month, spot bitcoin exchange-traded funds (ETFs) grew to hold more bitcoin collectively than the cryptocurrency's pseudonymous founder, Satoshi Nakamoto. At market close on Thursday, 5 December, bitcoin ETFs held over [1.1 million bitcoin](#), worth US\$100 billion at current prices. The rapid growth of these products, which are less than a year old, indicates the growing strength of institutional interest in bitcoin.

“2017 and 2013, well, they were different. They had the same cycle structure. It went to the summer [of] 2017. Bitcoin 10Xed from there in four months. And that’s the “blowout cycle”. So, we don’t know what we’re going to get – a stunted cycle or a blowout cycle. But, thinking about the political change and what’s been going on, the probability has to be towards a blowout cycle. So, that would be much higher prices than everyone expects.”

– [Raoul Pal, Co-Founder and CEO, Real Vision](#)

Ethereum is on the up

The performance of Ethereum in recent weeks reaffirms how quickly things can change in the crypto market. After being range-bound from July to November 2024, the second-largest cryptocurrency by market cap has gained almost 60%, breaking US\$3,500 to the upside for the first time since July. The strong performance has been driven by whale buying activity and open interest, reaching a record high of [US\\$17 billion](#) in late November. As detailed on the chart below, open interest and the price of ETH are highly correlated, indicating there may be further upside ahead. Further, [Ethereum’s funding rate on BitMex and Binance](#) indicates that many traders expect ETH’s price to grow in December as long positions appear to be dominating.



Ethereum open interest across all exchanges (Source: Crypto Quant). Past performance is not a reliable indicator of future performance.

“The outlook for Ethereum closely mirrors bitcoin’s positive trajectory, with significant potential for an end-of-year rally that could gather even more momentum if it successfully breaks through the previous \$4,000 ATH. Our on-chain analysis is looking at trends in accumulation by large holders, which would indicate spot buys from both institutional and retail investors.”

– [Julian Pellicer, Senior Researcher - IntoTheBlock](#)

XRP breaks six-year stagnation

XRP has gained over 430% since the U.S. presidential election. The end of November and the start of December also saw XRP break US\$2 for the first time since 2018. The surge in upward momentum has seen [XRP flip Solana \(SOL\) and Tether \(USDT\)](#) to become the third-biggest cryptocurrency with a market cap of almost US\$154.8 billion. The gains are due to the growing likelihood that the SEC’s ongoing legal battle against Ripple Labs, the creator of XRP, will end when SEC Chair Gary Gensler steps down in January.

The possibility that [spot XRP exchange-traded funds \(ETFs\)](#) may be approved soon and [Ripple Labs’ testing of the RUSD stablecoin on the XRP ledger protocol](#) could also be piquing investor and trader interest in the cryptocurrency. Plus, Ripple said it’s going to [invest in Bitwise’s Physical XRP exchange-traded product](#).

Bridging and swap platforms underscore the importance of interoperability

There's a place for holding cryptocurrency as a store of value over a specific time horizon. However, to take advantage of the full utility of different blockchain networks and decentralised finance (DeFi) protocols, users need access to tools that help them transact seamlessly across multiple networks. As crypto markets have grown, so has the importance of interoperability.

The total value locked (TVL) on bridging networks is over [US\\$9 billion](#), and the blockchain interoperability market is expected to have a compound annual growth rate (CAGR) of [26.3%](#) through to 2030. This indicates that bridging services are an important and growing area of the crypto market, which could see further development as users look to gain further functionality and yield from their cryptocurrency holdings.

In October, Cardano became the first major layer-1 blockchain to [bridge with bitcoin](#) via the BitcoinOS Grail Bridge. By bridging between these networks, users gain the best of the proof-of-work (PoW) and proof-of-stake (PoS) protocols. And in November, the global crypto exchange platform [LetsExchange](#) launched a bridge mode. The new functionality enables users to complete seamless cross-chain swaps, whether they are swapping, buying or selling cryptocurrency.

Unlike the traditional finance system that may transfer value via single global networks, such as SWIFT, the crypto market needs an array of bridging and swap protocols that are [secure, have strong liquidity, and support numerous blockchains](#). It might not be the most exciting part of the crypto market, but interoperability will play an important role in increasing the utility of cryptocurrency globally, making [liquidity pools and wrapped assets on bridging networks](#) a valuable way for investors to generate yield on their holdings.

A bitcoin strategy: The smart move for companies to grow treasury reserves and increase shareholder value

MicroStrategy's (NASDAQ: MSTR) co-founder Michael Saylor started its "Bitcoin Initiative" in 2020. Since then, the company has accumulated [402,100 BTC, worth US\\$38.7 billion](#) at current prices. Its largest bitcoin purchase occurred on November 26, when the company bought [55,500 BTC](#). The company's share price has increased by over 3,000% since its first bitcoin purchase in August 2020, and it's all been made possible by leveraging traditional finance.

Institutional debt is powering MicroStrategy's bitcoin accumulation strategy by raising convertible debt to buy bitcoin. With the company owning such a large amount of bitcoin, the price of MSTR shares now often moves in correlation with BTC. As bitcoin's price goes higher, so does the price of MicroStrategy's shares. This enables the bonds to convert, clearing capacity for the company to issue more debt and buy more bitcoin, in a [flywheel effect](#) that can keep spinning provided the price of bitcoin and MSTR's stock price continues to grow. The important factor is that the company is able to cover the bonds without selling bitcoin to keep this flywheel effect working. With an average purchase price of [US\\$58,402](#) per bitcoin, Saylor's bitcoin strategy has MicroStrategy's holdings in over [US\\$15 billion of profit](#). The company currently has [US\\$4.28 billion](#) of bonds outstanding.

Since MicroStrategy started accumulating bitcoin, others have followed. Japan's MetaPlanet has acquired 1,142 BTC, worth US\$109 million. And [SOS Ltd](#), a China-based and publicly traded cloud computing and crypto mining company, recently announced it will buy US\$50 million worth of bitcoin. The company's share price almost doubled within minutes of the news.