

# Caleb & Brown Crypto Brokerage

Inside the Markets

May 2025

## Markets set for potential rebound on trade talks and demand for safe-haven assets

Volatility surged in TradFi and crypto markets after President Trump's April 2 "Liberation Day" announcement. Markets dropped amid inflation concerns, then rebounded as tariffs (except on China) were paused and negotiations began. Despite a partial recovery in late April, [analysts warn](#) that uncertainty may linger as trade talks continue.

Keep reading to understand what impacted crypto markets in April and what we'll be monitoring in May.

### Tariffs whipsawed markets

Less than 14 hours after President Trump's "reciprocal tariffs" came into effect, a 90-day pause was announced (ends July 8). The pause reduced the higher rates of tariffs to 10 per cent, with the exception of China, whose increased levy stands at [145%](#). Later discussions around [exemptions on electronics](#) and semiconductors saw markets rebound. At the time of writing, [conflicting commentary](#) around US-China trade talks is causing confusion, though markets have rebounded on the potential of an agreement, while liquidity may be increasing.

"Despite the Q1 wobble – driven entirely by Q4's tightening in financial conditions and fueled by speculation that tariffs, much like in Q4 2016 ahead of Trump's first year in office, would be inflationary – markets are already reversing that concern...."

- [Julian Bittel, Head of Macro Research, Global Macro Investor](#)

**Note:** Bond yields have since increased, though equity markets have recovered from renewed jitters from the April 2 announcement.

Across the major U.S. indexes, the S&P 500 whipsawed 15% throughout April and closed the month down 0.6%. Similarly, the Nasdaq experienced a 14.6% sell-off before closing the month up 3.8%, presumably due to big tech's focus on investing in [developing its AI capabilities](#). Finally, the Dow Jones Industrial Average whipsawed 13.6% throughout April and closed down 2.9%. While April experienced large swings, data such as [over half of Nasdaq stocks](#) trading below a 30 relative strength index (RSI), as outlined in the chart below, means that [markets may have reached a bottom](#) and remained relatively resilient given the uncertainties presented throughout the month.

### BTC Snapshot

12-month high \$109,358

12-month low \$54,150

Price (6 May 2025) \$94,273

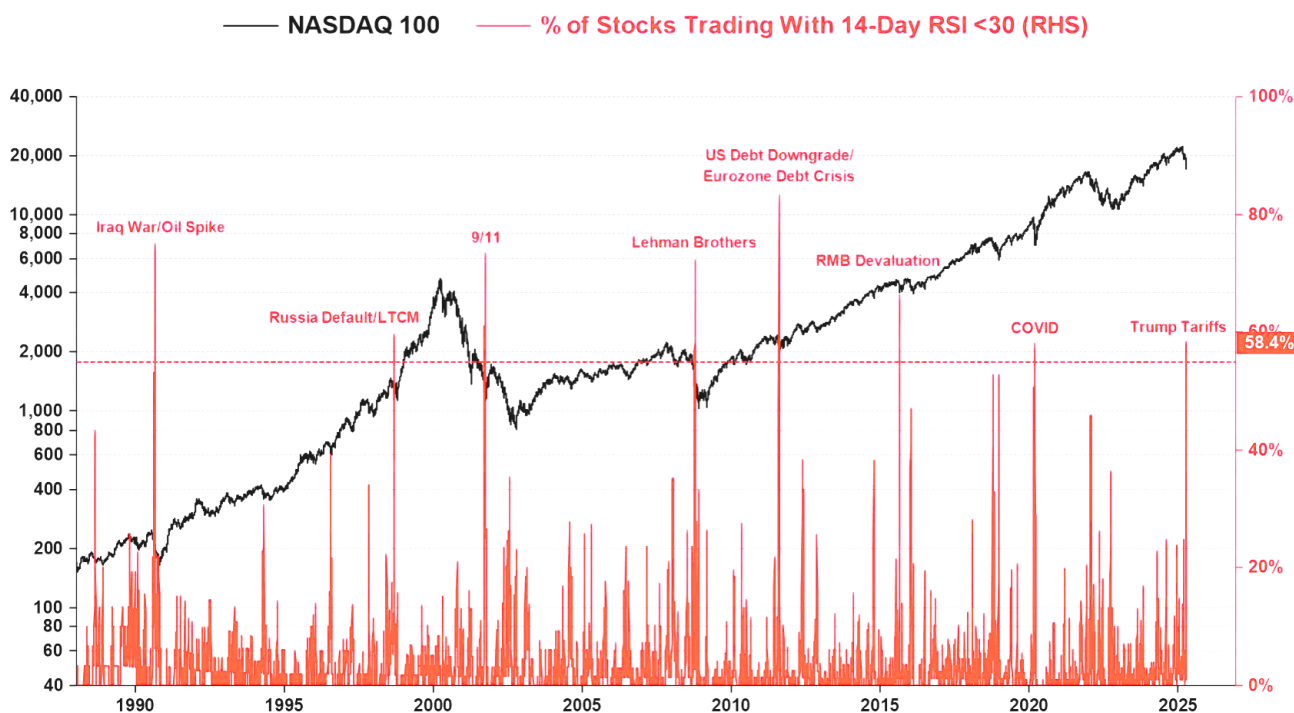
### Key Market Metrics

BTC Dominance 64.90%

ETH Price \$1,783

Total Crypto Market Cap \$3.0T

Alt-Coin Market Cap \$1.15T

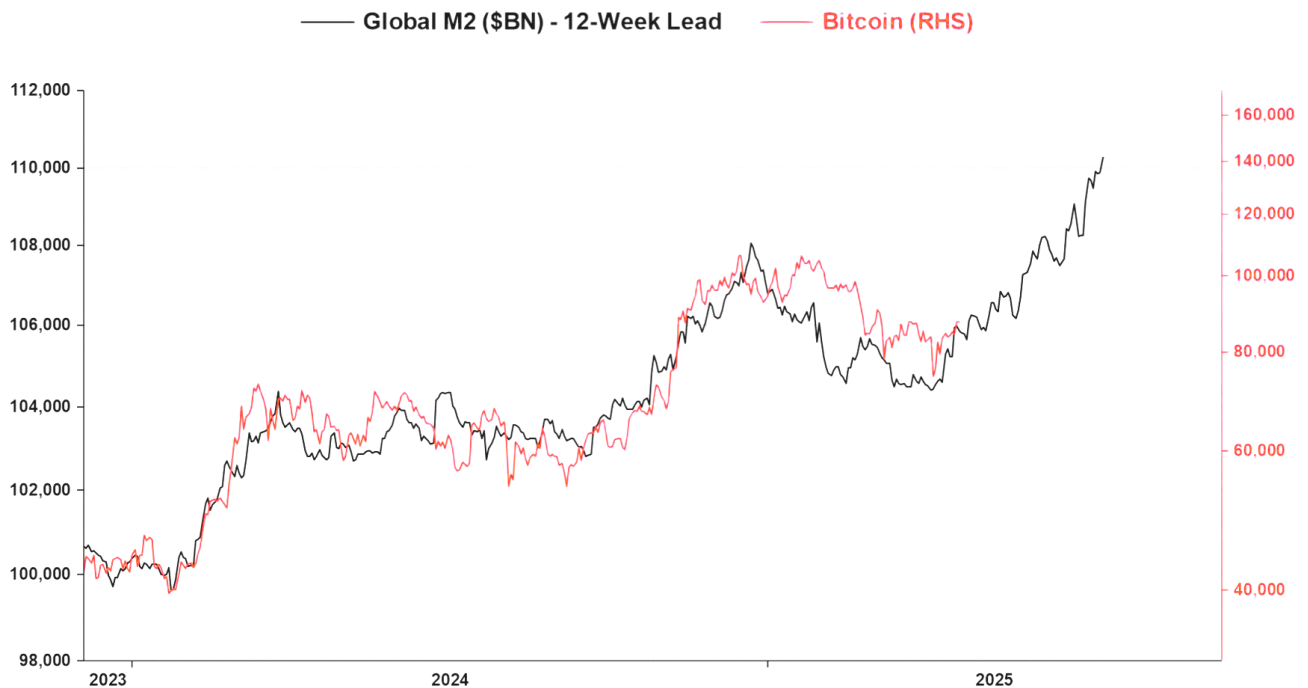


Source: [Global Macro Investor](#) Past performance is not a reliable indicator of future results.

## U.S. rate cuts unlikely until H2

The U.S. Federal Open Market Committee (FOMC) is expected to leave rates on hold at 4.5% at its May 7 meeting. While President Trump has [repeatedly called](#) for rate cuts, Federal Reserve Chair Jerome Powell and other central bank governors have reiterated that the central bank is awaiting further certainty around the impacts of the President’s trade policy. The FOMC’s most dovish member, Christopher Waller, says [President Trump’s tariffs aren’t likely to impact the economy until after July 1](#). It echoes Cleveland Federal Reserve President Beth Hammack’s comments that May is “[too soon](#)” for a rate cut.

Despite a U.S. rate cut being unlikely until [after July](#), M2 money supply continues to grow, as outlined in the chart below. This indicates that there is still [substantial liquidity](#) across TradFi and crypto markets, which [could fuel upward momentum](#) in risk assets, provided there aren’t further geopolitical and macroeconomic shocks.



(Source: [Global Macro Investor](#))

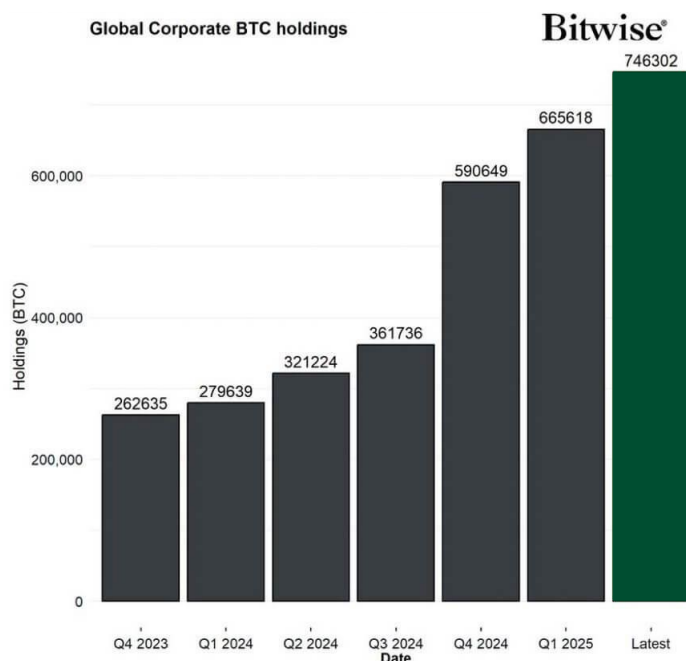
### BTC prices may be diverging from TradFi

Opening April at US\$82,534, bitcoin sold off to a monthly low of US\$74,420 on Monday, April 7. On Friday, May 2, bitcoin reached US\$97,948 — the highest price seen since late February.

“Maybe, just maybe, it was this easy all along. IF this works, it will definitively prove that liquidity is THE dominant factor still in markets. Not tariffs. Not politics, not rates. Not (insert your narrative).”

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

Bitcoin’s late-April recovery has been more pronounced than TradFi assets, suggesting that its price movements may be [diverging from equities](#). The sell-off also provided an opportunity for global corporations to add to their bitcoin reserves, with holdings reaching a record 746,302 BTC, worth US\$70.7 billion by April 28.



(Source: [bitointreasuries.net](https://bitointreasuries.net))

With bitcoin closing April up 14.3%, it may be returning to [safe-haven status](#), where investors seek long-term stores of value that can withstand political whims, inflation, and the centralised control of legacy financial systems. This may become particularly important as the Bank of Japan (BoJ) considers its interest rate trajectory. The BoJ left rates on hold at [<0.50%](#) on May 1 as the [Yen appreciated throughout April](#), weakening yen-funded carry trades.

## Markets await Ethereum Pectra upgrade

After opening at US\$1,822, Ethereum sold off to a low of US\$1,383 on Wednesday, April 9. Price has since recovered, but ended down 1% on the month, down 42% on the year. Ethereum's less pronounced recovery is presumably due to network challenges, such as its [weakening deflationary model](#), which has seen ETH supply grow by 07% per year. Markets may also be waiting for the [Pectra Upgrade](#), which goes live on the mainnet on May 7.

## Is the crypto turnaround here?

The end of April saw the third-largest week of digital asset investment product inflows on record, with [US\\$3.4 billion](#) flowing into funds. With crypto's turnaround in recent weeks being more pronounced than some of the losses regained across TradFi markets, it raises the question of whether the surging inflows signal a shift in investor sentiment, an outlier after several weeks of outflows or small inflows, or crypto becoming a [safe-haven asset](#) to protect against persistent geopolitical and macroeconomic uncertainty. Monitoring developments over the coming weeks will provide a clearer picture.

## What we're monitoring in May

The U.S. Federal Reserve's rate trajectory and U.S. trade talks are expected to influence sentiment in the weeks ahead. As always, focusing on a long-term horizon provides greater ability to withstand short-term market swings.

### U.S. trade policy

**What's at stake?** The U.S. is currently negotiating with its trading partners. Market volatility and uncertainty are still expected, and announcements regarding US-China trade relations may drive large short-term moves.

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

### U.S. Federal Reserve rate decision (May 7)

**What's at stake?** The Federal Open Market Committee (FOMC) is expected to leave rates on hold at its May 7 meeting. The meeting minutes will be released on May 28.

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

### Upcoming U.S. SEC crypto roundtable discussions

**What's at stake?** The U.S. SEC's third crypto roundtable is on May 12, covering asset tokenisation.

**What to consider?** To date, these roundtable sessions haven't resulted in immediate regulatory changes. Speak with your broker and monitor commentary around the meetings to understand the agency's next focus and proactively manage your positions.

### Crypto legislation

**What's at stake?** Passing stablecoin legislation is the administration's priority, with President Trump saying it will be [enacted by August](#).

The [GENIUS Act](#), the Senate's stablecoin bill, will go to a vote before May 26.

The House's version of stablecoin legislation, the [STABLE Act](#), is eligible for a vote on the floor of the House but hasn't proceeded to a vote yet. The act passed the House Financial Services Committee markup hearing on April 2, 2025, with a 32-17 vote.

The [Securities Clarity Act](#) was reintroduced to the House on 26 March. The Act aims to define how crypto assets may fall within the current securities laws frameworks. It hasn't proceeded further, presumably as stablecoin legislation takes priority.

**What to consider?** If you're assessing your exposure to stablecoin related projects/companies 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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