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ASSOCIATION

# MONTHLY MARKET REPORT

February 2025





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# Macroeconomics outlook

## Introduction

February 2025 proved to be a month of significant fluctuations and decisive reactions in the cryptocurrency market. From February 1st to 28th, a series of regulatory, economic, and technical events shaped investor sentiment, leading to drastic movements in Bitcoin's value. Below is a detailed analysis of the most significant developments and their repercussions.

## Regulatory Events and Economic Policies

The month began with a bold move: on February 1st, Donald Trump appointed Paul Atkins as head of the SEC. This decision immediately raised questions about future oversight and regulation policies in the crypto sector. While some investors saw the appointment as a potential sign of stability and transparency, the prospect of tighter controls also raised short-term concerns.

On February 18th, the Texas Senate discussed the adoption of Bitcoin as a state reserve, a topic that sparked divided opinions. On one hand, the possibility of long-term institutional support for Bitcoin fueled optimism; on the other, the idea of integrating the crypto asset into the official financial system raised fears of future regulatory interference.

On February 19th, the publication of the FOMC minutes, which confirmed the maintenance of interest rates, provided a context of stable monetary policy. However, the confirmation of a cautious strategy, at a time when US inflation data were worse than expected, contributed to maintaining high uncertainty on the economic front.

Finally, on February 27th, the United Kingdom announced a new law expanding the powers to seize cryptocurrencies. This decision further fueled the global climate of uncertainty, suggesting that even European authorities are intensifying their control over the crypto market.

## Market Reactions and Impact on Bitcoin's Value

On February 14th, despite negative economic data, Bitcoin experienced a surge, surpassing the \$97,000 threshold. This initial rally was interpreted by many investors as a positive response to the possibility of increased regulation, seen as potentially stabilizing in the long term, and to the perception of Bitcoin as a safe-haven asset in times of inflation.

However, the climate of uncertainty gradually intensified. On February 25th, after days of growing concerns, Bitcoin suffered a marked correction, dropping below \$88,000 and reaching its lowest levels in the past three months. The uncertainty arising from regulatory discussions and fears of potential restrictive measures began to weigh on the market.

On February 26th, a further turning point occurred: Donald Trump announced new tariffs on Mexico, Canada, and China, a decision that intensified geopolitical tensions and increased the perception of global economic risk. This move plunged market sentiment, amplifying downward pressures.



The crisis peaked on February 28th. On that day, Bitcoin hit a low of \$78,258. The decline was the result of a series of consecutive shocks:

- **Introduction of new US tariffs:** These tariffs triggered fears of further protectionist measures and fueled uncertainty in the global economic landscape.
- **ByBit hacking:** The cyber-attack, which resulted in an estimated loss of \$1.5 billion, highlighted the vulnerability of certain exchange platforms and increased negative sentiment.
- **Outflows from Bitcoin ETFs:** Outflows totaling \$1.1 billion indicated a strong withdrawal by institutional investors, further intensifying the bearish pressure on the market.

Figure 1: Bitcoin Price Movement



Source: TradingView  
As of February 28, 2025

## Summary of Shocks and Implications for the Market

The interconnection between regulatory events, economic shocks, and technical issues created an extremely volatile environment. The mid-month rally, driven by optimism and expectations of greater regulatory transparency, quickly transformed into a climate of panic following the cumulative negative shocks. Bitcoin’s sharp reaction, which saw a drop of over 20% in just a few days, reflects investors’ sensitivity to geopolitical uncertainties and the structural vulnerabilities of the crypto market.



## Conclusions and Future Outlook

February 2025 has underscored how the cryptocurrency market remains highly exposed to external factors, both political and technical. Regulatory decisions, economic policies, and unforeseen events, such as the recent ByBit attack, have demonstrated that Bitcoin's trajectory is closely tied to the institutions' ability to balance innovation and control. Investors will need to closely monitor the evolution of these dynamics, as measures taken in the short term could have lasting impacts on the global financial landscape.



## Market Performance Analysis

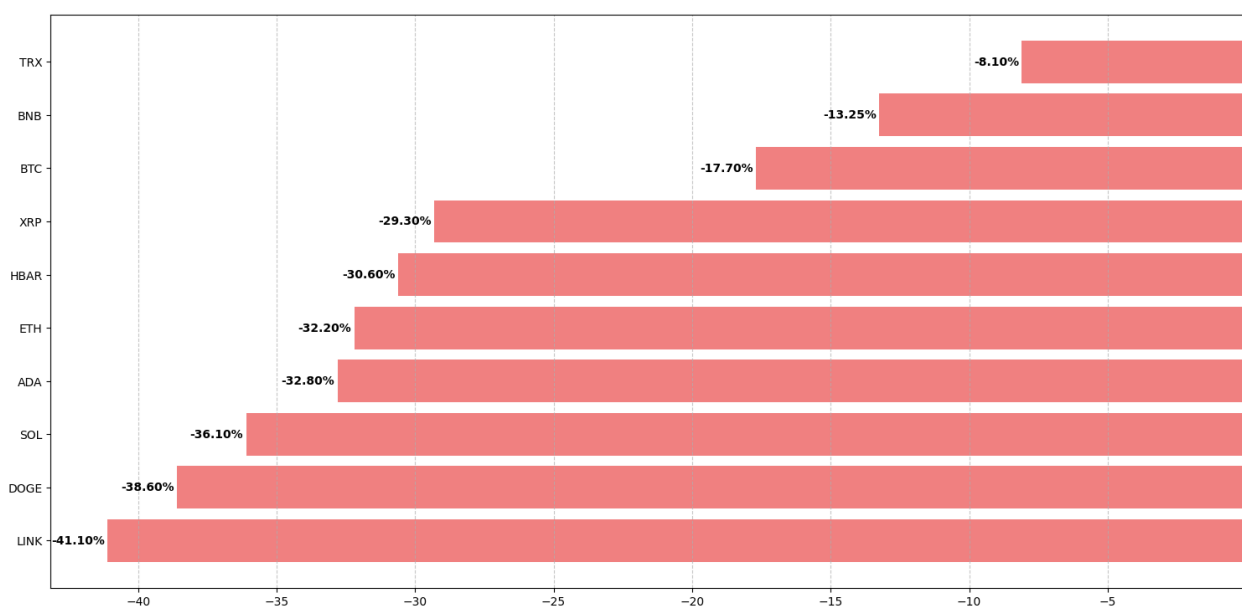
In February 2025, the cryptocurrency market experienced significant turbulence as macroeconomic and regulatory developments shaped investor sentiment. After reaching an all-time high of \$109,000 on January 20th, Bitcoin (BTC) entered a period of correction, struggling to maintain momentum amid shifting institutional strategies. By the end of February, BTC had dropped nearly 30%, closing at \$84,000, as large-scale profit-taking and outflows from Bitcoin exchange-traded funds (ETFs) accelerated. The month saw \$3.3 billion withdrawn from Bitcoin ETFs, the largest outflow since their launch, signaling growing caution among institutional investors in response to a more risk-averse economic environment.

Adding to market uncertainty, President Donald Trump announced new tariffs on Canada, Mexico, and China, creating volatility in both traditional and crypto markets. Trade tensions, coupled with broader concerns over inflation and monetary policy, led to risk-off behavior, prompting further market corrections. Despite these challenges, certain altcoins exhibited resilience, such as XRP, TRX, and HBAR, supported by strong ecosystem developments.

As the market adjusted to these external pressures, leading cryptocurrencies displayed divergent performances, with some assets capitalizing on new developments while others faced selling pressure. Ethereum (ETH) continued to struggle with competition from alternative Layer-1 blockchains, while Solana (SOL) maintained momentum thanks to increasing adoption in the DeFi and NFT sectors. The following analysis examines the monthly performance of the leading cryptocurrencies, outlining the key drivers behind their price movements and broader market dynamics.

### Top 10 Cryptocurrencies by Market Cap – 30 Day Performance

Figure 2: Monthly price performance



Source: BSBA (data from: CoinMarketCap)  
As of February 28, 2025

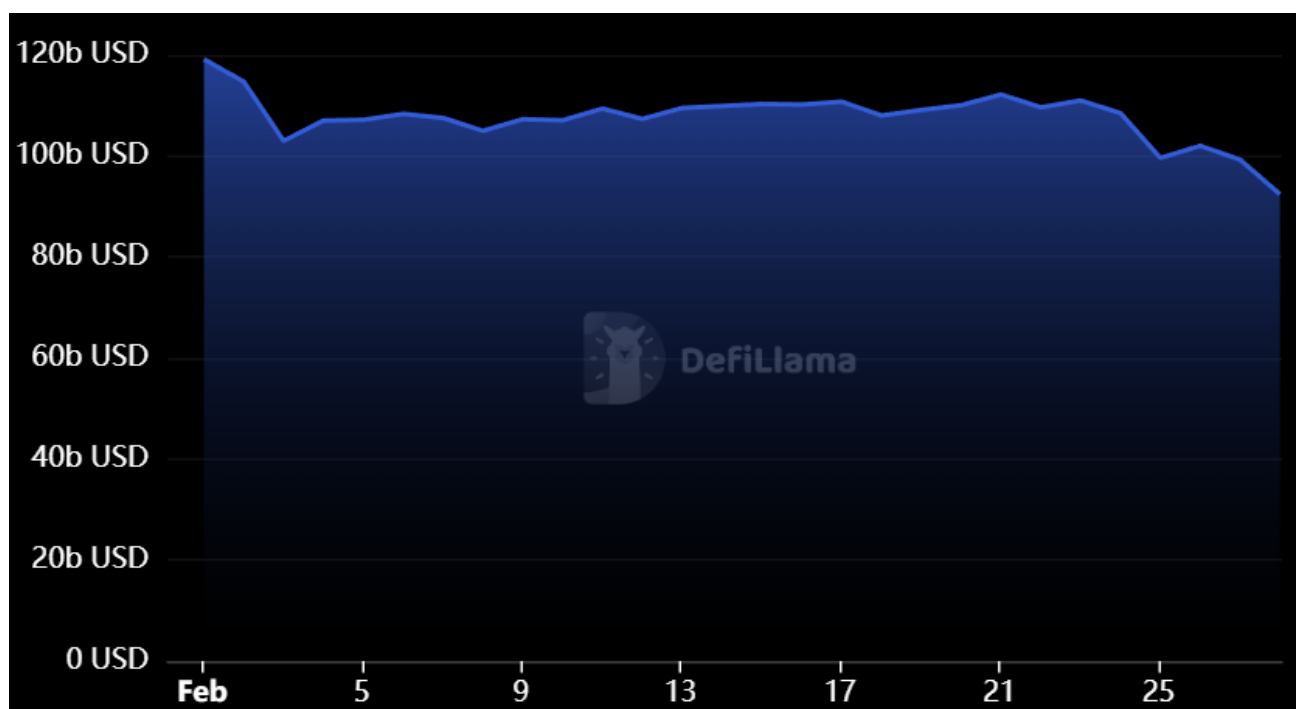
In descending order of performance:

- ❖ **Tron (TRX):** TRX outperformed most top assets, declining only 8.10%, making it one of the most resilient cryptocurrencies in February. The continued expansion of the Tron blockchain in the stablecoin sector—particularly with Tether (USDT) transactions—provided strong support for TRX’s price. Additionally, Justin Sun’s growing influence in Asian markets and strategic partnerships with DeFi projects helped TRX maintain stability. Unlike other networks facing congestion issues, Tron’s consistent performance in transaction speeds and low fees made it a preferred blockchain for stablecoin transfers.
- ❖ **Binance Coin (BNB):** BNB experienced a 13.25% decline, falling from \$680 to \$590 over the course of February. While Binance Smart Chain (BSC) remained a dominant DeFi and NFT ecosystem, BNB’s price was pressured by a drop in trading activity on the Binance exchange, largely due to regulatory scrutiny from U.S. and European authorities. In particular, concerns over Binance’s compliance with anti-money laundering (AML) regulations led some investors to scale back their exposure. However, BSC’s low fees and high transaction speeds continued to attract developers, allowing BNB to remain more stable relative to other major cryptocurrencies.
- ❖ **Bitcoin (BTC):** Bitcoin started February at \$102,500 but ended the month near \$84,000, recording a 17.70% decline. The primary driver of this downturn was record ETF outflows, with investors withdrawing \$3.3 billion, the largest monthly outflow since Bitcoin ETFs were introduced. Many institutional investors opted to reduce their exposure amid rising macroeconomic concerns, particularly in response to President Trump’s announcement of new tariffs on Canada, Mexico, and China, which increased uncertainty across financial markets. Additionally, speculation around potential tax policy changes on cryptocurrency holdings in the U.S. contributed to short-term volatility. Despite these setbacks, on-chain data showed that long-term holders continued accumulating BTC, indicating that conviction in Bitcoin’s long-term value remains strong.
- ❖ **Ripple (XRP):** XRP recorded a steep 29.30% decline, making it one of the worst-performing assets among the top 10. Despite Ripple’s continued expansion into cross-border payment solutions and ongoing partnerships with global central banks, investor sentiment was dampened by regulatory uncertainty surrounding its legal battle with the SEC. Analysts also noted a decline in institutional adoption updates, leading to heavy selling pressure as traders moved their funds into higher-growth assets. XRP’s decentralized exchange (DEX) ecosystem continued to grow, but this was not enough to offset broader market weakness.
- ❖ **Hedera (HBAR):** HBAR plummeted by 30.60%, reflecting broader market weakness and shifting investor sentiment. Despite the downturn, Hedera continued to see growing enterprise adoption (entering in the top 10 crypto by Market Cap), with Google Cloud and IBM expanding their involvement in Hedera-based solutions. The increasing adoption of tokenized real-world assets (RWA) on Hedera’s network positioned it as one of the more promising blockchain ecosystems for institutional use cases. However, the lack of short-term speculative interest led to sustained selling pressure.

- ❖ **Ethereum (ETH):** Ethereum mirrored Bitcoin's decline but suffered a steeper drop of 32.20%, starting February around \$3,300 and closing at \$2,240. A key factor behind ETH's underperformance was the \$1.5 billion hack on Bybit, one of the largest exploits targeting an Ethereum-based exchange. This event heightened security concerns across the DeFi ecosystem, leading to a significant decline in Ethereum-based protocols and liquidity pools. Additionally, a shift in trader interest toward Solana-based assets further weighed on Ethereum's price, as the growing ecosystem of meme coins and alternative Layer-2 solutions on Solana siphoned liquidity from ETH markets. However, Ethereum's long-term fundamentals remained strong, with continued upgrades to Layer-2 scalability and staking mechanisms, positioning it for future growth.
- ❖ **Cardano (ADA):** ADA dropped by 32.80%, reflecting weak investor interest despite strong development activity. The Cardano team continued to enhance smart contract capabilities and scalability solutions, but the lack of major ecosystem catalysts left ADA vulnerable to the broader market downturn. Analysts noted that institutional accumulation remained steady, suggesting that long-term investors still view ADA as a strong blockchain project. However, short-term traders exited their positions, leading to increased volatility and downward price pressure.
- ❖ **Solana (SOL):** Solana experienced a dramatic 36.10% decline, making it the most volatile among major Layer-1 networks. The month began on a positive note, with increased DeFi and NFT activity temporarily boosting SOL's price. However, network congestion issues resurfaced, leading to failed transactions and delayed processing times, which frustrated users and drove some liquidity to competing ecosystems like Ethereum and Binance Smart Chain. Despite these setbacks, Solana's low fees and high transaction speeds continued to make it a preferred choice for high-frequency traders and new meme coin launches, keeping long-term investors cautiously optimistic about its future.
- ❖ **Dogecoin (DOGE):** DOGE suffered its worst monthly performance in years, falling 38.60%. Unlike previous months where Elon Musk's social media activity occasionally sparked speculative rallies, February lacked any major endorsements, leading to a sharp decline in speculative trading volume. Additionally, the broader market downturn exacerbated liquidations in leveraged DOGE positions, further intensifying the price decline. Despite the drop, on-chain data showed that DOGE transactions remained strong, indicating that the meme coin continues to be used for microtransactions, tipping, and retail payments.
- ❖ **Chainlink (LINK):** LINK suffered the largest drop among the top 10, declining 41.10%. The downturn was driven by significant capital outflows from DeFi protocols, which heavily rely on Chainlink's oracle services. As market-wide risk aversion increased, investors reduced exposure to infrastructure tokens like LINK in favor of stablecoins and defensive assets. Despite this, Chainlink's BUILD and SCALE initiatives continued to attract new projects, strengthening its long-term potential as a key player in blockchain interoperability and smart contract automation.

## Decentralized Finance (DeFi)

Figure 3: Comparison Total Value Locked



Source: DefiLlama  
As of February 28, 2025

February was a tough month for DeFi and the crypto market as a whole. As the graph shows, the Total Value Locked (TVL) dropped by 22.45% in just 28 days, falling from \$119 billion to \$92.4 billion. This was one of the worst months in the past year—the last time we saw a local low like this was back in November when the market was gearing up for a major rally.

Looking closer, there were two major drops:

- One at the start of the month, which was just a continuation of January's downtrend.
- Another around the 24th, when, after nearly 20 days of stability, the market took a sharp dive and hasn't bounced back since.

Another thing to mention is that Bybit, a cryptocurrency exchange, experienced a significant security breach resulting in a \$1.5 billion loss, reportedly linked to North Korean actors. All of this explains why the Fear & Greed Index is leaning heavily toward fear, reflecting the uncertainty and caution dominating the space.



Even though for February there are mainly bad news for investors, during this month the Decentralized Finance (DeFi) sector experienced notable developments that shaped its trajectory. Some of them are:

- The *Ethereum Foundation believes a lot in DeFi* and during February 2025 allocated approximately \$120 million in ETH to various DeFi programs, such as Spark and Compound. The goal is to push the sector and to grab attention among investors.
- *Solana's Ascendancy in DeFi*: Solana continued its impressive growth in the DeFi space, surpassing Ethereum in decentralized exchange (DEX) trading volumes for the fourth consecutive month. In January alone, Solana-based DEXs recorded over \$258 billion in trading volume, significantly outpacing Ethereum's \$86 billion.
- *Integration of AI in DeFi Platforms*: the fusion of artificial intelligence (AI) with DeFi platforms gained momentum. Notably, Moonwell, a decentralized lending protocol, integrated the VIRTUAL token into its ecosystem, enabling users to utilize AI-driven services for tasks such as yield optimization and risk assessment. The convergence of artificial intelligence (AI) and blockchain technology continued to create new opportunities in efficiency and personalization within the DeFi space.
- Lastly, *new Bitcoin-Based Defi, known as BTCFi, is finally growing*. During February 2025 a stunning 2050% brought its TVL from \$307 million in January 2024 to \$6.6 billion in 2025. This expansion allows users to trade their Bitcoins without relying on centralized intermediaries.



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## About Us

BSBA fosters a community-driven approach to the adoption of Blockchain. To inspire change, we need to motivate the youngest generations to study and understand the technological advancements around us.

The market division plays a vital role in connecting students with the evolving blockchain ecosystem. Through targeted research, strategic outreach, and engaging promotional efforts, we ensure events and resources are accessible and relevant to members.



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