



BOCCONI
STUDENTS
BLOCKCHAIN
ASSOCIATION

MONTHLY MARKET REPORT

January 2025





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Macroeconomics outlook

January 6: Trudeau's Departure in Canada Opens Possibilities for Crypto

On January 6, Canada's increasingly unpopular Prime Minister Justin Trudeau announced his intention to resign as Liberal Party leader as soon as the party is able to find another leader. This could mark a potential shift for the country's crypto sector. Trudeau has never been supportive of this financial area; moreover, he even mocked the pro-crypto leader of the Conservative Party, Pierre Poilievre, for supporting "volatile cryptocurrencies", naming it "irresponsible leadership". With him out of the office, however, the Liberal Party faces great challenge from Poilievre, who seems ready to channel Canada's economic frustrations into a pro-crypto platform, much like Donald Trump.

January 8: Federal Reserve FOMC Minutes Release

On January 8, 2025, the Federal Reserve released the minutes from its December 2024 meeting, providing key insights into economic conditions and monetary policy. Given the Fed's previously hawkish stance, investors scrutinized the minutes for signs of potential interest rate adjustments. The report reflected the central bank's cautious approach, emphasizing concerns over inflation and macroeconomic stability. However, it did not offer a clear indication of imminent rate cuts, leading to a muted reaction across financial markets.

Crypto Market Reaction:

Bitcoin and altcoins remained relatively stable, experiencing low volatility as investors refrained from making aggressive moves. The absence of a strong dovish signal from the Fed dampened risk appetite, keeping crypto markets in a consolidation phase. Investors continued to monitor upcoming economic data for potential shifts in liquidity conditions.

January 10: U.S. December Non-Farm Payrolls (NFP) Data Release

On January 10, 2025, the U.S. Department of Labor released the December 2024 Non-Farm Payrolls (NFP) report, offering insights into labor market trends. The data showed an increase in the unemployment rate to 4.2%, up from 3.9% in November, despite the highest job gains since April 2024.

The report suggested a resilient labor market, reinforcing expectations of steady consumer spending and economic growth. However, the slight rise in unemployment pointed to a gradual cooling, fueling speculation about potential Federal Reserve rate cuts later in the year.

Crypto Market Reaction:

Initially, crypto markets rallied on hopes of looser monetary policy, but volatility remained high as investors awaited further signals from the Fed. With macroeconomic conditions playing a crucial role in risk asset performance, Bitcoin and altcoins remained sensitive to upcoming inflation data and central bank decisions.



January 15: U.S. Consumer Price Index (CPI) Report

The December 2024 CPI report showed moderate inflation, reinforcing the view that price pressures were easing. This fueled optimism across markets, as it strengthened expectations of potential rate cuts by the Federal Reserve in 2025. A continued decline in inflation would increase the likelihood of the Fed adopting a more accommodative stance.

Crypto Market Reaction:

Bitcoin responded positively, gaining bullish momentum as investors anticipated that lower interest rates would create more favorable conditions for risk assets. Historically, lower rates reduce the opportunity cost of holding non-yielding assets like Bitcoin, making them more attractive to investors. Additionally, an increase in market liquidity could drive further into speculative assets, including cryptocurrencies.

January 20: A Pivotal Day for Crypto Markets

Two major events on January 20, 2025, had a significant impact on the crypto market:

- ***Trump Launches a Meme Coin***

Former President Donald Trump made headlines by launching his own meme coin, fueling excitement and speculation within the crypto community. Given Trump's strong following and the popularity of meme coins, the announcement sparked a surge in retail investor interest. However, seasoned investors remained cautious, recognizing the speculative nature of such assets and the potential for rapid price swings.

- ***Trump's Presidential Inauguration***

On the same day, Donald Trump was inaugurated for his second term as President of the United States. While his speech did not specifically mention cryptocurrency or a Bitcoin reserve, the crypto community remained optimistic about his administration's stance on digital assets. Many investors speculated that Trump's policies could foster institutional adoption and regulatory clarity, potentially benefiting the broader crypto market.

Crypto Market Reaction:

January 20 was marked by extreme volatility, with Bitcoin reaching a new all-time high of \$109,114 before closing at \$101,083. The combination of political events and speculation drove market enthusiasm, highlighting how external factors, including regulatory expectations and celebrity influence, can shape crypto trends.



January 29: Federal Reserve Meeting

On January 29, 2025, the Federal Reserve concluded its first meeting of the year, opting to maintain the federal funds rate at 4.25% to 4.5%. This decision followed a series of rate cuts totaling one percentage point over the previous three meetings in 2024. The Federal Open Market Committee (FOMC) noted that economic activity remained solid, with stable labor market conditions, but inflation remained somewhat elevated.

Fed Chair Jerome Powell emphasized the uncertainty surrounding inflation and the potential economic impact of the new administration's policies, including tariffs, immigration, federal spending, and regulatory changes. He reiterated that the Fed would adjust its policy stance as necessary to support maximum employment and price stability.

Crypto Market Reaction:

Following the Fed's decision to hold rates steady, Bitcoin and other cryptocurrencies saw moderate gains. Bitcoin rose by 2.7% over the next 24 hours, trading at \$105,253, while XRP and Ether also posted increases of 0.6% and 2.4%, respectively.

The Fed's decision to pause further rate hikes provided some certainty to markets, contributing to a positive response in the cryptocurrency sector. Investors remained optimistic about Trump's potential role in shaping U.S. crypto policy, further fueling confidence in digital assets.



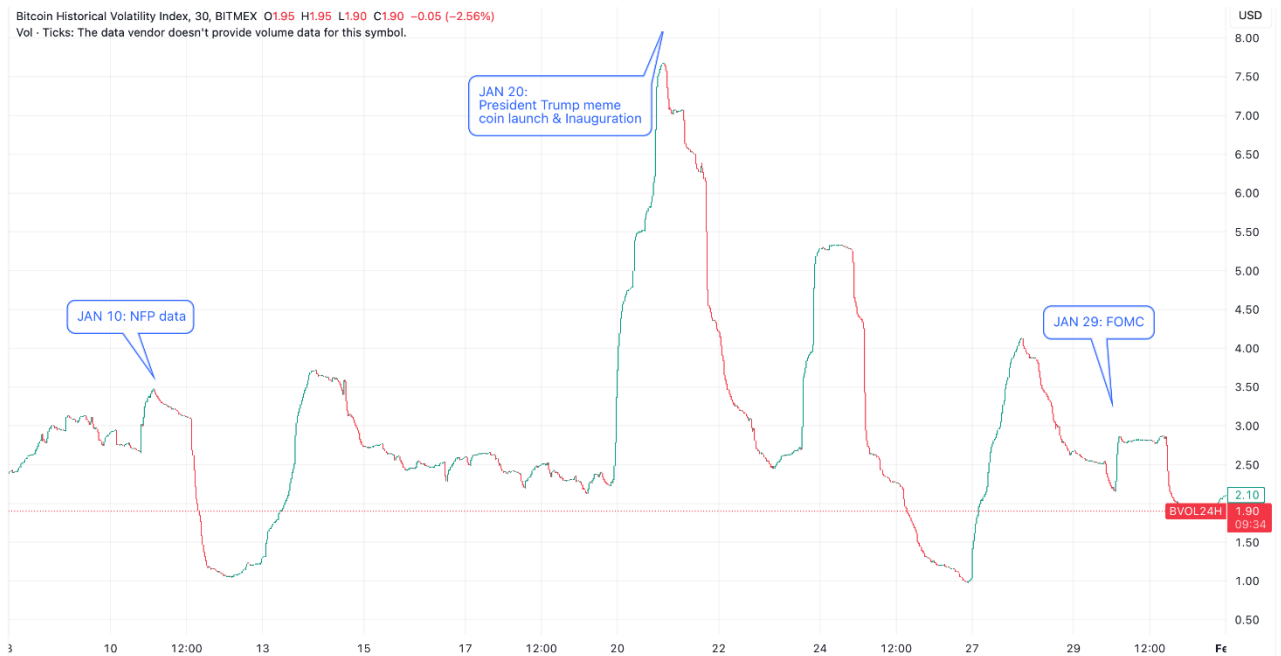
Graphical Analysis

Figure 1: Bitcoin Price Movement



Source: TradingView
As of January 31, 2025

Figure 2: Bitcoin Market Volatility Around Key Events



Source: TradingView
As of January 31, 2025

Figure 3: Performance Comparison between BTC, ETH and XRP



Source: CoinGecko
As of January 31, 2025

Conclusion

January 2025 was a pivotal month for both traditional and crypto markets, with macroeconomic data releases, Federal Reserve decisions, and political events shaping investor sentiment. While the Fed maintained a cautious approach, signals of potential rate cuts in 2025 fueled optimism. Meanwhile, Trump’s return to office and his meme coin launch brought renewed attention to the crypto sector, underscoring the market’s sensitivity to political and economic developments. As the year progresses, the interplay between monetary policy, inflation trends, and regulatory shifts will remain key factors influencing the trajectory of digital assets.



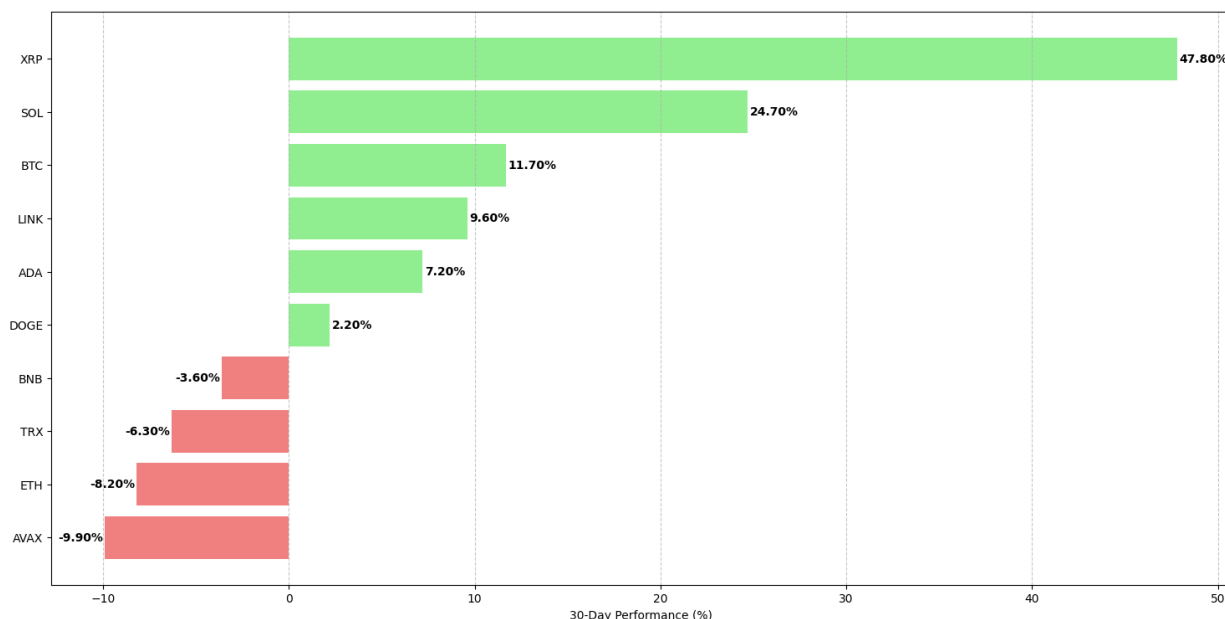
Market Performance Analysis

January 2025 saw significant movement in the cryptocurrency market, reaching a peak valuation of US\$3.76T on January 7. The market rebounded from December's downturn, driven by favorable regulatory signals and executive actions from the U.S. government. Notably, President Trump established a working group to develop a regulatory framework for digital assets and banned the creation of a U.S. Central Bank Digital Currency. Meanwhile, Eric Trump proposed eliminating capital gains taxes on cryptocurrencies issued by U.S.-based companies. However, this bullish momentum slowed in late January following DeepSeek's breakthrough AI model, which raised concerns about tech sector overvaluations, leading to a sharp correction in both traditional and crypto markets.

Amid these developments, the top 10 cryptocurrencies exhibited varied performances, with some assets benefiting from strong adoption and liquidity inflows, while others faced downward pressure. 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 4: Monthly price performance



Source: BSBA (data from: CoinMarketCap)
As of January 31, 2025

In descending order of performance:

- ❖ **XRP (Ripple):** XRP surged by 47.8% in January 2025, marking the strongest performance among major cryptocurrencies. This growth was driven primarily by a rapid increase in activity on its native decentralized exchange (DEX), which recorded over US\$400 million in swap volume for the month. Daily trading volumes surpassed US\$17 million, reflecting rising network engagement. A key factor in XRP's price movement was the divergence in behavior



between short-term and long-term holders. While many short-term investors took profits after a 90-day holding period, long-term holders increased their accumulation, indicating confidence in XRP's future valuation and reinforcing bullish market sentiment.

- ❖ **SOL (Solana):** Solana posted a remarkable 24.7% gain in January, benefiting from a surge in decentralized exchange (DEX) trading and speculative interest in newly launched meme coins. The network's high throughput and low transaction fees positioned it as a preferred platform for traders, leading to an influx of liquidity. This uptick in activity also boosted Solana's Total Value Locked (TVL), reinforcing its prominence in the decentralized finance (DeFi) sector. Despite broader market volatility, Solana's technical advantages and increasing adoption in the NFT space contributed to sustained bullish momentum, attracting both retail and institutional investors seeking high-speed blockchain solutions.
- ❖ **BTC (Bitcoin):** Bitcoin climbed 11.7% in January, driven by favorable policy developments and heightened institutional interest. The announcement of a national crypto reserve initiative by President Trump bolstered investor confidence, as did discussions surrounding potential stablecoin regulations. Additionally, speculation about Bitcoin's inclusion in the Czech National Bank's reserves added to the bullish sentiment. However, gains were somewhat tempered by late-month macroeconomic concerns, including volatility in traditional financial markets. Despite these challenges, Bitcoin remained resilient, solidifying its status as a store of value and reinforcing expectations of further institutional adoption ahead of the upcoming halving event.
- ❖ **LINK (Chainlink):** Chainlink saw a strong 9.6% increase in January, fueled by its continued expansion in blockchain interoperability and real-world asset integration. The adoption of its Scale and Build programs led to a notable rise in developer engagement, with over 4,000 projects now building on 16 different blockchains using Chainlink's decentralized oracle technology. This growth underscored Chainlink's increasing relevance in the DeFi space, with more platforms integrating its data feeds to enhance smart contract functionality.
- ❖ **ADA (Cardano):** Cardano gained 7.2% in January as bullish sentiment surrounding regulatory developments boosted investor confidence. The network's ongoing advancements in smart contract functionality and DeFi applications contributed to its upward momentum. Cardano's focus on scalability and sustainability continued to attract developers and users, leading to increased staking participation and overall network activity. While competition in the Layer 1 blockchain space remains intense, ADA's strong community support and methodical approach to innovation positioned it well for long-term growth, making it an attractive asset for both retail and institutional investors seeking exposure to a robust and scalable blockchain network.
- ❖ **DOGE (Dogecoin):** Dogecoin registered a modest 2.2% increase in January, maintaining stability amid broader market fluctuations. DOGE's performance was primarily driven by continued retail interest and increasing adoption in payment networks. Its role as a widely recognized and community-driven asset helped sustain demand, even as speculative capital

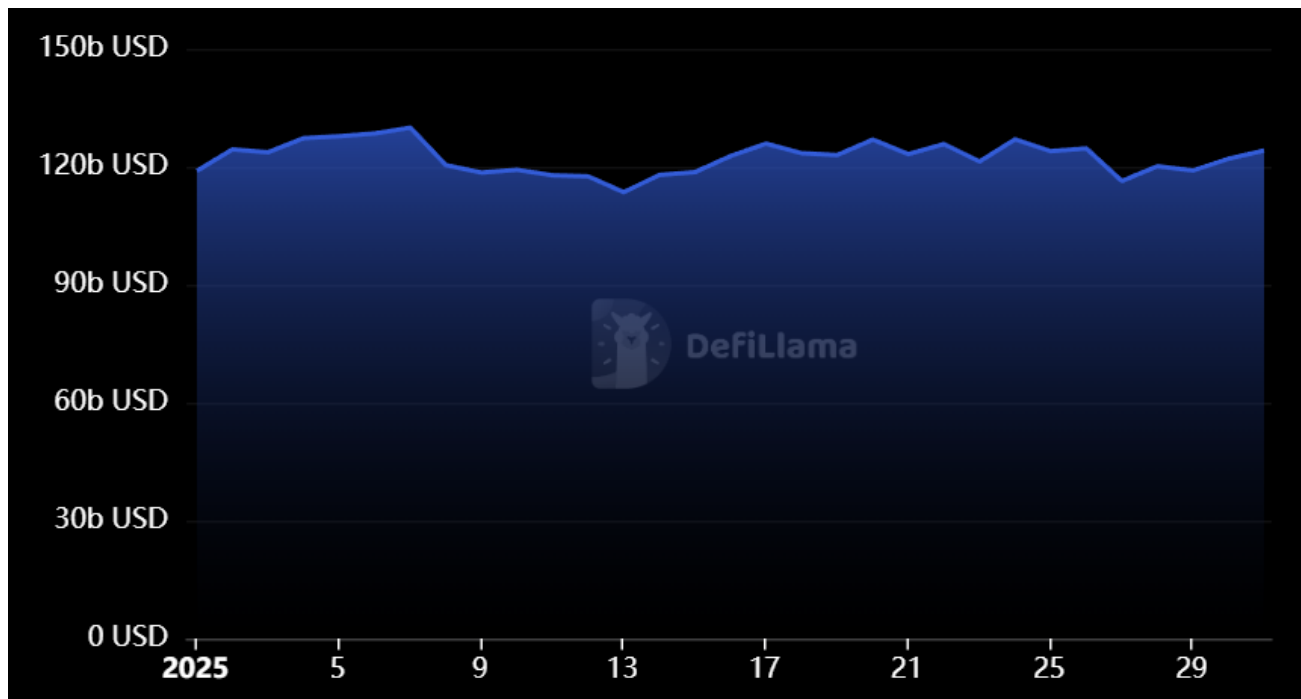


flowed into other high-growth sectors like Solana's meme coin ecosystem. While lacking the fundamental growth drivers of some competitors, Dogecoin's strong branding and occasional endorsements from high-profile figures continued to provide periodic price boosts, ensuring its relevance in the crypto landscape despite lower volatility compared to previous bull cycles.

- ❖ **BNB (Binance Coin):** BNB declined by 3.6% in January, facing downward pressure as investors redirected liquidity toward high-growth assets like Solana. Despite its minor setback, BNB Chain continued to expand its ecosystem, with new developments in decentralized applications and DeFi protocols. Binance's strategic focus on compliance and institutional adoption provided long-term support for BNB's valuation. However, with increased regulatory scrutiny and shifting market dynamics, traders opted for more speculative investments in the short term. While BNB underperformed relative to its peers, its strong fundamentals and extensive use within the Binance ecosystem positioned it for potential recovery in the coming months.
- ❖ **TRX (Tron):** Tron saw a 6.3% decline in January as market dynamics shifted away from its ecosystem. Despite strong network activity and continued leadership from founder Justin Sun, investor interest waned in favor of alternative blockchain platforms. The decline was also attributed to profit-taking after TRX's strong December performance. However, Tron's robust transaction volume and growing adoption in decentralized applications provided a fundamental base for potential future rebounds. As competition in the DeFi and stablecoin sectors intensifies, TRX will need to differentiate itself with innovative offerings to regain investor confidence and sustain long-term growth.
- ❖ **ETH (Ethereum):** Ethereum declined by 8.2% in January, struggling to maintain investor interest amid rising competition from Solana and other high-performance blockchains. ETH faced headwinds as memecoin activity and DeFi trading volumes shifted towards Solana's lower-fee ecosystem. Despite this, Ethereum maintained its dominance in institutional DeFi applications, with continued integration of Layer 2 scaling solutions like Optimism and Arbitrum. While short-term price action reflected investor caution, long-term sentiment remained positive due to Ethereum's extensive developer base and ongoing network upgrades, including improvements to staking and scalability. The upcoming Ethereum roadmap milestones will be critical in determining its future trajectory.
- ❖ **AVAX (Avalanche):** Avalanche recorded the largest decline among major cryptocurrencies in January, dropping by 9.9%. This downward trend was largely driven by short-selling pressure, with bearish sentiment outweighing long positions. The rise of competing networks, particularly Solana, siphoned liquidity away from Avalanche's ecosystem, reducing its trading volumes and network activity. Despite the short-term weakness, Avalanche continued to expand its subnet technology, aiming to attract institutional adoption and enterprise solutions. If market sentiment stabilizes and Avalanche secures key partnerships, it could stage a recovery. However, maintaining relevance in the fast-evolving blockchain space will be crucial for AVAX's long-term success.

Decentralized Finance (DeFi)

Figure 5: Comparison Total Value Locked



Source: DefiLlama
As of January 31, 2024

The TVL starts the month slightly above \$120 billion, showing fluctuations but mostly remaining steady around the \$115–\$125 billion range. A small decline is visible mid-month, where TVL drops closer to \$115 billion on the 13th. It then rebounds slightly by the end of the month, stabilizing near \$120 billion. In general, we saw an increase of 4.4%, going from 118.9 to 124.1 billion USD, reflecting a renewed influx of capital into DeFi at the start of the year.

The graph indicates relative stability in the DeFi market for January 2025, with minor fluctuations reflecting typical market dynamics such as changes in token prices, liquidity adjustments, or protocol activity. This is a trend that has been going on since December 2024, after an incredible November where TVL increased by 42%. We are in a situation where investors are waiting for the right opportunity to make money again. This could take months before it happens so we will probably see even more stability in the next months, thanks also to the geo-political instability after the arrival of the new president of the United States.

Going more into depth, the reasons of January 2025's stability are the following:

- *Layer-2 blockchains*: they are responsible for over \$10 billion in Total Value Locked. The high diversification of this sector helped TVL to remain stable at 120 billion USD.
- *Stablecoin liquidity*: cryptos like MakerDAO or Curve thanks to their nature helped the market to remain close to one value.



- *Ethereum*: it's responsible for more than 40% of total DeFi TVL. Ethereum's price stability contributed a lot to the lack of major fluctuations in TVL. Dencun upgrades are finally showing results, bringing lower costs for users, enhancing DeFi usability and reducing the time it takes to finalize transactions.

Base's TVL went from \$3.49 billion on the first day of the year to \$3.5 by the end of the month, reflecting the stability of the market. Even though it began February with a slight drop, Base is close to its all-time high reached in December 2024. Aptos is following the same path as Base, oscillating around \$1.0 billion: the month ended with a decrease in its TVL but the ATH reached also in December 2024 is pretty close. Lastly Solana it's the one that had the biggest impact, with an outstanding performance in January 2025. It began the year at \$8.5 billion and reached its all-time high on the 19th, beating the previous one reached in November 2021. Solana finished at \$11.2 billion, showing an increase of 31.8%.



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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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