

# Quarterly Market Report

A data-driven recap of the most significant events in cryptocurrency markets.

# Q1 Timeline

## January

- Jan 17  
ETF Filing Frenzy as Gensler Exits
- Jan 18  
Trump Memecoin
- Jan 20  
U.S. President's Inauguration

## February

- Feb 1  
First Tariff Announcement
- Feb 14  
Milei Endorses Libra
- Feb 20  
First spot XRP ETF approved in Brazil
- Feb 21  
Bybit hack

## March

- Mar 3  
SEC Drops Lawsuits
- Mar 6  
Crypto Strategic Reserve Announcement
- Mar 12  
Abu Dhabi's MGX invests \$2bn in Binance
- Mar 17  
SOL Futures on CME
- Mar 26  
Jellyjelly Attack

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# Analyst Commentary



## Dessislava Aubert

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### Macro uncertainty hits risk assets

Macro uncertainty has been a dominant theme in Q1, with rising tariffs beginning to take a toll on US consumer sentiment—a key driver of growth. This has fueled concerns about stagflation or even a potential global recession.

While expectations for rate cuts in the US have been growing, this isn't the type of rate-cut cycle markets had hoped for. The shift toward a risk-off environment has weighed on both crypto and equities.

However, as crypto legislation takes shape and regulatory support builds, Bitcoin may begin to decouple from traditional assets in the months ahead.



## Adam McCarthy

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### Institutionalising Altcoin

The institutionalisation of BTC over the past 18 months moved the market significantly. If there is to be a bull run in the second half of 2025 altcoins will need to see similar uptake. Exchange-traded funds tied to altcoins and other product launches will play an important role in improving demand.

The first quarter was full of noise around new ETFs and more exotic products. There's currently over 40 active ETF applications sitting at the SEC for incoming chair Paul Atkins to address with his team in Q2. Among them are around 10 XRP filings. XRP could be live on the CME before long too. The advent of products like these could spark a rally due to increased demand, but last summer's ETH launch holds for investors here—sometimes it's better to wait for new products.



## Anastasia Melachrinou

[@0xAnastasiaMel](#)

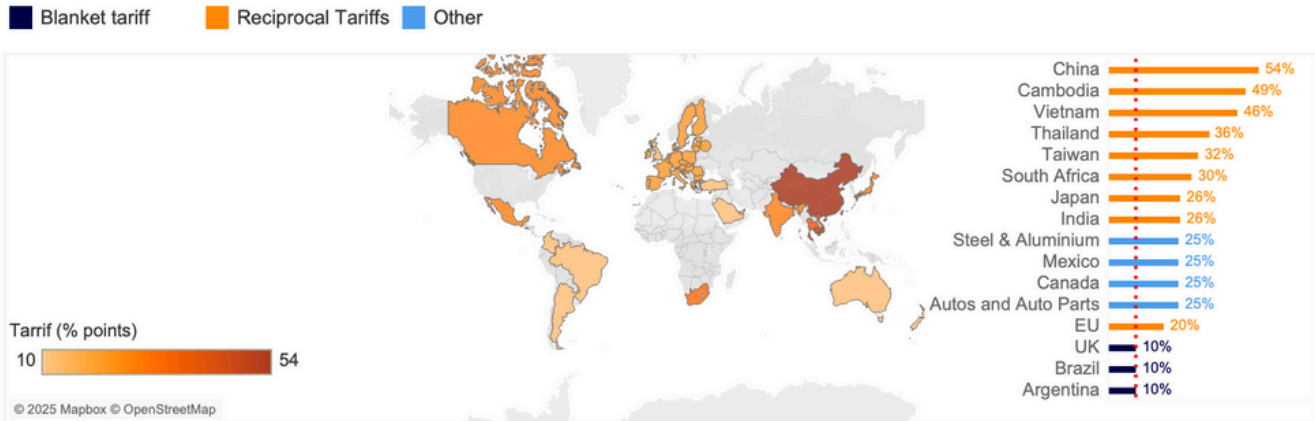
### Crypto Liquidity & Price Manipulation

This past quarter, crypto markets faced renewed scrutiny over price manipulation, particularly affecting illiquid assets in both CeFi and DeFi sectors. These events highlight the critical need for comprehensive

audits of token liquidity and quality before they hit the market, aiming to protect customers. The importance of reliable price feeds for derivatives is underscored by recent vulnerabilities, such as the Hyperliquid attack. Strengthening exchanges stability, specifically DeFi, against price manipulation, is crucial; without this, trust in cryptocurrencies beyond Bitcoin will remain elusive.

# U.S. Tariffs Roil Markets

The U.S. imposed reciprocal and blanket tariffs on the world.



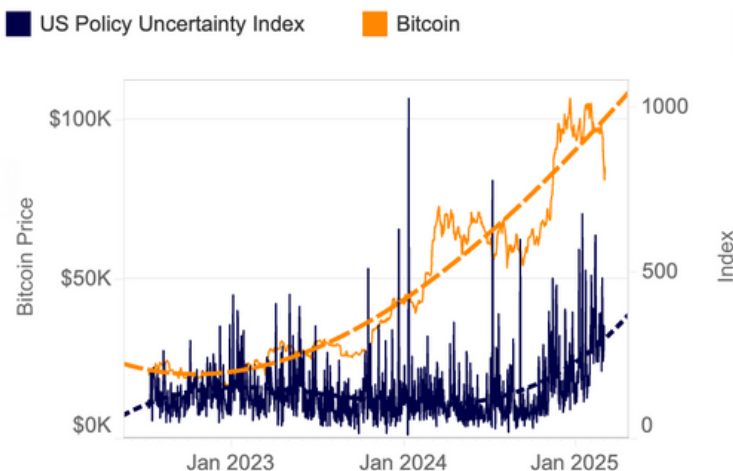
Mexico and Canada non-USMCA, imposed on March 2025.

Source: Kaiko.

Donald Trump took office on January 20, amid a market rally driven by optimism over tax cuts and deregulation. However, his rapid rollout of over 111 executive orders on tariffs and immigration between January and April caught many by surprise.

In the past two months, escalating tariff announcements have shaken markets, culminating in reciprocal tariffs and a 10% blanket rate on April 2. This pushed the effective U.S. tariff rate above 20%, triggering a broad selloff across asset classes. APAC countries were hit hardest, with China (54%), Cambodia (49%), Vietnam (46%), and Thailand (36%) among the most affected.

## U.S. Policy Uncertainty vs. Bitcoin

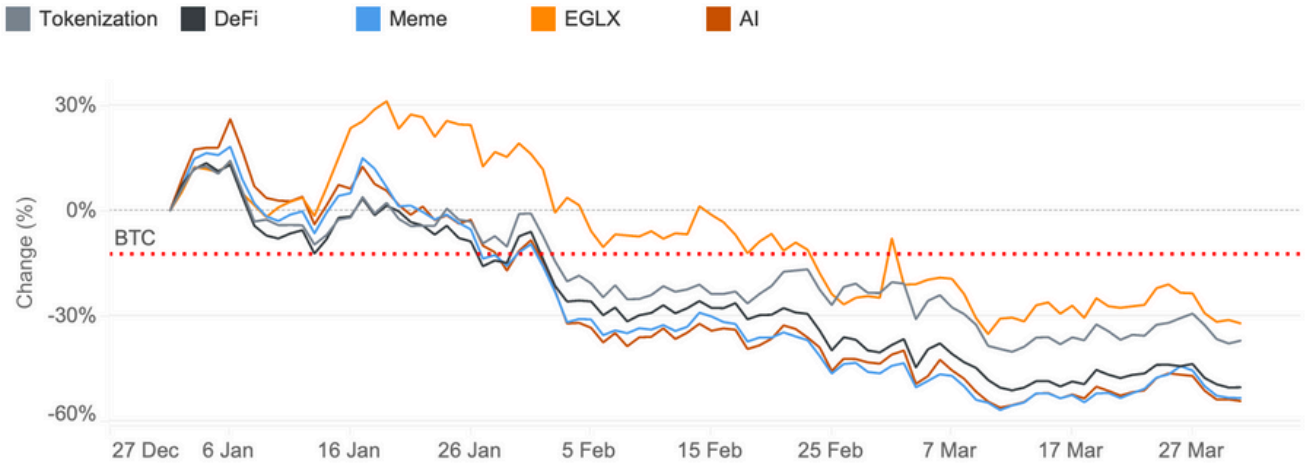


Source: Kaiko Analytics Solutions - Kaiko Fair Market Value, and FRED St. Louis.

U.S. economic policy uncertainty surged following Trump's election, with concerns about the impact of tariffs on inflation and growth intensifying by mid-February as consumer sentiment weakened. In March, core U.S. PCE data—the Federal Reserve's preferred inflation measure—fueled fears of stagflation, further deepening the risk-off sentiment.

# The Positive Trump Effect Fades

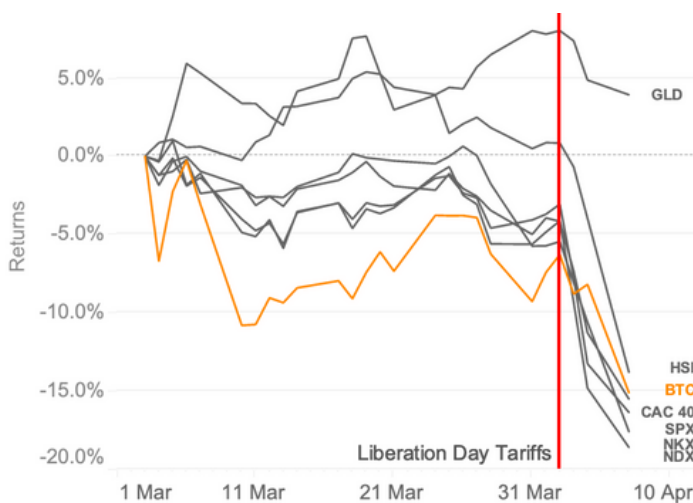
## Crypto Indices Performance in Q1



Source: Kaiko Indices.

In Q1, Bitcoin lagged behind U.S. equities and gold but outperformed most crypto assets, recording a 12% decline compared to over 50% losses in meme and AI-linked tokens. U.S.-linked projects, tracked by Kaiko's EGLX index, saw a 32% drop, which was more moderate than declines in other crypto indices. Concerns persist that tariffs could severely impact the U.S. economy, potentially driving investors away from U.S. equities. However, regulatory developments may encourage a further decoupling of U.S.-based crypto projects from traditional markets.

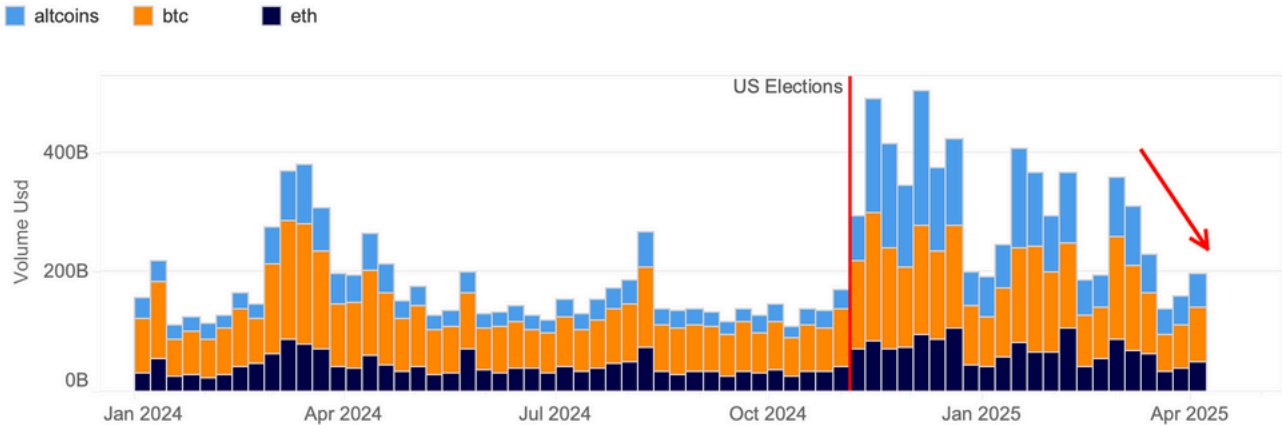
## Bitcoin Post Liberation Day Performance



Source: Kaiko Indices. Refinitiv.

Between April 2 and 6, Bitcoin remained steady around \$82K following the announcement of the Liberation Day tariff, demonstrating resilience amid market volatility. Although it declined as the broader selloff intensified over the weekend, Bitcoin still outperformed the Nasdaq 100, as well as APAC and European equities. This performance suggests that the majority of the derisking may have already occurred.

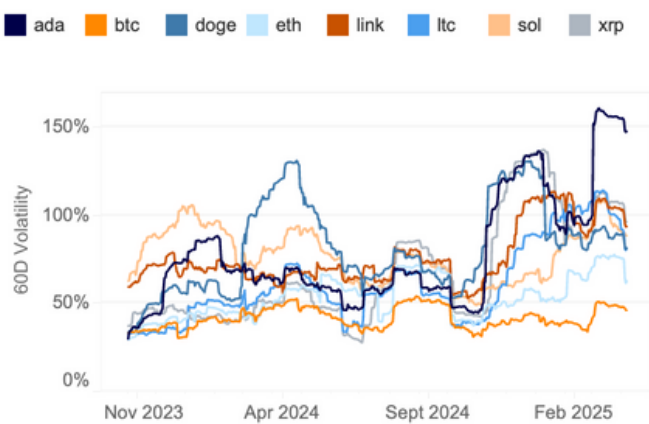
## Trade Volume Drops To Pre-Election Levels



Source: Kaiko Monitoring Solutions - Kaiko Market Explorer.

In early April, crypto trading volumes returned to pre-election levels as traders remained cautious amid increased volatility. In Q1, weekly trading volumes for BTC, ETH, and the top ten altcoins averaged \$266 billion, marking a 30% decrease from November 2024 levels. This decline was primarily driven by reduced altcoin trading on offshore exchanges, while U.S.-based platforms experienced smaller decreases. Among fiat markets, KRW-denominated trading saw the steepest decline, plummeting over 50% due to political uncertainty following the impeachment of South Korea's President.

## Market-Wide Volatility Uptick in Q1



Source: Kaiko Monitoring Solutions - Kaiko Market Explorer.

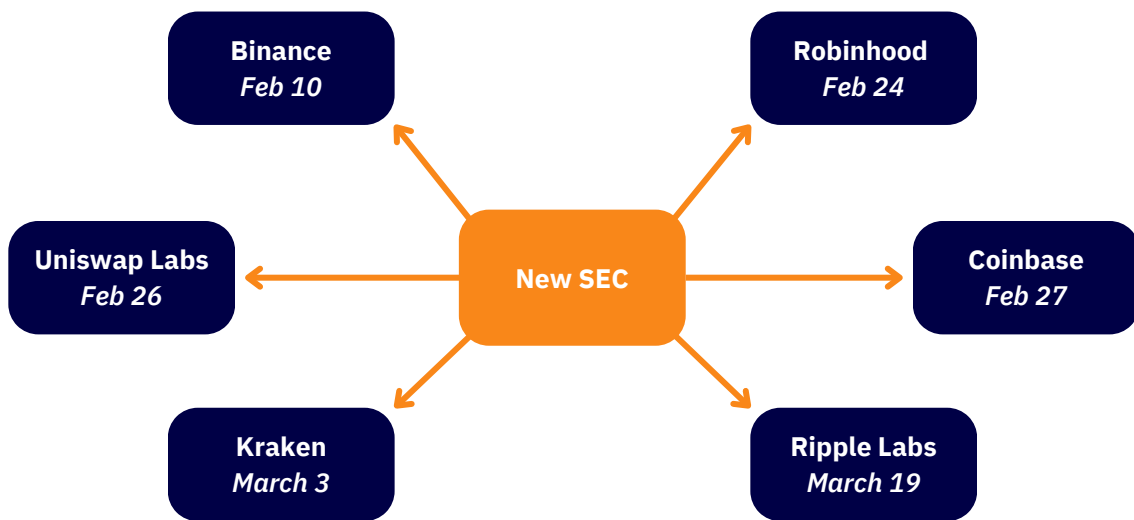
Altcoin volatility surged in early 2025, reaching multi-year or all-time highs for certain tokens, notably Cardano's ADA. Bitcoin's volatility also rose, from 34% in February to 51% in March, though it stayed below the peaks observed during last August's carry trade unwinding. The growing volatility gap between Bitcoin and altcoins may discourage risk-averse traders from entering the market in the near future.

# Regulatory Headwinds Fade

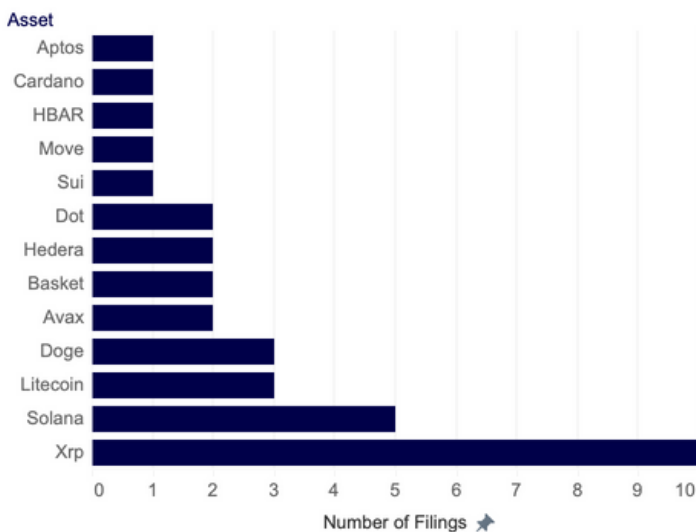
## Post-Gensler Era Starts Strong

The new leadership at the U.S. Securities and Exchange Commission has reversed its stance on crypto. The era of regulation by enforcement has ended as the agency shifts its approach, dropping numerous legal cases against major crypto firms, including Coinbase, Kraken, and Uniswap Labs.

## Lawsuits Dropped by SEC in Q1



## Number of Active Spot ETF Filings



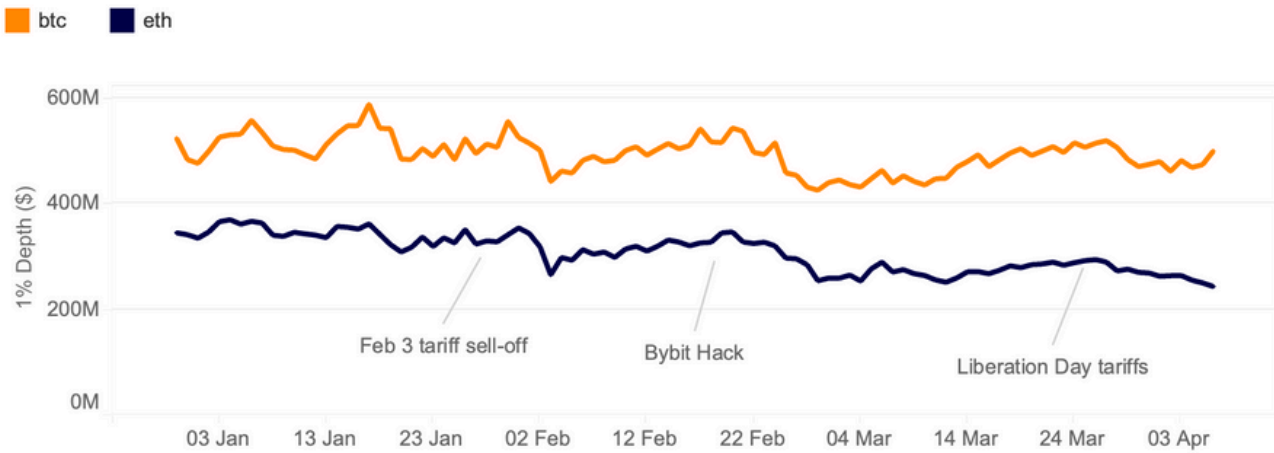
Asset managers quickly capitalized on Gary Gensler's departure from the SEC in January. Numerous issuers submitted a surge of applications on the former Chair's last day. The submissions have continued, with XRP being the most popular choice among them.

Source: Edgar, SEC.



# Bitcoin Liquidity Holds Strong

## Bitcoin 1% Market Depth Remains Resilient



Source: Kaiko Monitoring Solutions - Kaiko Market Explorer.

Despite rising volatility, Bitcoin's 1% market depth concluded the quarter slightly higher at \$500 million. While liquidity decreased following the February 3 tariff selloff, market makers kept stable BTC exposure through March and increased it in early April, despite the global selloff on Liberation Day.

Conversely, ETH liquidity continued its decline, dropping 27% from January 1 to April 6, reaching \$243 million amid ongoing underperformance.

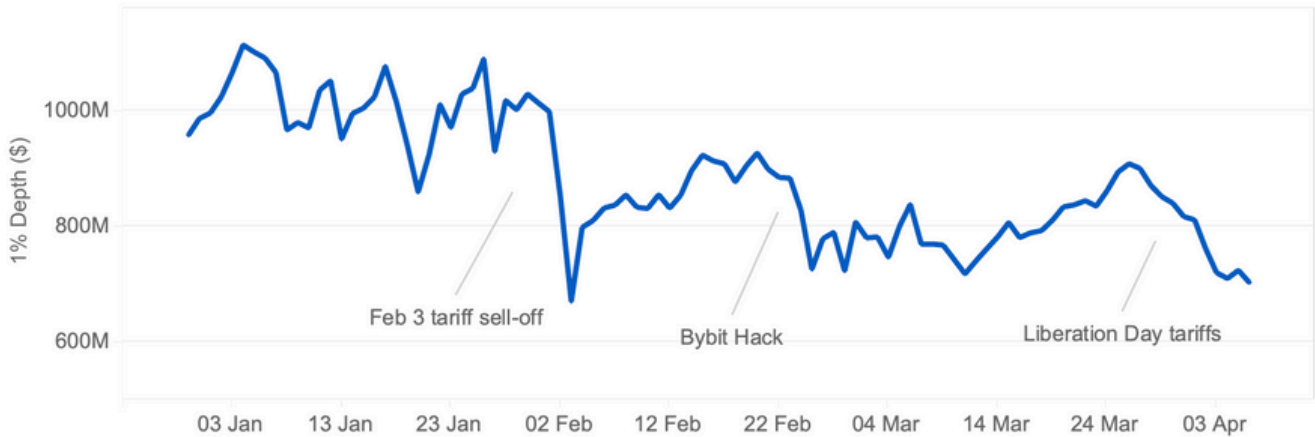
## Share of BTC Liquidity on US Platforms



Bitcoin's liquidity resilience was primarily supported by U.S. platforms, with their global depth share reaching a two-year high of 58% before slightly decreasing at the end of March. CEX.IO, Kraken, and Coinbase continue to be the most liquid BTC markets, collectively accounting for over 60% of market depth.

Source: Kaiko Monitoring Solutions - Kaiko Market Explorer.

## Top 50 Altcoins 1% Market Depth

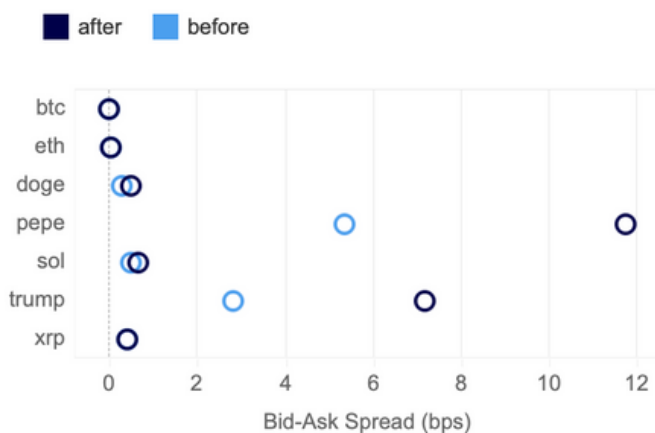


Source: Kaiko Monitoring Solutions - Kaiko Market Explorer.

Liquidity for the top 50 altcoins by market depth fell 30% from January 1 to April 6, decreasing from over \$1 billion to \$700 million. This decline was uneven: RNDR, SHIB, FIL, and PEPE experienced liquidity drops of over 50%, while Bittensor's TAO, ONDO, and XRP saw increases. The reduction was primarily driven by U.S. platforms, especially Coinbase and CEX.IO.

Meanwhile, liquidity continued to concentrate among large-cap altcoins, with their share of global altcoin liquidity rising throughout the quarter, albeit at a slower pace than during the Q4 post-election rally.

## Average Hourly Bid-Ask Spread before and after Trump Inauguration Day



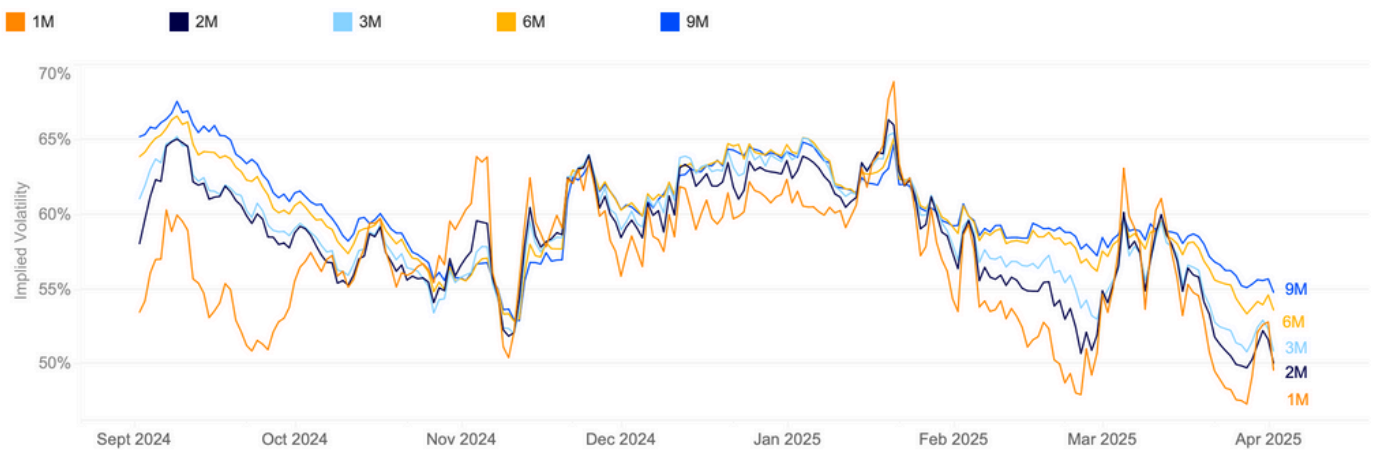
Source: Kaiko Monitoring Solutions - Kaiko Market Explorer.

Following the U.S. presidential inauguration, the average hourly bid-ask spread on Binance widened for most assets as markets adjusted to the economic implications of new trade policies. Meme tokens experienced the most significant liquidity deterioration as market makers reduced exposure to high-risk assets.

# Uncertainty Drives Volatility

## Short-term Implied Volatility Spikes

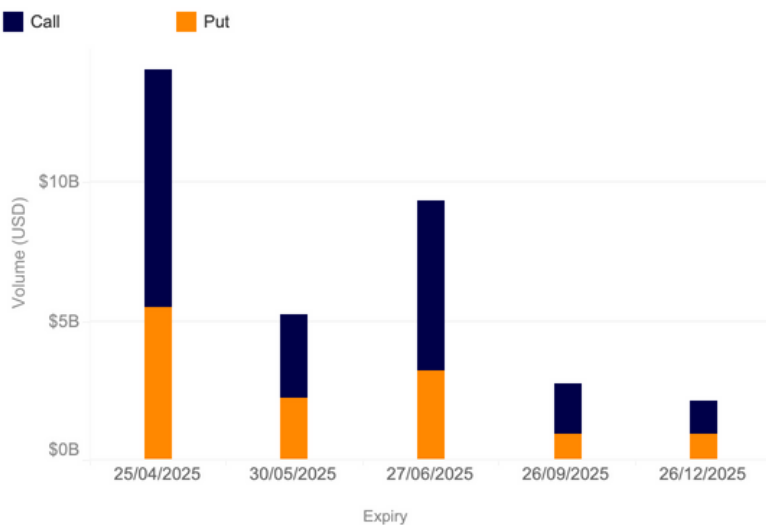
The macroeconomic uncertainty created intriguing dynamics in the options markets during the first quarter. President Trump's tariff plans triggered the largest spike in short-term at-the-money implied volatilities seen in over a year, surpassing even the volatility experienced during the U.S. election period.



Source: Kaiko Derivatives Risk Indicators.

Throughout the quarter, the new U.S. administration began hinting at forthcoming announcements, impacting the options market in two significant ways. Traders rapidly repriced risk amid volatile price movements, resulting in several term structure inversions. This unusual situation saw near-term implied volatilities exceeding long-term ones, which typically wouldn't occur under normal market conditions.

## Options Outlook



Source: Kaiko Derivatives Risk Metrics. Volume Since January.

Unlike last year, which featured the fourth halving and global elections, there are no distinctly defined market events on the horizon for investors to trade towards. Despite this and the increasing uncertainty, trading volumes still favor calls, indicating that investor sentiment hasn't been completely eroded by the market activity in Q1.

# Key Narratives to Watch in Q2

## Trade Policy

Expect continued volatility in the upcoming quarter and beyond, driven by tariffs. The new administration appears steadfast against market pressure, as evidenced by its lack of response to a 10% drop in the S&P 500 within just five days.

## Stablecoin Usage

Historically, stablecoin market growth has often preceded increases in other asset classes. Since late 2024, the stablecoin market has expanded by 33%, with the total supply exceeding \$230 billion. If this trend persists into the year's first half, it may signal positive prospects for the broader crypto markets.

## ETF Deadlines

Be on the lookout for upcoming ETF deadlines in the second quarter. With the confirmation of the new SEC Chair and basket index deadlines approaching in May, there could be some developments. However, Atkins might prioritize more pressing issues during his initial weeks in office.

## Digital Gold

The Bitcoin as “Digital Gold” narrative is going to be tested amid this uncertainty. Investors have favoured Gold so far this year and its outperformance has fueled Bitcoin critics. If the dollar weakness persists this might strengthen BTC’s narrative.



## CRO Outlook

*Bediss Cherif*

The evolution of crypto market structure is at a critical inflection point. Collateral management has become a cornerstone of institutional adoption.

As capital markets and digital assets converge we're witnessing multiple parallel initiatives aimed at solving the fundamental challenges of clearing and collateral optimization. From ClearLoop's custody-centric approach to innovative solutions like tokenized money market funds being used as eligible collateral, the industry is rapidly developing sophisticated infrastructure to address counterparty risk and capital efficiency.

This transformation is significant as firms like BlackRock seek to establish new collateral standards, demonstrating how proper collateral frameworks are essential to unlocking the next wave of institutional participation in crypto markets. The emergence of specialized clearing agents and central clearing solutions signals that the market is maturing beyond simple bilateral arrangements toward more robust, scalable models that better align with traditional financial risk management practices.

## Research Reports

Check out our latest report, written in collaboration with BRN (Blockhead Research Network), where we contextualize altcoin vs. Bitcoin trends and explore the factors that have influenced — and could continue to influence — capital flows into altcoins.

Download the report [here](#)



## Kaiko in the News

- [Ethereum faces ‘midlife crisis’ as rivals play catch-up](#) — Financial Times
- [Coinbase Enters a New Crypto Era With Perks—and Risks](#) — The Information
- [Crypto markets offer ‘strong momentum opportunities’: Kaiko](#) — Blockworks
- [Coinbase Is in Advanced Talks to Buy Derivatives Venue Deribit](#) — Bloomberg
- [Altcoin liquidity’s dropped since President Trump’s tariff announcement: Kaiko Research](#) — Blockworks

## Disclosure

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