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# CRYPTO MARKET THESIS | 2025



**Institutional Adoption**  
**Regulatory Environment**  
**Potential Alt Season**



**Cyclical Downturn**  
**Greed > Fear**

## Executive Summary

2024 was a breakout year for the industry with **Bitcoin trading above \$100,000 USD** for the first time.

Trump's election win promises a **new era of crypto friendly regulation**. This coincides with a shift in perception and more positive discussions on Wall Street.

Sentiment is optimistic as we move into the start of 2025, with **expectations of the bull market continuing** to gain momentum. Significant selling pressure is expected as many market participants are eyeing the opportunity to "sell the top", prevailing consensus suggests we haven't reached that point yet. Over the next year, sentiment will **shift from greed to fear as enthusiasm around the four year cycle wanes** and expectations begin to temper.

If Bitcoin continues higher then there will be **opportunities in altcoin markets** which I expect to see outperform in 2025. This could be in a cyclical return of smart contract platforms, DeFi and NFT's, or it could be in a new emerging digital asset or means of speculation that has yet to capture the market's attention.

If Bitcoin fails to make new all time highs in Q1 we could see a rush to the exits as few participants willing to take the "supercycle or bust" trade for the next four years.

Proceeding with caution and a **healthy dose of pessimism, while on the lookout for emerging opportunities**, trends and technology which I discuss regularly [here](#).

Past Crypto Market Thesis: [2023](#), [2024](#)

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## 2024 Year In Review

If 2023 was a slow grind up, then 2024 has been an acceleration as the bull market kicked in with full force.

Bitcoin took most of the focus as it traded above \$100,000 for the first time. The spot ETF's have proved popular with Blackrock's *IBIT* holding over \$50B AUM\*.

The Bitcoin halving cut supply to miners in half in April 2024 and the four year cycle has continued in the expected fashion, so far.



US public company Microstrategy has played a big role in Bitcoin's price appreciation, borrowing dollars through debt offerings to leverage up their position and pushing the Bitcoin price up. As of the 29th December they hold 446,400 Bitcoin and their buying has accelerated in Q4.

Trump's election win looks promising for the industry. Head of the SEC Gary Gensler has retired and the regulation by enforcement era looks to be coming to an end. Primary beneficiaries would be the [organisations currently being litigated against](#).

There are proposals for the US government to create a Bitcoin treasury fund and speculation that middle eastern sovereign wealth funds have started allocating capital to Bitcoin.



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## When Will The Cycle End?

The four year cycle has reinforced itself once more and is cemented in traders and investors minds. The current expectation and market sentiment is that we should go higher in 2025 with a blow off top followed by a major downturn that few people are worrying about currently.

My impression is there are a lot of digital asset holders looking to sell at some point in the next year. That may come gradually as price continues to grind up and targets are hit. Alternatively the selling could come fast and furious if there's a black swan event or major downturn that crushes the dreams of fortune.

If the expectation shifts and investors don't foresee potential upside in the continuation of the cycle, then there could be a significant sell off and rush to the exits.

At some point I expect a **psychological swing from greed to fear**. The narrative will turn from *"we are still in a bull run"* to *"is it over for another four years"*.

This may or may not be reflected as strongly in price action, as I believe the supercycle thesis still has merit. This is the idea that digital assets will see lower volatility as they mature as an asset class and will just grind up over time, on a zoomed out chart, against a depreciating dollar.

The supercycle thesis directly contradicts the four year cycle and until there's a break in that, many investors will grow **nervous of an expected crash as we get closer to 2026**.

### Macro Economic Factors

Inflation and interest rates are expected to fall gradually in 2025 which could create an economic boost for risk assets, including crypto markets\*. The SP500 continues to accelerate above its long term trend line fueled by the appreciation of tech stocks.

Trade policies and geopolitical tensions could be shaken up as Trump will likely take a less passive, more nationalist approach. The new administration will work towards America's best interests and whether crypto aligns with those interests, or at least the interests of those with influence, remains to be seen.



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## The Shared World Computer

Smart contract platforms have taken a back seat role this year as Bitcoin stole the limelight.

Smart contract platforms **enable decentralized computing** for 3rd party developers like myself to deploy permissionless code and store data and logic on a decentralized p2p network.

This technology is important, disruptive and isn't going away. Eventually web3 could compete with cloud computing for general, mainstream data storage and backend services.

There are some caveats, it's only useful for small amounts of data, the user experience is currently horrible and it's going to take years to get right. That being said, we are moving in the right direction.

The Ethereum Pectra update (expected in Q1) aims to improve protocol efficiency, enhance UX, and expand data availability capacity through a phased implementation of updates like validator consolidation and UX improvements, while paving the way for future scalability enhancements.

This isn't going to be a 0 to 1 moment for Ethereum but it is **another step forwards towards that vision of a shared world computer.**

What does it mean for ETH the asset? Perhaps the most unloved asset in crypto currently, it is still my strongest conviction bet and I expect it to outperform in 2025.

There is potential for another smart contract platform to come along and *get it right* faster than Ethereum can evolve but current offers are still lagging in terms of developer experience and traction.

My thesis is that Ethereum or another smart contract platform will eventually have a higher market cap than Bitcoin. Simply because a shared global computer has so much more potential to change the world, and we all get to build on it.



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## AI & Memecoins

Numerous traders made fortunes in 2024 on memecoins and more recently AI agent tokens. I'm not bullish long-term or allocated to either for a few reasons.

I wasn't early to the memecoin movement and by the time I woke up to it I didn't have an edge in the market. This was perhaps a mistake as there was and likely still is money to be made from system trading and trend following strategies with good risk management.

There is significant risk that the attention peaked after Murad released his [memecoin supercycle thesis](#) and as the narrative moves on so will capital, leaving bag holders left with vapourware.

Memecoins are **built on community, which is great when that community is growing** and new money flows in. When the community and capital exposure contracts there may be a self-fulfilling spiral to avoid further losses.

AI agents are the current focus and seem to have captured an evolving memecoin trade. My concern here is that there is no real technological advancement being made. In reality many agents are simply wrappers for OpenAI's API with a social media posting API linked to the output.

The agents are not thinking for themselves and are simply following the logic implemented by their developers. The emergence of AI generated content is going to change the world but I'm not convinced agents with a memecoin attached are the cutting edge of this shift.

That being said, I'm glad I'm not starting my career now as a developer or content creator. **Change is coming and in a few decades from now these roles could be obsolete.** AI is disrupting industries and gaining traction in ways blockchain developers dream about.

In 2025 we will likely see autonomous car legislation passed in the US, ChatGPT-5 released, professional quality text-video clips dominate YouTube and more.

There will be opportunities in AI and opportunities in blockchain but they don't converge easily. At a fundamental level blockchains are specialised to handle small shared data sets while machine learning thrives on huge computation across massive amounts of data.



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## Emerging Trends Radar

The big question is where will attention and investment shift to next?

At this moment in time I don't have a good answer. There are no obvious emerging narratives on my radar.

If Bitcoin keeps going up then I expect altcoins will go up more in 2025. In this environment there will always be a sub-sector that outperforms. Perhaps that will be a cyclical return of DeFi or NFT's, but more likely I expect it will be something completely new that we will hear about for the first time this year.

If the bull market continues investors will speculate further up the risk curve and Bitcoin dominance will drop. The lure of getting rich quick on speculative bets will prove irresistible at a time of peak risk. This could provide opportunity for short term trades with solid risk management, capturing the momentum of a potential alt season.

**BTC.D (Bitcoin Dominance) and ETH/BTC charts provide a reliable indicator** to the potential for a period of altcoin outperformance.

Some ideas to monitor for traction, in no particular order:

- GameFi - Online games with digital assets directly integrated
- Metaverse - Is Zuckerberg or someone building our digital future?
- Stablecoins & CBDC - Hard to allocate to but gaining traction
- Real World Assets - Platforms bringing real world yield to DeFi
- GambliFi - Sports betting, poker, prediction markets
- Web3 Social Network - New social network with user owned data
- Social Capital Markets - Reputation monetization
- Decentralized Identity - Solving sybil attacks is impossible but valuable
- DeSci - Utilizing blockchain tech for science and funding
- Experience Markets - Trading and validating physical experiences
- Payments & Payroll- Efficient payments for a global digital workforce
- Time Tokens - Entitling the holder to compute or human time
- Fractionalized ownership - Multitude of use cases as a crypto primitive

Many of the above seem **inevitable over a long enough timeframe** but whether we see their breakout in 2025 remains questionable.

Blockchain technology is slowly becoming more useful and it will eventually become usable enough to disrupt the above and create new and exciting applications that we haven't yet imagined.



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## Opportunity & Positioning

As of the 6th January 2025 my portfolio is positioned as follows:

Staked Ethereum	71%
Bitcoin	21%
Altcoins	4%
NFT's	2%
Early Stage Investments	2%

For the staked Ethereum position I'm using liquid staking tokens, the largest being [stETH by LIDO](#).

Altcoins holdings form a smaller percentage of my portfolio than I would like. These are mainly small investments in DeFi governance tokens and emerging alt LI tokens. There is potential to go on a shopping spree *if/when* [these conditions](#) are met and an alt season looks likely.

Given the current stage of the market cycle, investing in altcoins will be akin to a game of musical chairs. I plan to only hold a limited amount short term and derisk/paperhand at the earliest opportunity. The tokens and investments will be based on momentum rather than fundamentals or long-term potential.

I built up an NFT collection last year when the NFT market was particularly depressed. My biggest allocation is in [gen0 cryptokitties](#) which I believe offer exceptional liquidity and opportunity. At some point in the next decade I expect a return of attention and investment to the NFT markets.

Long term plan is to rebalance back to a 60/40 crypto/stablecoin position and create a semi-passive portfolio of digital assets. Ideally I will achieve this over the next year but I'm happy to wait longer if necessary to sell into semi-optimal conditions, market euphoria and surging interest.



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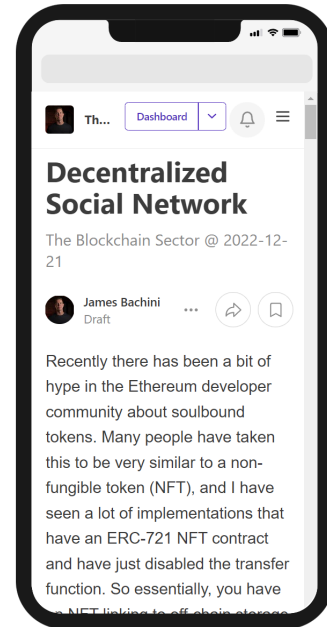
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