INVESTING IN CRYPTO

REPORT Q1 2025

VIRA
VENTURES

VIRA VENTURES

Executive Summary

The year began with optimism, but persistent high U.S. bond yields and upcoming refinancing pressures are tempering expectations. The Federal Reserve's rate cuts have had limited impact so far, with two more cuts anticipated in 2025. While inflation remains low, geopolitical and tariff-related risks are being used to cool market sentiment.
A strong U.S. dollar continues to suppress risk-on assets like Bitcoin. However, indicators such as rising global M2 liquidity, stable employment, and upcoming easing suggest improved market conditions ahead—likely starting in May.

In crypto, Bitcoin has shown resilience despite a rough Q1. Long-term holders are accumulating, suggesting potential upside within 3–6 months. On-chain indicators like the Puell Multiple and Moving Average Heatmap support a healthy, sustained uptrend. ETF inflows into BTC and ETH, though volatile, remain net positive, while altcoins may soon benefit from improving macro conditions.
The convergence of crypto and AI is also accelerating, with DePIN and autonomous agent systems gaining traction. Key events this year—including Ethereum's Pectra upgrade, Solana's Firedancer launch, and potential Solana Spot ETFs—highlight growing institutional involvement.

Conclusion: With rising liquidity, a potentially weakening dollar, and strong on-chain signals, Q2 is shaping up to be a more bullish phase for crypto. While volatility remains, strategic positioning during drawdowns and a focus on long-term trends—not short-term noise—will be key. Crypto fundamentals have never looked stronger, and the broader adoption curve continues to steepen.

Our Thoughts on the Current Environment

The year started with quite a positive outlook in perspective of economic recoveries and market sentiment.
But as we covered in our last report, US Bond Yields showing that in the long end the FED's interest rate cuts have not yet made the significant impacts as hoped. Since the US has to refinance about 9.2 trillion US dollars of maturing bonds in 2025 their clear goal is lower bond yields.

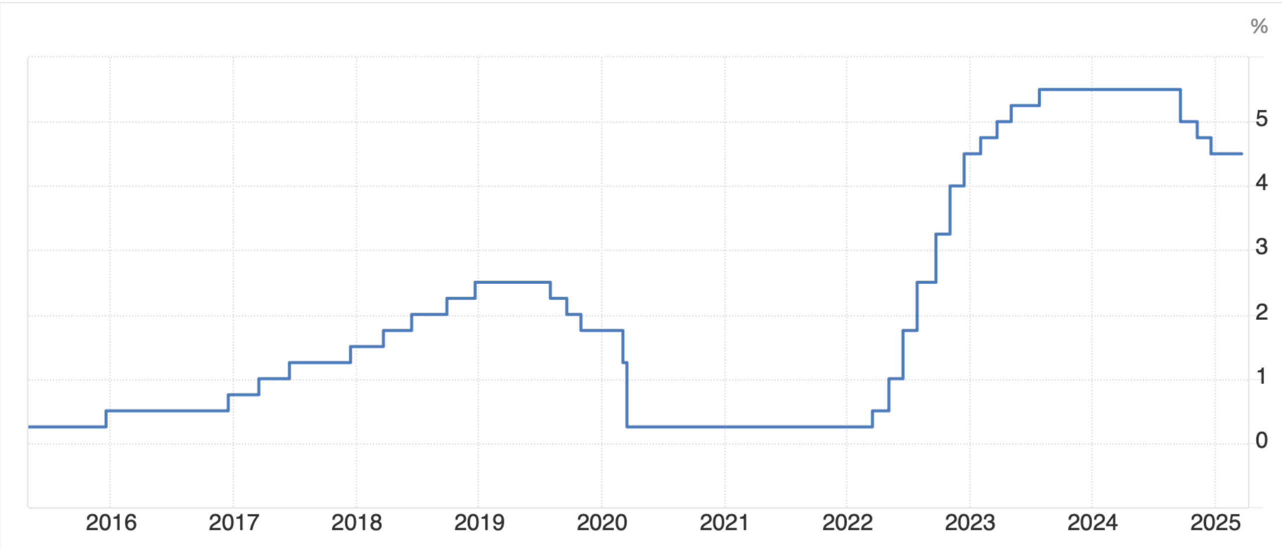
When looking at the chart beneath we can see the 10 Year US Bond yields still comparably high to their baseline of prior to 2020.
In order to induce more interest in US Bonds and not spark inflation again with coming quantitative easing measures, the US is using the current tariffs' policies to create a risk-off sentiment to cool the markets down.

US 10 Year Note Bond Yield (Source: Trading Economics)

The actual inflation, regarding to Truflation, is about 1,46% - creating possibilities for more fiscal policies in the future. Regarding further interest rate cuts the US can rely on relatively stable unemployment rates demonstrating a still resilient economy. Frankly, we need to have a permanent eye on how this tariffs gamble will play out in the long run.

US Inflation Index (Source: Truflation)

Since the beginning of interest rate hikes at the end of 2022 there have been already 3 interest rate cuts. For 2025 we are expecting at least 2 more cuts, depending on the economic conditions in the US.



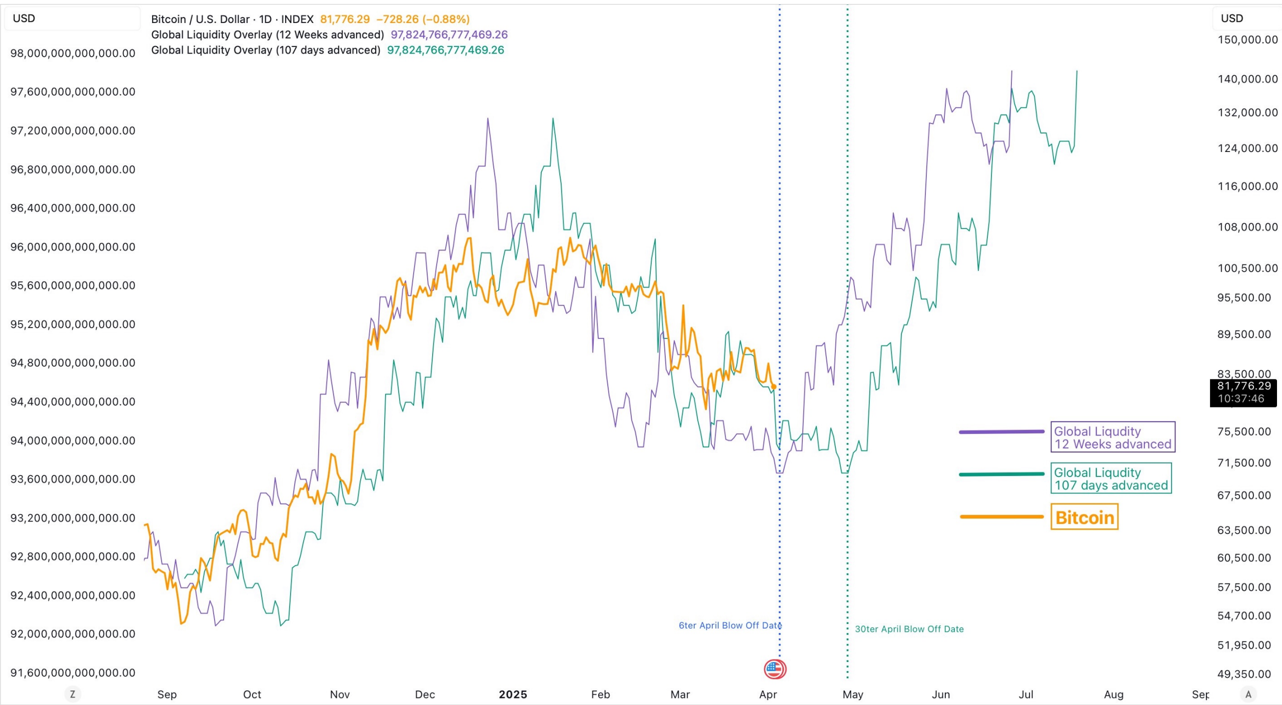
Federal Reserve Interest Rates (Source: Trading Economics)

When looking at the US dollar strength index (DXY) we see again relatively high numbers. Taking in consideration that the former Bitcoin cycle tops always occurred during the index touching the 90 points line, we are still in anticipation of a weaker Dollar and therefor a more bullish setup for risk-on assets.

For the DXY to fall we need lower rates, more liquidity and less uncertainty in the markets.

DXY - US Dollar Index (Source: Trading Economics)

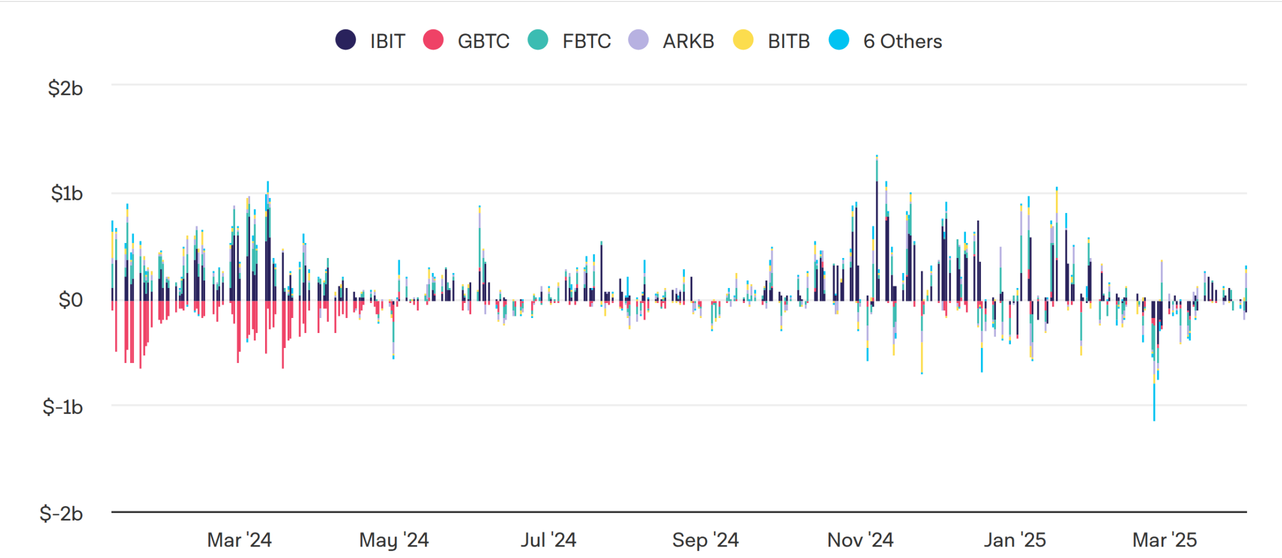
Having a look at the chart of Global Liquidity M2 the forward looking indicators (leading 12 weeks & 107 days) indicate more liquidity to come this year.



Bitcoin vs Global Liquidity M2 (Source: TradingView)

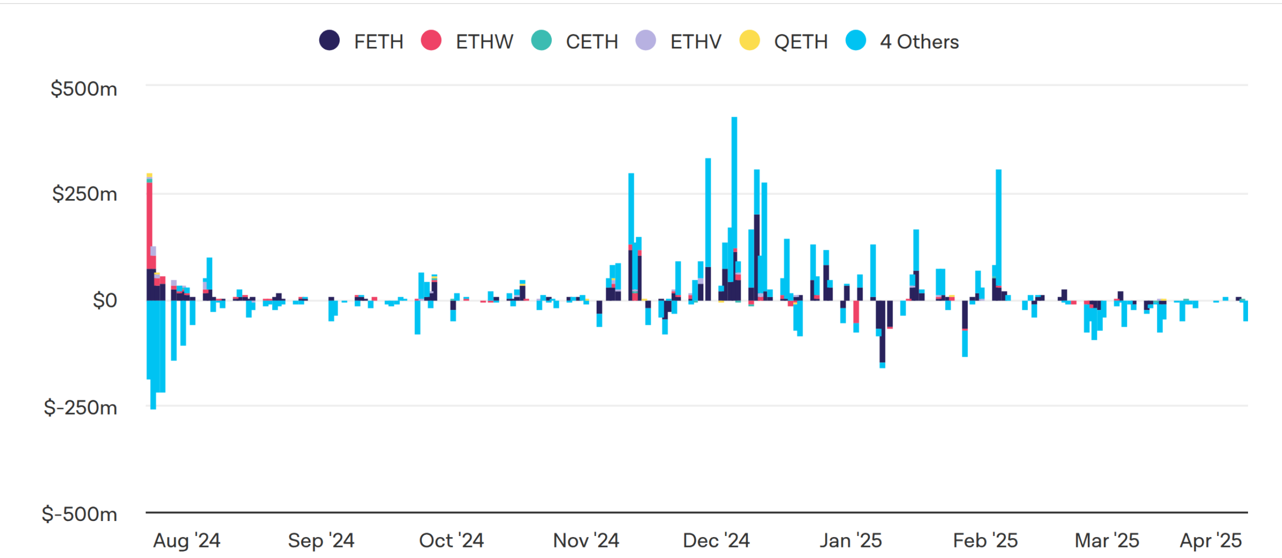
We are now in the phase between April and May where we are seeing a bottoming out of the liquidity drawdown. And since Bitcoin is historically following the M2 Liquidity chart very closely, we expect to see a still volatile April, before starting a new upwards trend around May.

The year's beginning also witnessed a very volatile trend of BTC Spot ETF inflows which nonetheless have been overall net positive.



Bitcoin Spot ETF Flows (Source: The Block)

A similar picture we see with the Ethereum Spot Etfs, although there is much less interest in Ethereum, which has been in a downward trend since last year's end.



Ethereum Spot ETF Flows (Source: The Block)

Since the crypto market in general, same as the tech stocks market, has experienced quite a rough Q1 (as shown in the correlation chart of BTC to Global Liquidity M2 above) we are now seeing a strong shift in investors interest.

The chart below indicates intensified buying pressure from long term holders.

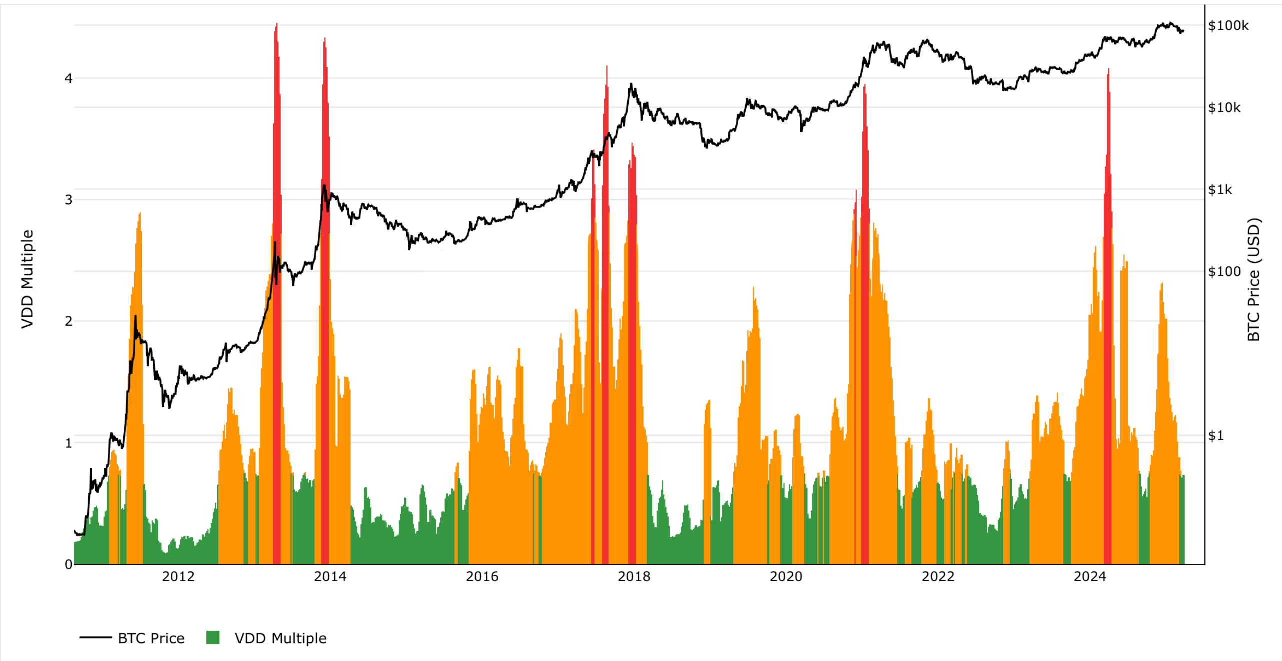
Long Term Holder Supply (Source: 21Shares)

The orange line indicating the supply stock of long term holders' wallets while the light red and light green areas show the areas of net selling and net buying pressure. Hence they strongly correlate with Bitcoin price action we can anticipate rising prices after approx. 3-6 months of intensified net buying action.

Crypto Outlook & Cycle Indicators

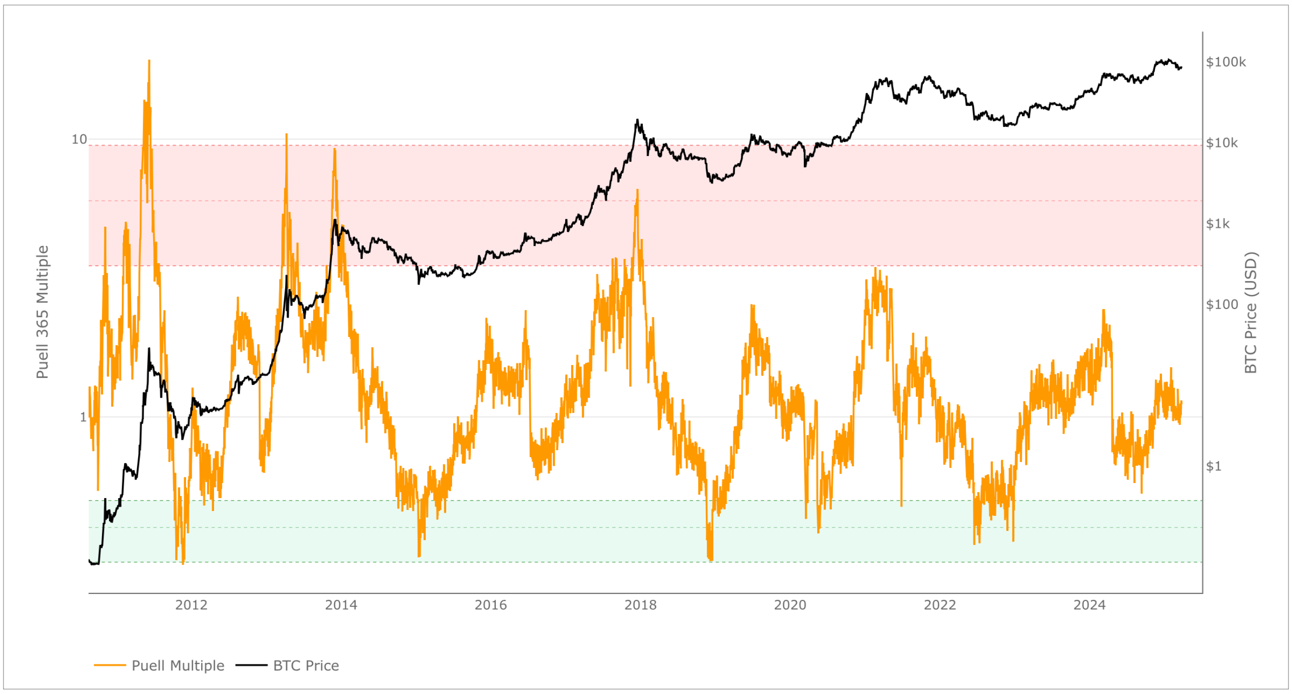
To gather a broader understanding of the current Bitcoin and overall crypto cycle we are observing a set of on-chain indicators, some of which you will find below. These set of indicators provides a perspective of buying & selling pressure, velocity of coins transferred, value of coins transferred and average price movement range.

The chart below provides a detailed view on the value of coins being transferred. By adding a multiplier to coins being held longer on the same wallet we can clearly see the timeframes where long term holders sold their holdings (red peaks) and the timeframes when only short term holders are selling (green areas). Since long term holders and institutional investors are heavily buying at the moment we clearly witness the current market in the green zone.



Bitcoin Value Days Destroyed Multiple (Source: Bitcoin Magazine PRO)

Looking further at the Bitcoin Puell Multiple, this metric looks at the supply side of Bitcoin's economy - bitcoin miners and their revenue.
It explores the market cycles from a mining revenue perspective. Bitcoin miners generally need to cover fixed costs of mining hardware and energy consumption in a market where price is extremely volatile. The revenue they generate can therefore influence price over time. The Puell Multiple is calculated by dividing the daily issuance value of bitcoins (in USD) by the 365-day moving average of daily issuance value.
It therefore indicates when miner revenues in USD terms are significantly higher than historical norms - providing advantageous profit-taking.



Bitcoin Puell Multiple (Source: Bitcoin Magazine PRO)

So the Puell Multiple can be a useful tool to identify whether price is too high and needs to drop (when the indicator is in the red zone), or whether it is too low and may need to bounce (indicator is in the green zone).
At the moment we find ourselves in the middle of both areas where we usually stay during the upwards trend of a cycle.

Bitcoin Moving Averages (Source: Bitcoin Magazine PRO)

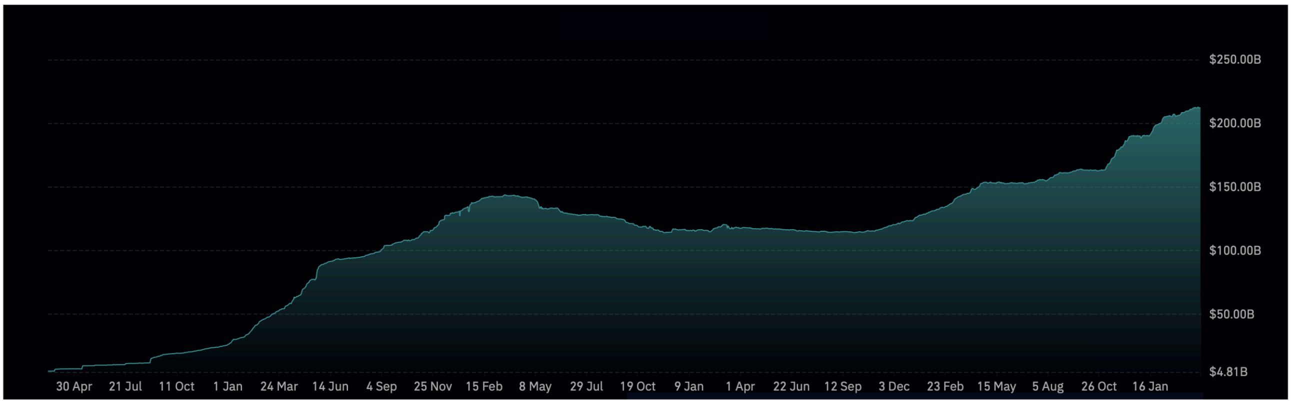
The Bitcoin Moving Averages Indicator (above) and the Bitcoin Moving Average Heatmap (below) tell us where the Bitcoin price is in comparison to the typical bandwidth and how fast it is increasing in price compared to the baseline.

Bitcoin Moving Average Heatmap (Source: Bitcoin Magazine PRO)

Since faster rising prices need substantially more new capital inflows each week the price surges continue, the chart indicates times where further positive price action can no longer be sustained. In the past these times were indicated by yellow and/or red dots and reliably marked the cycle tops.
The actual chart shows deep blue dots signaling a healthy long term price increase for the moment.

More and more capital is moving on-chain

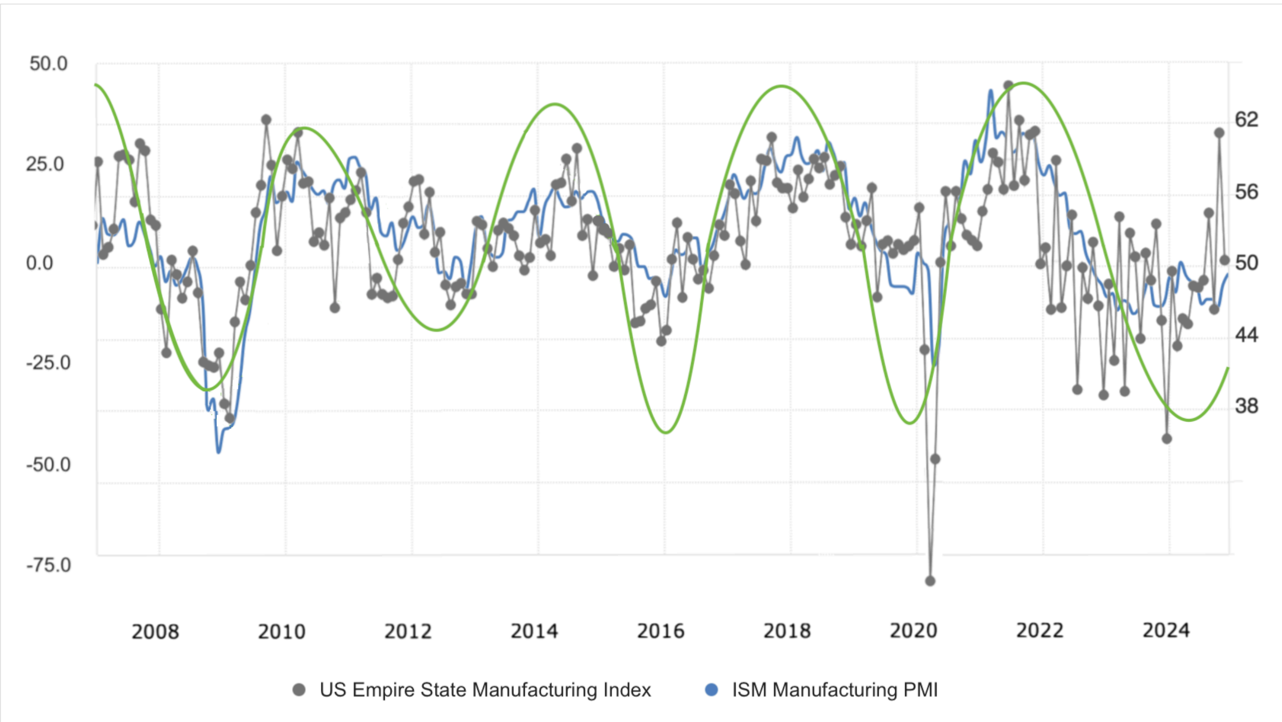
We're seeing a clear and growing trend: capital is flowing into the on-chain economy. Whether it's USTs, stablecoins, or tokenized assets, more value is moving into blockchain-based systems. This shift isn't just hype—it reflects a real change in how people store and move money. While economic policies might slow it down or speed it up, they won't reverse it. The train has left the station, and on-chain is becoming the new normal.



Stablecoin Market Capitalization on Blockchains (Source:Coinglass)

Altcoins tend to shine when the cycle turns

Historically, altcoins have seen their biggest moves when the broader business cycle starts turning up—especially when the ISM (Manufacturing Index) climbs above 50. That's usually the point where economic momentum returns and financial conditions start to ease. Once quantitative tightening (QT) slows or stops and liquidity picks up again, investors begin to move further out on the risk curve. And that's where altcoins thrive. We've seen it before: when markets open up, altcoins often start running hard. It's one of the most exciting parts of the cycle—and we may be heading right into it.



US Empire State Manufacturing & ISM Manufacturing PMI (Source: VIRA Ventures)

Exciting developments at the intersection of crypto & AI

One of the most exciting areas right now is where crypto and AI meet. From infrastructure layers that support decentralized AI models, to the rise of AI-agent ecosystems that can operate autonomously using crypto rails, there's a whole new tech stack being built. Add in DePIN (decentralized physical infrastructure networks), and you've got a powerful combination of AI, automation, and open networks all working together. It's early, but the potential is massive - hence producing millions of transactions on blockchains.

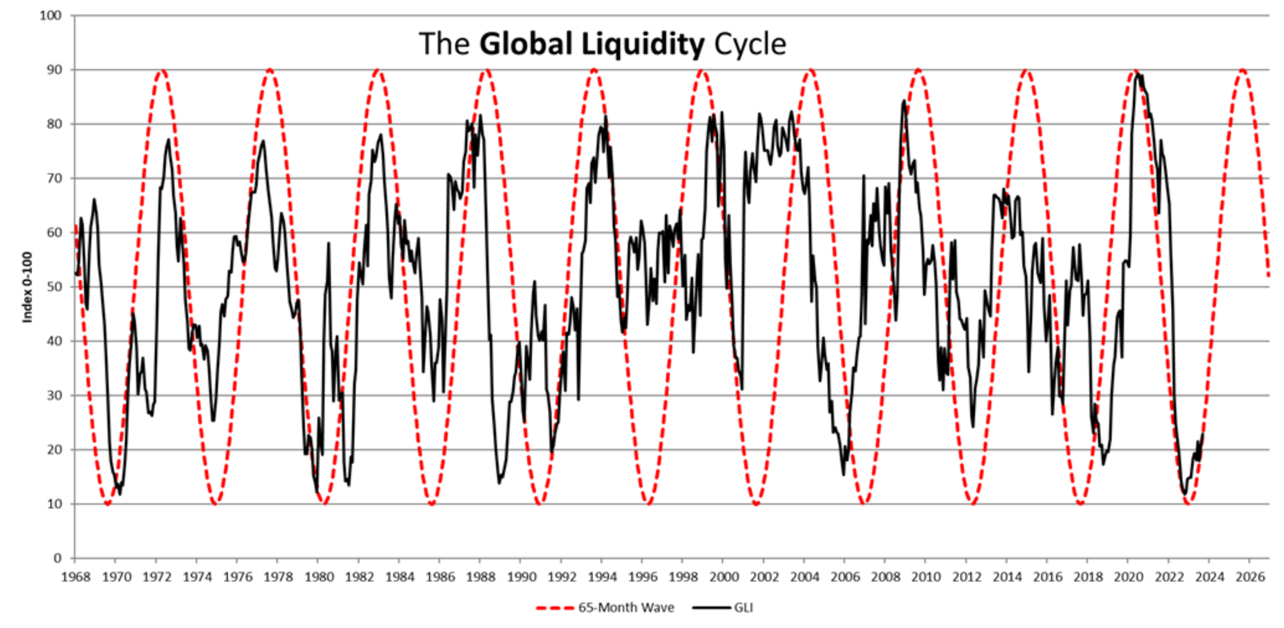
Many fundamentally important events this year

2025 is stacked with big events that could shape the crypto landscape for years to come. On the tech side, we've got major upgrades like Ethereum's upcoming improvements with the Pectra update and Solana's Firedancer, which could massively boost performance. On the adoption side, things like potential altcoin ETFs are signaling a broader acceptance of digital assets. Many of the top asset managers like BlackRock, Fidelity, Grayscale, Franklin Templeton, and VenEck are already preparing their applications for new altcoin ETFs. The next ETF we expect to be launched is a Solana Spot ETF.

Conclusion

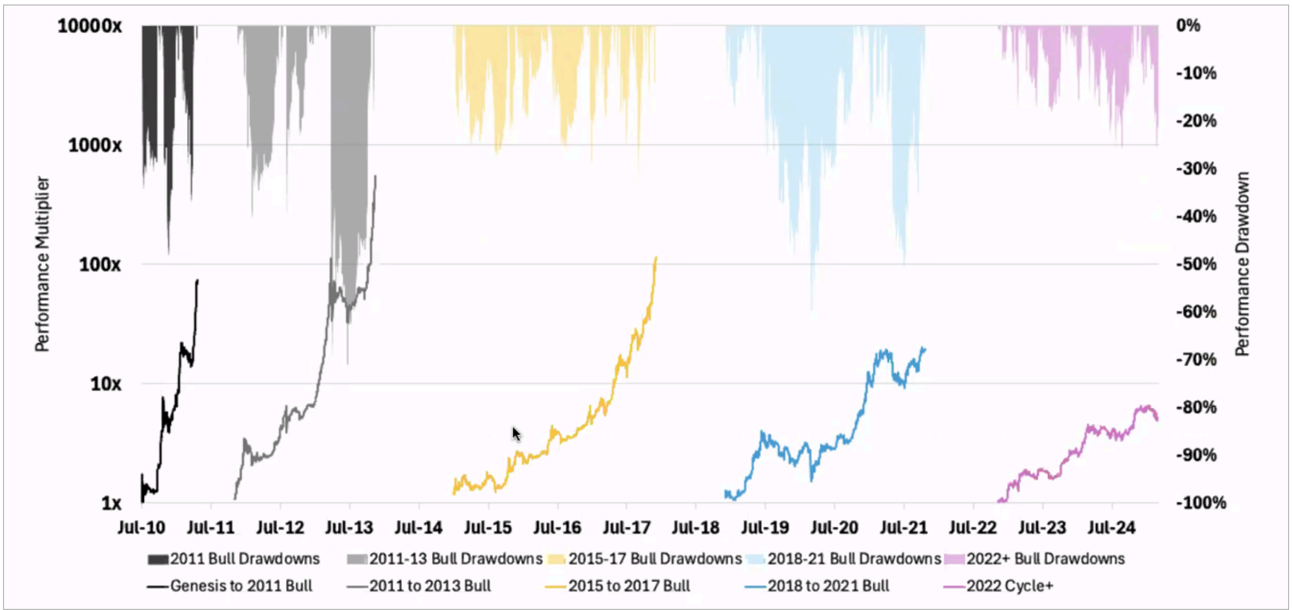
By taking the macroeconomic factors into consideration as the basic requirements for markets and investors' sentiment and further complementing them with crypto market indicators, we aim to gather a broader view of the cycles health and times of possible overheating.

Taking into consideration the uptrend in global liquidity and a weaker dollar we anticipate a more positive investment environment in Q2 of 2025.



Global Liquidity Cycles (Source: CrossBorderCapital)

In addition, we would like to particularly mention the very possible drawdowns occurring during the uptrend of the cycle. In comparison to previous cycles (as in the chart below) we have not seen as many and strong drawdowns in this cycle as before. To take maximum advantage of these drawdowns we will further allocate portions of the cash position into each additional drawdown along the uptrend.



Bitcoin Bull Market Correction Drawdowns (Source: 21Shares)

The indicators tell us that the market is getting ready for a more bullish environment as we head into Q2.

To conclude: As we advance further into 2025, the crypto landscape continues to be shaped by a dynamic interplay of macroeconomic shifts and evolving investor sentiment. While Q1 was still a bit rough and volatile, especially for tech and crypto markets, we're now seeing positive signs starting to line up.

- Don´t lose the big picture: We would not advise people to trade day-to-day unpredictable policy changes but rather focus on the secular technological trend and use weakness in the business cycle to add to longterm core positions.

- Whereas we had a weak start into trumps presidential term, historically markets tend to outperform at some point, we expect the same this time.

- Fundamentally crypto has never been stronger than now - national & institutional attention & policies to prioritize adoption of the technology.

The strategy remains the same: stay flexible, use data to guide decisions, and take advantage of pullbacks when they happen.

If you are interested to learn more about our service & investment opportunities visit us at **www.vira.ventures**.

Philipp Racher
Managing Partner VIRA Ventures

Andreas Viertbauer
Managing Partner VIRA Ventures

Disclaimer

The following written content is exclusively for the purpose of education and knowledge transfer regarding current events in the crypto market ("market"). This applies in particular with regard to the blockchain projects described in detail as well as investment possibilities presented. These serve as illustrative examples of projects with technological potential based on the Blockchain.

In particular, they do not constitute (individual) investment advice, nor tax, legal or economic advice. Furthermore, the information provided and passed on is not an offer or advertisement to buy or sell financial products of any kind. Descriptions and details of presented projects refer to direct and freely accessible information from various media (especially, but not exclusively, from the Internet). VIRA Ventures LLC does not assume any responsibility for the correctness of the data (in particular regarding prices, volumes, quantitative facts about projects and the like). All assessments of VIRA Ventures LLC are marked as such and serve exclusively the context classification in the sense of a pure knowledge and news transfer. Estimates and opinions of VIRA Ventures LLC on the market are based on researched and analyzed information that is publicly available. All comments are made to the best of VIRA Ventures LLC's knowledge and belief, but should at no time be understood as a call to action of any kind. They are purely for the purpose of conveying knowledge and information, and we may be mistaken in the assumptions made and statements made about the future.

Furthermore, the information listed and mentioned does not constitute a recommendation or invitation to conclude contracts for financial services (e.g. asset management) or to conclude other contracts (e.g. custody agreement). In particular, this information is no substitute for appropriate investor and product-related advice from a specialist.

In the sense of a comprehensive notice, VIRA Ventures LLC would like to finally point out that the acquisition of an asset investment is associated with risks. Asset investments (especially in the field of digital value investments) can be subject to significant fluctuations in value (volatility). Especially in the case of investments with high volatility, fluctuations in value may be pronounced. The value of an investment may therefore fall abruptly and to a considerable extent. There is therefore a risk that you may not get back the full amount you invested, or that you may lose your invested assets completely (total loss). Past performance is not a measure of future performance and therefore does not guarantee future profits. Insofar as the information is based on forecasts, estimates and assumptions about the future economic development of the financial instruments and investments, it cannot be ruled out that the forecasts, estimates and assumptions made may be incorrect or incomplete. In addition, the further in the future the forecast event or result lies, the more uncertain the forecast.

This theses should not be construed as an offer to sell or the solicitation of an offer to buy any security or commodity. VIRA Ventures LLC does not guarantee the sequence, accuracy, completeness, or timeliness of any information provided in this theses. Author(s) may hold cryptocurrencies or other assets named in this report.

VIRA
VENTURES