

# INVESTING IN CRYPTO

REPORT Q2 2025



**VIRA**  
VENTURES

# Executive Summary

The first half of 2025 unfolded amid macroeconomic turbulence and structural shifts in the global financial system. Escalating trade tensions and uneven economic recoveries pushed several central banks toward monetary easing, while the U.S. Federal Reserve held rates steady at historically elevated levels. Despite these headwinds, real-time inflation indicators like Truflation show inflation decelerating, opening the door for rate cuts in the second half of the year.

The U.S. Dollar Index (DXY) fell below the key psychological level of 100, reflecting improving global risk sentiment and rising expectations of U.S. monetary easing. Meanwhile, Bitcoin's tight correlation with global M2 liquidity suggests an easing of macro liquidity conditions and a setup for a renewed crypto rally in Q3 and Q4. Supporting this view are strong inflows into Bitcoin Spot ETFs—over \$137 billion in AUM—led by institutional allocators. In contrast, Ethereum ETFs have yet to see significant traction, a lag we expect to reverse as ETH-specific fundamentals (e.g., staking, Pectra upgrade) gain wider institutional understanding.

On-chain indicators reinforce the bullish setup: long-term Bitcoin holders are accumulating, miner revenues remain stable, and the market continues to hover in a historically favorable zone according to the Puell Multiple and Moving Average Heatmap.

Beyond crypto price action, Q2 marked a turning point for stablecoins and tokenized assets. The passing of the U.S. Genius Act, the IPOs of Circle and Galaxy Digital, and major stablecoin integrations (e.g., Shopify x Coinbase) signal that stablecoins are entering the mainstream. Meanwhile, tokenized equities and regulated on-chain capital formation are becoming reality—ushering in the next phase of blockchain-based financial infrastructure.

# Our Thoughts on the Current Environment

The first half of the year started quite turbulent, shaped by renewed international trade tensions, rising tariffs, and uneven economic recoveries. In response, several central banks implemented additional rate cuts to stimulate growth and counter deflationary pressures. However, despite these efforts, long-term interest rates in the U.S. remain high, reflecting persistent structural concerns around inflation, fiscal sustainability, and global capital flows.

The U.S. 10-Year Treasury yield remains elevated, recently fluctuating around 4.00–4.55%. While the Federal Reserve has signaled potential rate cuts later this year, long-duration yields continue to price in structural inflation risk and persistent fiscal deficits.



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

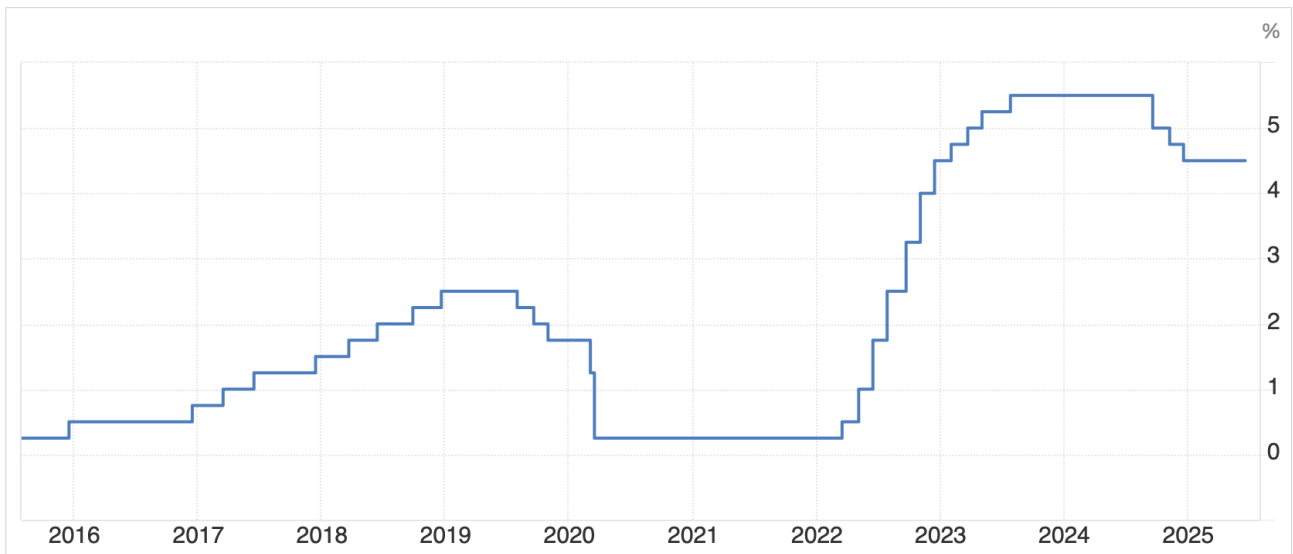
As the U.S. prepares to refinance over \$9 trillion in maturing debt in 2025, sustained high yields are both a reflection of market caution and a pressure point on risk assets. We expect any material decline in yields to be gradual, and largely dependent on declining core inflation and reduced geopolitical risk.

According to Truflation's real-time inflation index, U.S. inflation stands at approximately 1.46%, significantly below headline CPI and near the lower end of its 12-month range.



US Inflation Index (Source: Truflation)

This continues to open space for accommodative monetary policy. Importantly, inflationary pressures from supply chains and wage growth have subsided, while tariff-related noise should remain a short-term distortion. This trend strengthens the case for a more constructive environment for risk-on assets in H2 2025.



Federal Reserve Interest Rates (Source: Trading Economics)

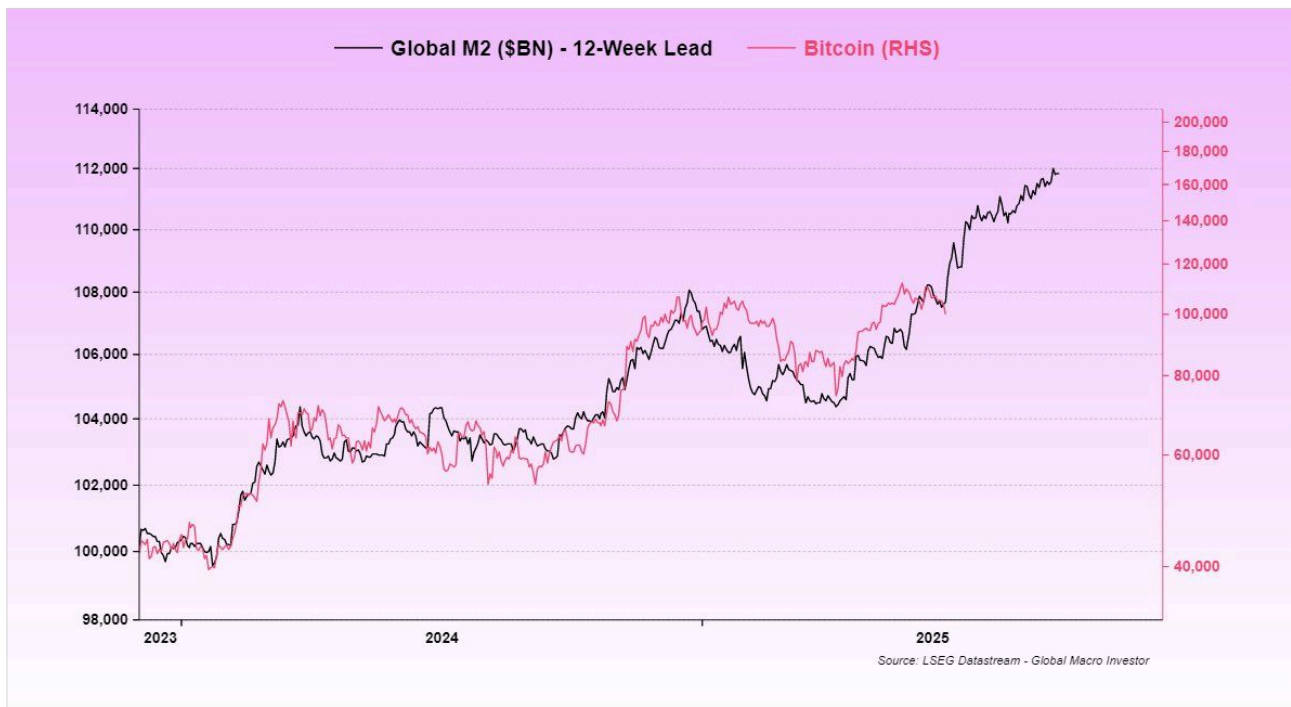
The Federal Reserve still holds the benchmark rate at 4.25% - 4.50%. Their June statement and dot plot imply two cuts by year-end, conditional on continued inflation moderation. Market participants are currently pricing in a 70% probability of a first rate cut by September. Our view remains that monetary easing is imminent, especially if inflation remains anchored.

The DXY has recently broken below the psychologically important 100 mark and currently trades near 96 — its lowest level since early 2022. This decline marks a notable shift in market sentiment, reflecting easing demand for the U.S. dollar amid improving global risk appetite and expectations of rate cuts by the Federal Reserve. A sustained move below the 95 level could further accelerate capital rotation into risk-on assets. In this context, the recent dollar weakness acts as a tailwind for crypto markets and supports the thesis for a Q3/Q4 rebound.



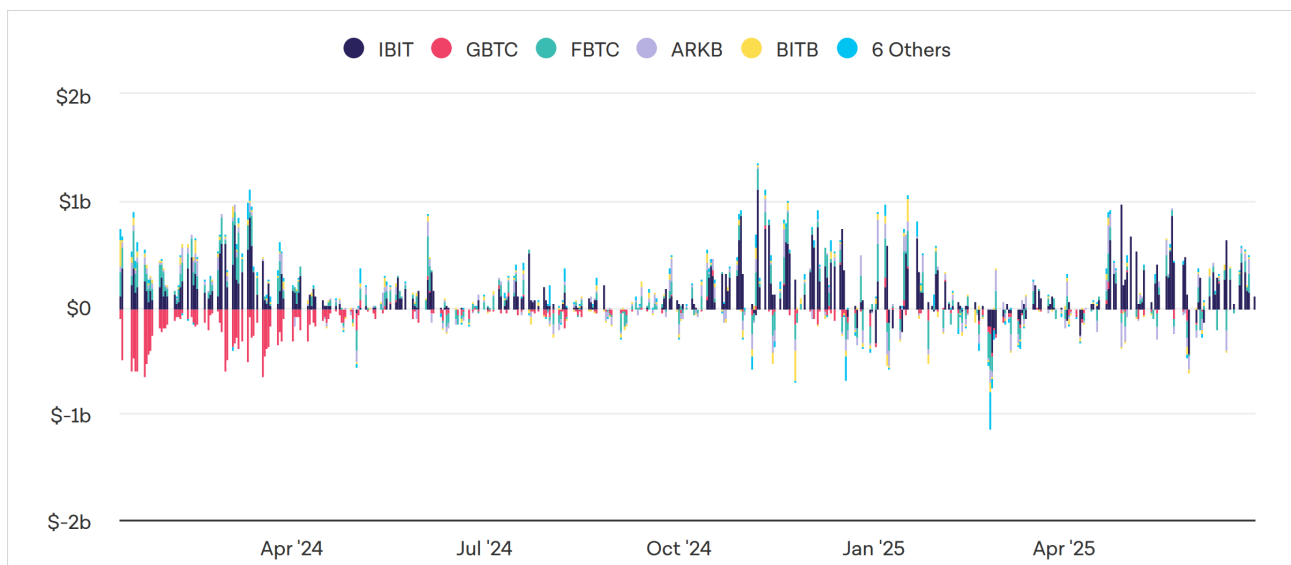
DXY - US Dollar Index (Source: Trading Economics)

The relationship between Bitcoin and global M2 liquidity remains one of the most consistent long-term signals in the macro-crypto landscape. Following a peak in late 2021 and a bottoming through 2022, we saw an uptick early 2023 and again late 2024. Forward-looking indicators (12-week lead chart below) point to a gradual liquidity expansion, driven largely by monetary easing by major central banks. Historically, these conditions have preceded major Bitcoin uptrends, typically with a lag of one to two quarters. In line with this pattern, we maintain a base-case scenario for a renewed rally in Q3 and Q4 of 2025.

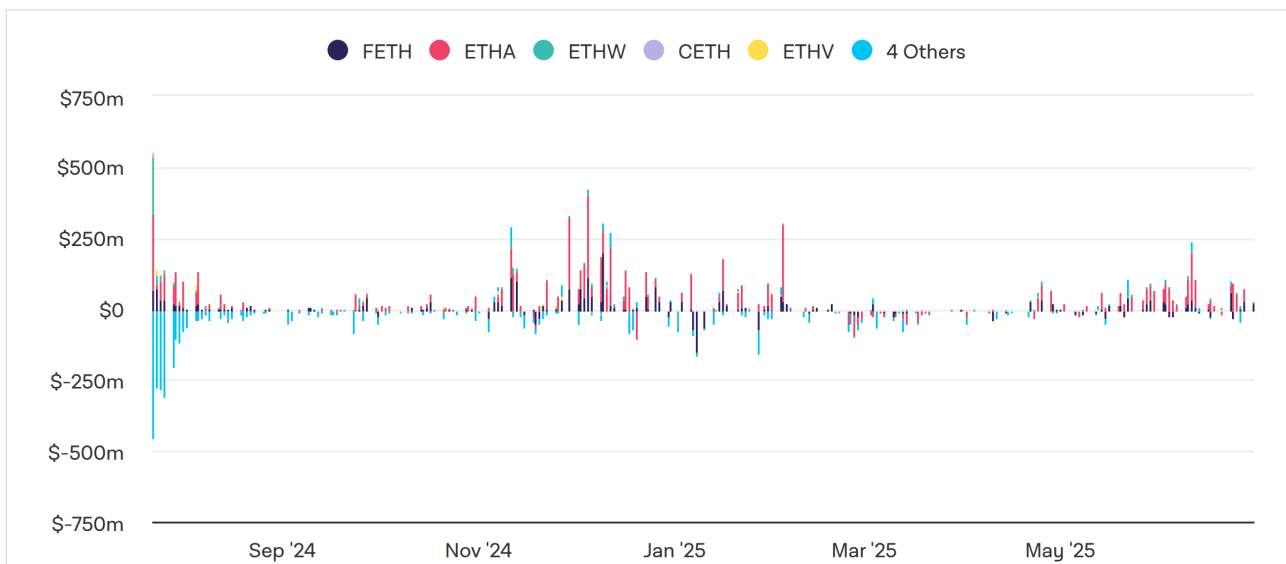


Bitcoin vs Global Liquidity M2 (Source: Global Macro Investor)

Furthermore, Bitcoin Spot ETFs have since their debut attracted over \$137 billion in AUM, with net inflows remaining strongly positive throughout Q2. Driven by demand from institutional investors, pension funds, and family offices. The largest flows were into BlackRock's IBIT and Fidelity's FBTC. These flows validate Bitcoin's status as a macro asset and institutional-grade vehicle. Our strategy remains focused on frontrunning the next ETF waves—namely altcoins and staking-based assets.



Bitcoin Spot ETF Flows (Source: The Block)

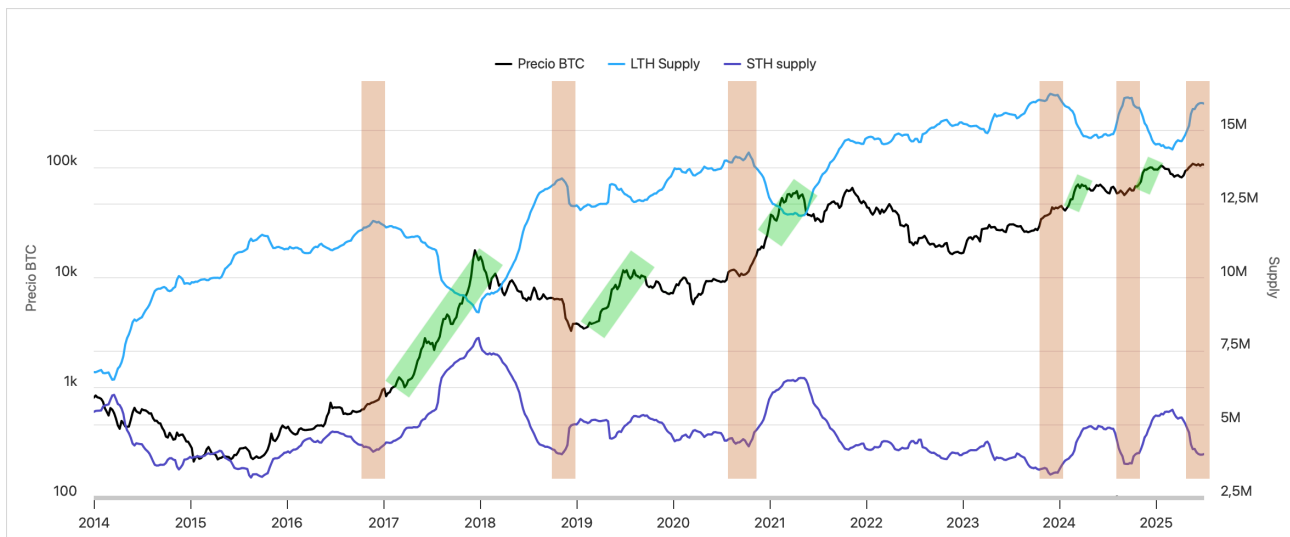


Ethereum Spot ETF Flows (Source: The Block)

Ethereum ETFs have yet to see meaningful demand, even as broader crypto markets have begun to recover. This reflects weaker institutional conviction in ETH at this stage, especially given underperformance vs. BTC since mid-2023. We interpret this as temporary. Once staking mechanics and the “Pectra” upgrade are better understood by institutions, sentiment could shift rapidly.

An important milestone was set early July, the first U.S.-listed Solana Staking ETF debuted, offering investors direct exposure to SOL with native staking rewards built in. This milestone marks a significant shift—moving beyond Bitcoin and Ethereum—and signals growing institutional appetite for alternative Layer 1 assets. We expect this to be the first of several altcoin-focused ETFs to follow in the coming quarters.

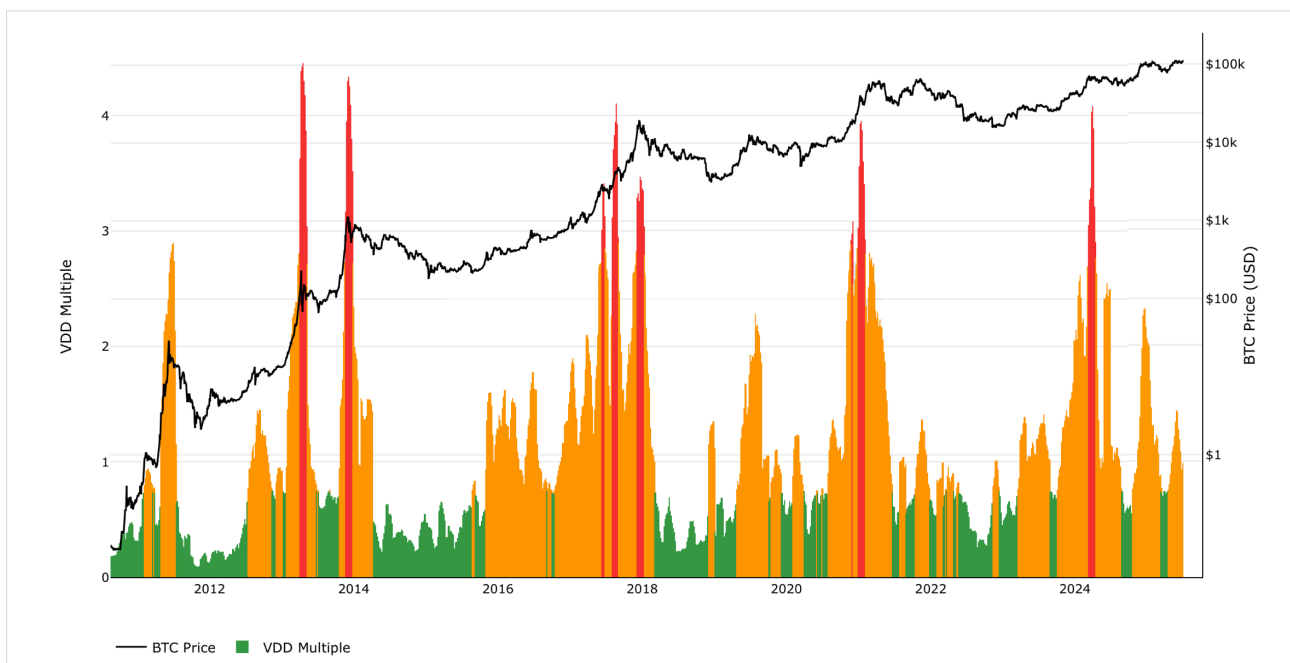
Looking at long-term investors in Bitcoin, recent data shows a sharp increase in Long-Term Holder Supply, with LTH wallets accumulating steadily since March. Conversely, Short-Term Holder Supply is in decline, suggesting that speculative flows are being replaced by structurally motivated positioning. Historically, such dynamics have preceded major price increases within 3–6 months. The current behavior mirrors early accumulation phases seen in 2016 and late 2020, where new bull cycles rapidly evolved under similar on-chain supply conditions. This provides a strong foundation for a Q3 breakout in Bitcoin and later, altcoins.



Long Term Holder Supply vs. Short Term Holder Supply (Source: BGeometrics)

## Crypto Outlook & Cycle Indicators

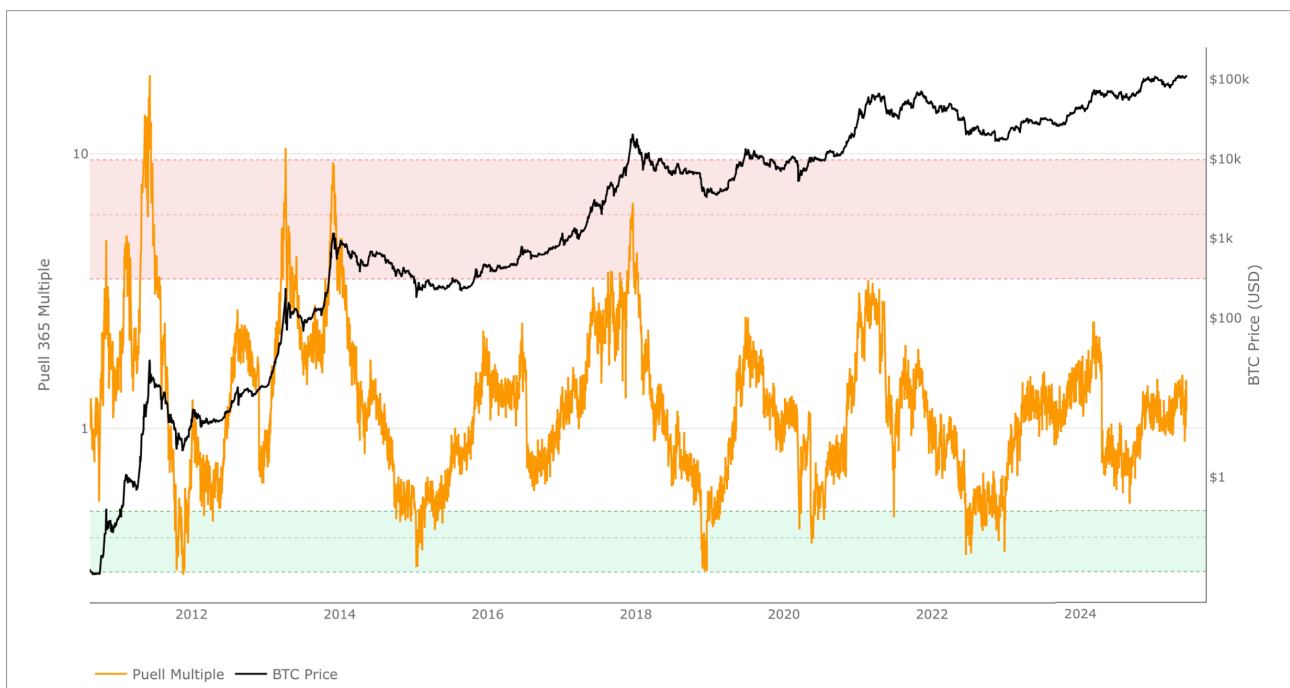
To gather a broader understanding of the current Bitcoin and overall crypto cycle we are observing a set of on-chain indicators, some of which you will find below. These set of indicators provides a perspective of buying & selling pressure, velocity of coins transferred, value of coins transferred and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



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

The chart above 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 lower orange zone.

Looking further at the Bitcoin Puell Multiple, this metric looks at the supply side of Bitcoin's economy - Bitcoin miners and their revenue.



Bitcoin Puell Multiple (Source: Bitcoin Magazine PRO)

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.

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.

The Bitcoin Moving Average Heatmap (below) tells 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.

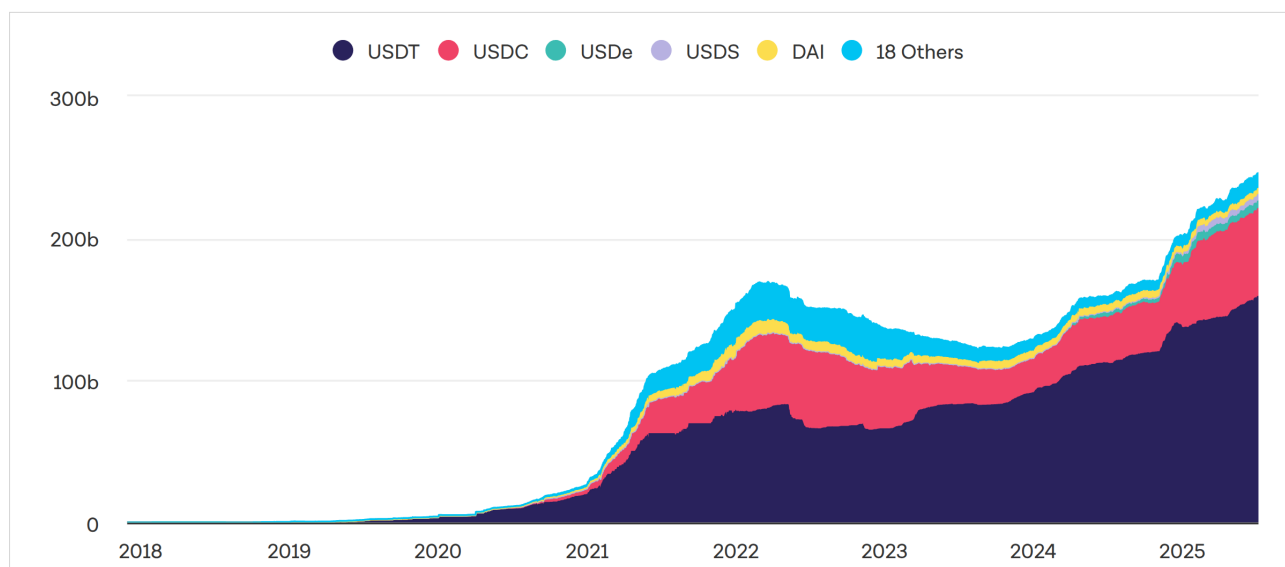
The actual chart still shows deep blue dots signaling a healthy long term price increase for the moment.

## Stablecoins – The Killer App of Crypto in Q2 2025

### Stablecoins at an Inflection Point

In Q2 2025, stablecoins have emerged as crypto's breakout use case – not only within digital assets but as a transformative force in global finance. Nearly a decade after their inception in 2014, regulatory clarity, institutional backing, and infrastructure maturity have aligned. Many now call this crypto's "ChatGPT moment" for payments: a widely understood and impactful demonstration of utility.

No longer limited to DeFi or on-chain traders, stablecoins are now essential payment rails for businesses, a cost-saving upgrade for banks and fintechs, and a financial lifeline for unbanked populations. Their unique ability to combine blockchain's speed with fiat stability – especially the U.S. dollar – makes them exceptionally powerful.



Total Stablecoin Supply (Source: Defillama)

### Q2 Highlights: Regulation, Adoption, and Growth

#### Regulatory Tailwinds: Genius Act Passed

In June, the U.S. Congress passed the Genius Act, a landmark law creating a federal framework for fiat-backed stablecoins. With clear reserve, audit, and licensing standards, the U.S. has positioned stablecoins as a strategic tool to digitally export the dollar.

### IPO Momentum: Circle and Galaxy Go Public

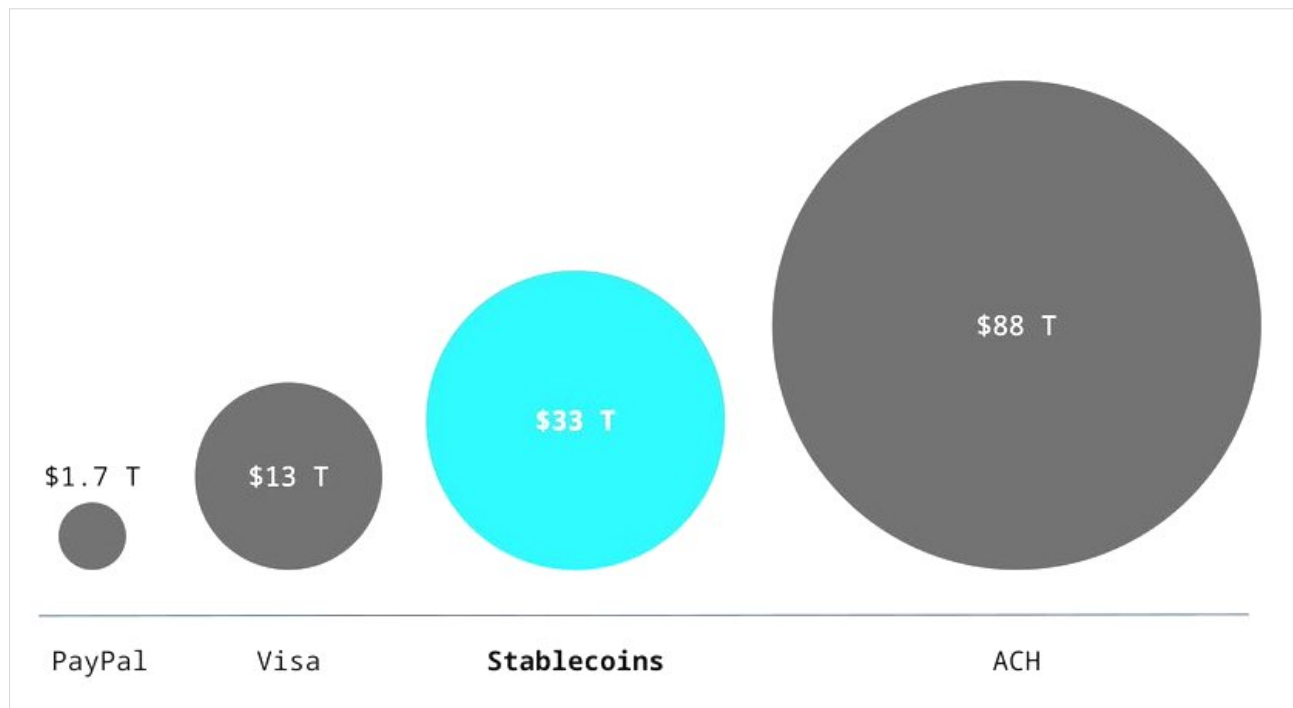
Circle (issuer of USDC) and Galaxy Digital listed on public markets this quarter, signaling sector maturity and providing investors exposure to the stablecoin ecosystem.

### Merchant Adoption: Shopify x Coinbase

Shopify integrated stablecoin payments via Coinbase Commerce, allowing thousands of merchants to accept USDC globally. Lower fees and instant settlement make this an attractive alternative to legacy networks.

### Banking & Fintech Participation

Banks and fintechs are increasingly building or integrating stablecoins to cut settlement times, reduce costs, and expand access beyond traditional infrastructure.



12 Months Total Transaction Volume Comparison (Source: Paypal, Visa, Nacha. Based on the latest reported figures as of 05/31/2025)

## **Geopolitical Stakes: A Digital Dollar Offensive**

The U.S. is driving stablecoin adoption as part of a geopolitical strategy. Dollar-backed stablecoins expand global demand for U.S. Treasuries and strengthen the dollar's role as the reserve currency – this time on-chain.

In contrast, Europe is reacting. EU regulators and central banks recognize that unless they accelerate a euro-stablecoin initiative, dollar dominance may deepen further. A credible EUR stablecoin push is likely within 12–18 months.

The global stablecoin race is emerging as a defining financial battleground, with the winner exporting not only its currency but also financial infrastructure and standards.

## **Expanding the Total Addressable Market of Finance**

Stablecoins decouple currency access from bank accounts, offering financial inclusion at smartphone scale. They eliminate borders, reduce costs, and make global payments radically faster.

This has wide-ranging effects:

Businesses cut settlement costs and improve efficiency.

Consumers gain access to global markets and dollar stability.

Capital moves on-chain, increasing liquidity and innovation.

Q2 2025 shows these dynamics are no longer theoretical – they are starting to scale.

## **Tokenization and the On-Chain GDP Thesis**

Stablecoins pave the way for tokenizing treasuries, commodities, equities, and real estate. Though the idea isn't new, viable infrastructure and liquidity are finally here.

Early signs point to tokenized U.S. Treasuries gaining traction as yield-bearing products for crypto investors. Real-world asset (RWA) tokenization is poised to be the next wave, driven by accessibility and capital efficiency.

The stakes are immense:

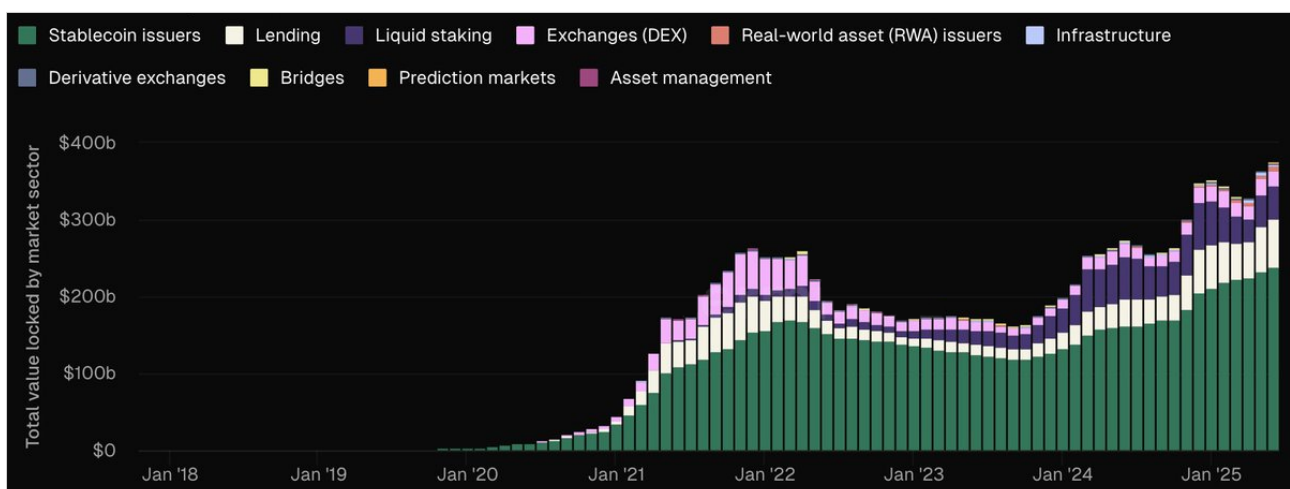
Crypto's market cap stands at ~\$3 trillion versus ~\$900 trillion in global assets. Even a small migration on-chain could unlock a generational opportunity for investors aligned with this megatrend.

## Internet Capital Markets – The Next Evolution of On-Chain Finance

### The Vision of Internet Capital Markets

Stablecoins have laid the groundwork for a global payment layer; now crypto is enabling the next leap: Internet Capital Markets. This vision describes a permissionless, always-on financial system where capital forms and flows instantly – without the bottlenecks of geography, intermediaries, or legacy rails.

A defining crypto property became clear in 2024, even amid memecoin hype: instant capital formation. Communities raised millions in minutes, showing how crypto can aggregate global liquidity directly from users. This was the signal beneath the noise – a fundamentally new mechanism for financing innovation. Unlike traditional fundraising, which depends on institutional gatekeepers and months of roadshows, crypto-native rails let projects tap global liquidity in real time. It's more than a technical upgrade; it's a structural shift in capital markets.



Total Value Locked in Crypto (Source: Token Terminal)

## **Q2 2025: From Tokenized Funds to Tokenized Equities**

2024 brought the first wave of tokenized funds, with BlackRock and Franklin Templeton testing on-chain money market products. While still modest in size, these launches validated that blockchain infrastructure is ready for institutional-grade assets.

In Q2 2025, tokenized equities gained momentum:

Kraken's XStocks offers tokenized shares of public companies with 24/7 trading, lower fees, and access to private equity previously reserved for VCs.

Robinhood unveiled its own RWA-focused Layer 2 network for tokenizing traditional assets, alongside tokenized equity products for its retail user base.

These moves signal that mainstream fintechs are embracing blockchain not only as a trading venue but as core infrastructure for capital markets.

## **ICO 2.0: A Regulated Alternative to Venture Funding**

The ICO wave of 2017 showed crypto's potential to democratize fundraising but was plagued by scams and regulatory gaps. Now a regulated ICO 2.0 is emerging: compliant token offerings that let projects raise capital globally while protecting retail participants.

Crypto represents the first-principles best way to raise capital – borderless, efficient, and open to anyone with a wallet.

## **The Opportunity Ahead**

Internet Capital Markets will not only bring traditional assets on-chain but unlock entirely new categories: human time, attention, and behaviors. They promise:

- Ultra-low fees and instant settlement.
- Maximum capital efficiency through atomic composability across protocols.

This isn't about replicating Wall Street on-chain – it's about creating a digital-native financial system designed for inclusivity and speed.

# Conclusion

Q2 2025 highlighted the structural convergence of macroeconomic inflection, crypto-native innovation, and institutional adoption. While the first half of the year was defined by caution—elevated U.S. yields, global trade instability, and selective risk appetite—underlying indicators now point to a maturing investment environment for digital assets.

Crypto is no longer an isolated sector—it is being integrated into global capital markets. The proliferation of Bitcoin ETFs, the emergence of Solana staking products, and stablecoin adoption across commerce and fintech ecosystems reveal a new layer of infrastructure being built beneath the surface. This infrastructure is not speculative; it is functional, increasingly regulated, and designed to scale globally.

The weakening U.S. dollar and anticipated liquidity expansion reinforce a historical pattern: Bitcoin and risk-on crypto assets tend to outperform in the quarters following monetary pivot points. On-chain accumulation by long-term holders, coupled with low realized selling pressure, suggests that we are still in the early innings of the next cycle.

Moreover, we are witnessing a renaissance in crypto's utility stack. Stablecoins are no longer just a DeFi mechanism—they are becoming the rails of a digital dollar strategy, with geopolitical and commercial consequences. Likewise, the growth of Internet Capital Markets - real-time, borderless, permissionless capital formation - is redefining how financial value is created, distributed, and accessed.

This is not a narrative-driven rally. It is a technologically grounded, institutionally reinforced transition toward a blockchain-powered financial system.

At VIRA Ventures, our positioning reflects these dynamics:

We are allocating toward yield-bearing, ETF-prepositioned altcoins.

We are building exposure to stablecoin and AI-powered infrastructure layers.

And we continue to use macro volatility as an opportunity to deepen long-term, high-conviction positions.

We believe the second half of 2025 will reward those who've stayed focused on structural trends over short-term noise. In a market moving from speculation to adoption, from narrative to utility, now is the time to position with clarity and discipline.

If you are interested to learn more about our service & investment opportunities visit us at [www.vira.ventures](http://www.vira.ventures).



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