BITFINEX Alpha

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EXECUTIVE SUMMARY

Bitcoin Resilient Amid Market Turmoil

Bitcoin has shown notable resilience amid one of the most turbulent periods of macroeconomic-driven uncertainty in recent years. Despite a 32 percent drawdown from January highs, BTC still remains in line with historical mid-cycle retracements of previous bull markets. What's significant is that, while US equities and Treasuries have experienced extreme volatility—reflected in the VIX spiking above 40 for the first time in over five years—Bitcoin has managed to recover over 16 percent from its lows, outperforming most traditional risk assets.

This rebound has come alongside gold pushing to new all-time highs above $3,300 per ounce, reinforcing the growing narrative that Bitcoin is evolving into a digital macro hedge. Both assets are increasingly seen as global neutral stores of value amidst de-globalisation, trade conflict, and capital flight from volatile equity markets. Recent price action further supports this thesis: since April 2nd - or Liberation Day -, Bitcoin has behaved more like gold than equities, showing strong recovery momentum off the lows while broader markets continue to struggle under tightening liquidity and policy uncertainty.

BTC/USD 4H Chart. (Source: Bitfinex)

Indeed, the US economy in particular finds itself in a delicate and increasingly volatile position as trade policy uncertainty, inflation risks, and consumer behaviour converge. Federal Reserve Chair Jerome Powell signalled a cautious stance on interest rates, stressing the need for more data amid heightened market anxiety triggered by new tariffs and restrictions on Chinese imports.

While import prices declined modestly in March, largely due to a drop in energy costs, this drop is expected to be short-lived. Recently imposed tariffs and a weakening US dollar are likely to drive import inflation higher in the coming months. These rising costs are already trickling down to consumers, and we see the sharp 1.4 percent jump in retail sales in March, as evidence of Americans rushing to make purchases ahead of expected price hikes, and more of a defensive response than a sign of recovery. With inflationary pressures building and consumer sentiment weakening, households may soon shift toward saving over spending.

Import Price Index vs US Dollar Index

Last week, the crypto landscape saw a wave of adoption and innovation across different sectors. Tether made a strategic investment in Fizen, a fintech company focused on self-custody wallets and digital payments, aiming to bring stablecoins like USDt into everyday use through user-friendly tools such as QR codes and card readers. This move reflects a broader industry push to make digital assets more accessible, especially for unbanked communities around the world. Meanwhile, Canary Capital filed with the US SEC to launch a Tron-based ETF that includes a staking component—part of its larger plan to expand crypto investment products amid expectations of a more favourable regulatory environment. On the public sector front, Panama City announced it now accepts Bitcoin, Ethereum, USDC, and USDt for taxes and municipal fees.

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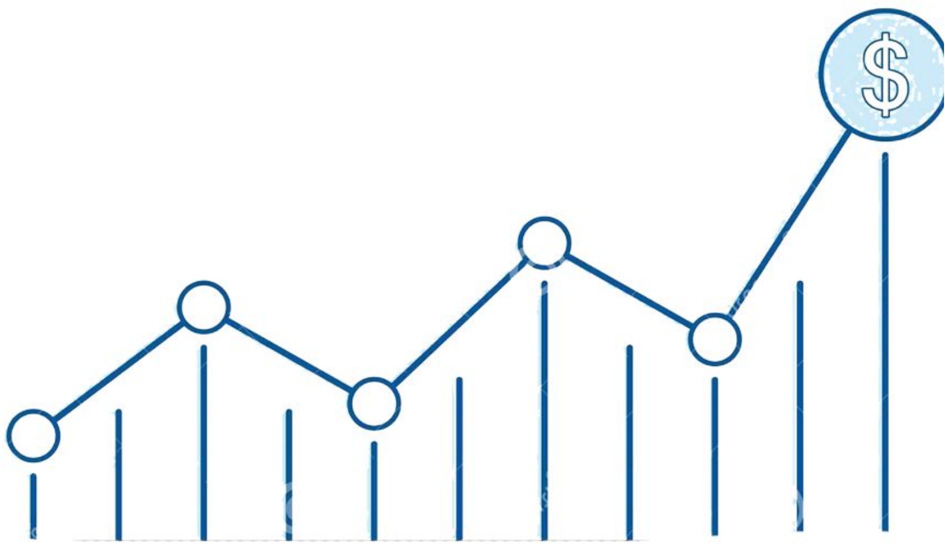
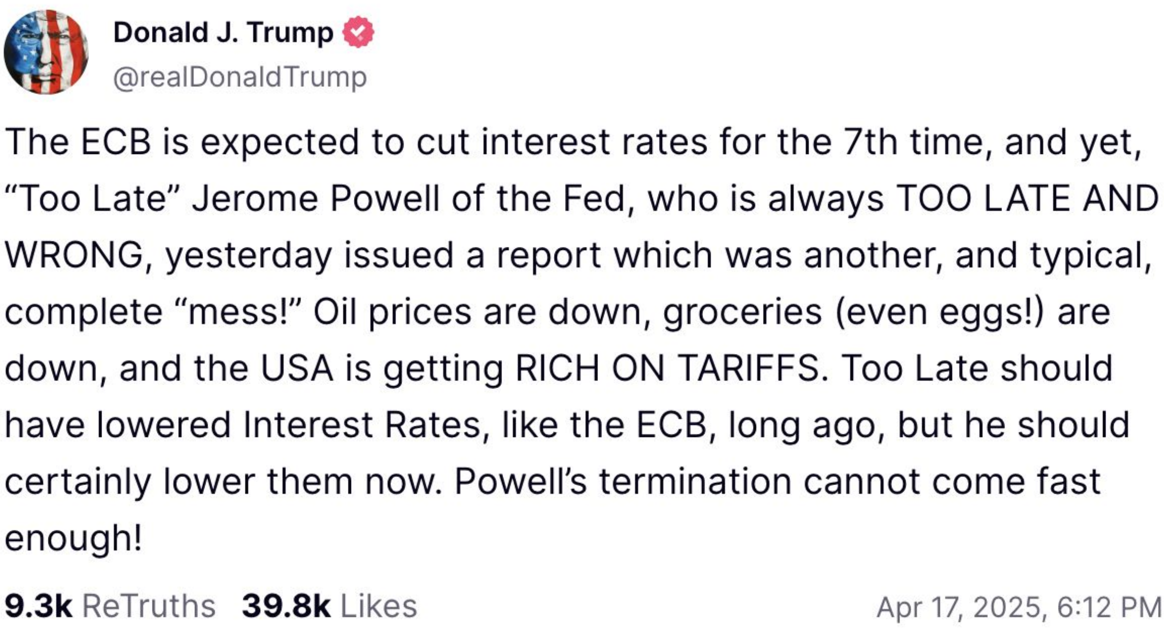


MARKET SIGNALS

Powell Signals Caution as Tariffs Fuel Market Volatility and Inflation Risk

The Federal Reserve is taking a wait-and-see approach on interest rates as concerns around US trade policy persist. In a speech delivered to the Economic Club of Chicago, last Wednesday, April 16, Fed Chair Jerome Powell emphasised the need for more economic data before making any policy moves, while warning that the White House's action on tariffs could complicate the central bank's efforts to manage inflation and employment.

Speaking publicly for the first time since US President Donald Trump delayed some of the more aggressive tariff hikes, Powell characterised recent market swings not as signs of distress, but as rational reactions to abrupt shifts in trade policy. "Markets are functioning... just about as you would expect," he said, underscoring that current volatility reflects uncertainty—not a trigger for immediate central bank intervention.



Donald J. Trump
@realDonaldTrump

The ECB is expected to cut interest rates for the 7th time, and yet, "Too Late" Jerome Powell of the Fed, who is always TOO LATE AND WRONG, yesterday issued a report which was another, and typical, complete "mess!" Oil prices are down, groceries (even eggs!) are down, and the USA is getting RICH ON TARIFFS. Too Late should have lowered Interest Rates, like the ECB, long ago, but he should certainly lower them now. Powell's termination cannot come fast enough!

9.3k ReTruths 39.8k Likes Apr 17, 2025, 6:12 PM

Figure 1. President Donald J Trump's Post on Truthsocial

However, investors reacted swiftly and negatively to the comments. The Dow Jones Industrial Average fell by 1.7 percent, the S&P 500 slid by 2.2 percent and the Nasdaq Composite fell 3.1 percent. Worries grew even further after the US announced new restrictions on chip exports to China. Nvidia, one of the leading AI chipmakers, was hit especially hard, as it reported that its first quarter results ending April 27th, 2025 would include a charge of approximately $5.5 billion due to the need for it to now obtain a licence to export H20 memory chips to China, and the subsequent cancelled orders and unsellable inventory. Overall, the market selloff reflects not only fears about trade tensions but also growing anxiety about a potential slowdown in the economy.

Figure 2. S&P 500, Nasdaq and DJI Price Dropped After Fed Chair Powell's Speech (Source: TradingView)

Further intensifying the tension, President Trump responded to Powell's remarks with a renewed attack on the Fed's leadership. He took to social media, saying Powell's "termination cannot come fast enough" (see Figure 1 above) —a sharp escalation in the ongoing friction between the White House and the central bank. Despite the severity of the comment, the market appeared more focused on Powell's policy stance than on political theatrics.

In response, Powell reinforced the central bank's independence, stating unequivocally that political pressure would not influence monetary decisions and added that bipartisan support for Fed autonomy remains strong. "People can say whatever they want, that's fine. We're never going to be influenced by political pressure," he said.

Still, Powell acknowledged concerns over a Supreme Court case that could potentially challenge the legal protections shielding the Fed from executive interference. The case questions whether presidents can fire independent officials like the Fed chair without cause—a move that, if allowed, could undermine central bank independence. Powell downplayed the likelihood of the case applying to the Fed but confirmed it is being closely monitored

Powell also dismissed speculation that the Fed was alarmed about liquidity shortages when it decided in March to slow the pace of its balance-sheet runoff. While this quantitative tightening normally raises long-term interest rates, the March slowdown was not due to market stress, Powell clarified.

Instead, he explained that technical limitations related to the US debt ceiling had temporarily obscured the Fed’s ability to assess how shrinking its balance sheet was affecting bank reserves. The decision to ease up on the runoff allowed the Fed to better gauge conditions. “The slower we go, the smaller the balance sheet can get without disruptions,” Powell noted, suggesting a measured approach helps avoid financial instability.

Turning to the broader economy, Powell said the US entered the year with near full employment, and with inflation declining toward the Fed’s 2 percent target, the economy was achieving a rare and delicate balance many thought unattainable. However, the introduction of unpredictable trade policies now threatens to derail that progress. Powell called the tariffs “fundamental changes” for which there are few historical parallels, making it difficult for businesses and analysts to anticipate outcomes.

He warned that these trade measures could push both inflation and employment further from the Fed’s dual mandate, especially if businesses pull back on investment or pass costs onto consumers. For now, though, Powell sees no immediate need to adjust interest rates. Instead, the Fed will continue monitoring economic indicators before determining its next move.

While the Fed acknowledges that tariffs and trade-related volatility are injecting risk into the economy, it sees no need to act hastily. Instead, policymakers are prioritising stability—slowing balance sheet tightening, maintaining interest rates, and carefully observing incoming data.

Bitcoin Resilient Amidst Macro Uncertainty

The macroeconomic environment remains highly uncertain as global trade relationships face dislocation and restructuring, following the latest wave of tariffs and counter-tariffs among the world's leading trading nations. This has fuelled heightened volatility across both US Treasury markets and broader risk assets, as investors reassess growth expectations and portfolio allocations in real time.

Against this backdrop, Bitcoin has experienced its largest drawdown of the current cycle, declining by 32 percent from its January highs. However, as we noted in last week's *Bitfinex Alpha*, this correction remains well within the historical norms observed during previous bull market phases, and similar retracements have marked periods of consolidation rather than a full reversal.

Figure 3. BTC/USD 4H Chart. (Source: Bitfinex)

What stands out in the current context is Bitcoin's resilience: despite persistent macroeconomic stress, the asset has rebounded more than 16 percent from its recent lows, showing a remarkable ability to stabilise amid shifting investor sentiment.

This recovery is especially notable when compared to other macro hedges. Gold, often considered the traditional safe haven, continues to make new all-time highs as capital flows into defensive assets accelerate. Bitcoin's ability to recover in parallel—and in the face of a strong gold bid—suggests that it is increasingly being viewed as a complementary asset within the broader macro hedge toolkit, rather than merely a speculative risk asset.

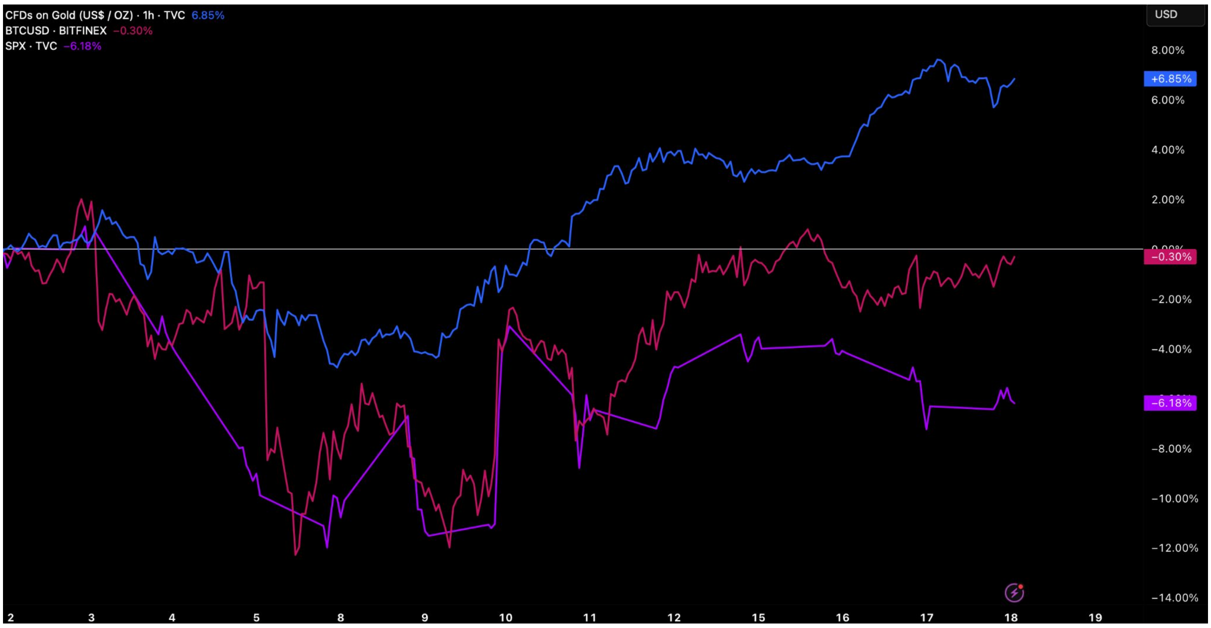


Figure 4. Gold, Bitcoin, SPX500 Index Relative Price Movements Since April 2nd Liberation Day. (Source: TVC, Bitfinex)

In the current environment, the performance of hard assets remains remarkably impressive. Gold continues to surge higher, having reached a new All-Time High and moving past the $3,300 mark for the first time in history, as investors flee to traditional safe haven assets. Bitcoin sold off to hit its lowest point so far this year of $74,501, alongside other risk assets, but has since recovered, trading back up to $87,500.

As the world adjusts to changing trade relationships, Gold and Bitcoin are increasingly entering centre stage as global neutral reserve assets. It is increasingly clear that although Bitcoin sold off alongside other risk assets in the early stages of the current market turmoil, it has now shown remarkable resilience, similar to Gold, to prove its digital gold narrative.

Indeed, BTC, even though a much smaller asset class than the US equity market, sold off similar amounts in percentage terms - around 12-13 percent - since US President Donald Trump's 'Liberation Day' when sweeping global tariffs were announced. But it has shown a much stronger recovery off the lows, and been more correlated with Gold than other risk assets in its trading behaviour. Figure 4 above tracks BTC, XAU, SPX500 price movements since April 2nd, and demonstrates the clear outperformance of gold and Bitcoin vs the S&P500.

Figure 5. US Equity Markets Volatility Index. (Source: FRED)

We see the recent surge in volatility across US equity markets, as measured by the VIX Index which gauges 30-day forward-looking volatility expectations, as marking a significant shift in market sentiment. The VIX breached the 40 level for the first time in over five years, a threshold that historically aligns with periods of extreme market stress and heightened uncertainty.

As Figure 5 above illustrates, this spike in volatility has not been since the 2020 COVID-19 market collapse, and before that the 2008 Global Financial Crisis, and the 2001 Dot-Com Bubble. Bond markets have also been volatile, amplifying the broader systemic tension.

Importantly, when volatility strikes what is essentially the base collateral of the financial system—namely US Treasuries and equities—liquidity tends to dry up rapidly as investors de-risk, often through flight-to-safety trades. In such scenarios, capital exits speculative markets first. Given that Bitcoin and the wider crypto asset class are among the most liquidity-sensitive financial instruments globally, they have naturally been swept up in the turbulence. This has resulted in sharp price drawdowns and elevated realised volatility within altcoins in particular, as investor positioning tightens and risk appetite retreats.

GENERAL MACRO UPDATE

The Calm Before the Surge: Falling Import Prices

Figure 6. Import Price Index vs US Dollar Index (Chart Source: Macromicro)

After months of easing inflationary pressures, US import prices unexpectedly fell in March, largely due to declining energy costs. But beneath this seemingly benign headline lies a mounting storm: President Donald Trump's renewed tariff campaign is poised to reverse these gains—setting the stage for a complicated mix of higher consumer prices, corporate margin pressure, and elevated market risk.

Import Prices Drop - But a Lagging Signal

According to the [US Bureau of Labor Statistics' US Import and Export Price Indexes summary](), issued last Tuesday, April 15th, import prices dipped 0.1 percent in March, marking their first decline since September. The fall was mainly driven by a 2.3 percent drop in fuel prices, while non-fuel imports showed only modest increases.

However, it's crucial to understand what this data excludes: tariffs. Import price data is collected early in the month and does not account for newly imposed duties, including the 20 percent tariffs on Chinese imports and the 25 percent tariffs on iron, steel, and aluminum introduced later in the month.

The decline in March's import prices may be the final low before a significant upswing. Tariffs, by design, act as cost multipliers, forcing importers to either absorb higher prices (squeezing margins) or pass them on to consumers (fuelling inflation).

Compounding the issue is the weaker US dollar, which has depreciated 2.6 percent year-to-date against a trade-weighted basket. As the dollar weakens, imported goods become more expensive—even before tariffs are applied. This dual pressure of tariffs and foreign exchange makes a rebound in import inflation all but inevitable in the coming months.

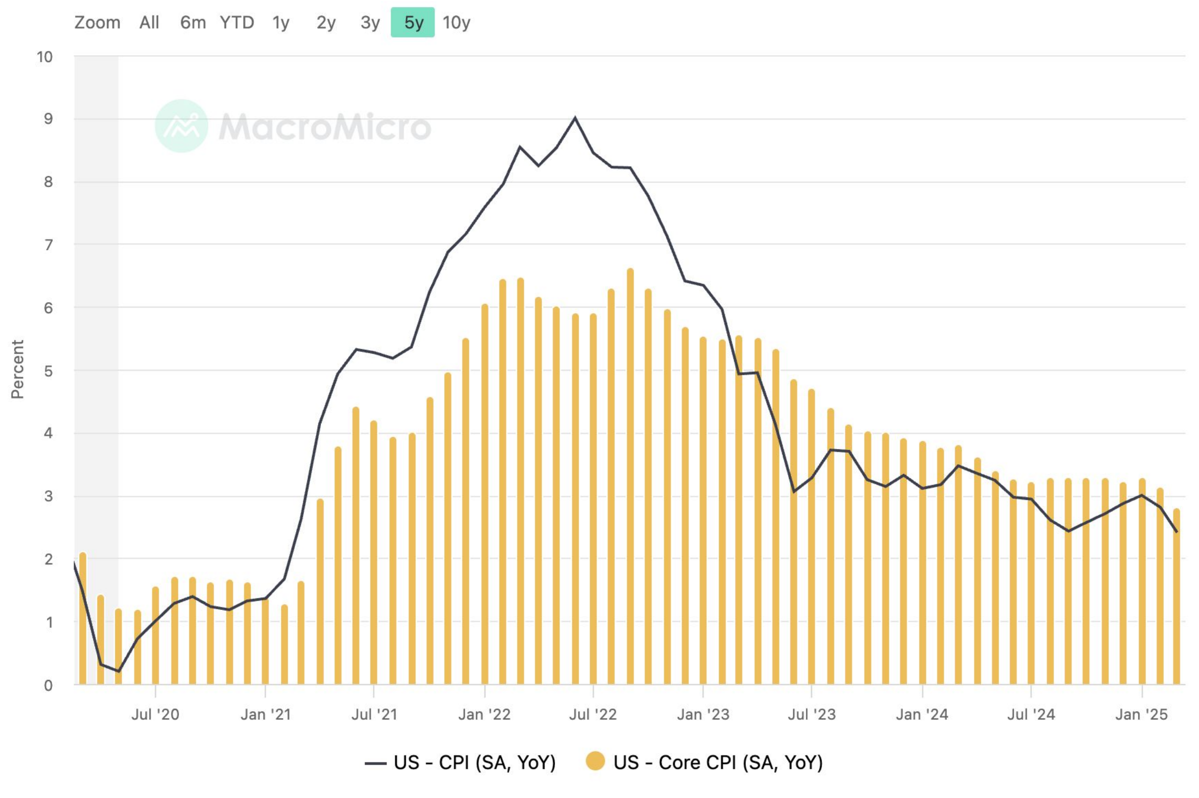


Figure 7. Consumer Price Index (Chart Source: Macromicro)

The most direct transmission mechanism from tariffs to households is through consumer prices. Companies importing raw materials and finished goods now face higher input costs, especially in sectors dependent on Chinese manufacturing and industrial metals, hence:

- Core goods inflation is likely to pick up.
- Retailers and consumer-facing companies will either raise prices or compress margins. Latest retail sales data for March rose by 1.4 percent in March, exceeding expectations
- If consumer prices rise while wage growth stalls, real purchasing power declines, posing a threat to overall consumption, the engine of US GDP.

Equities Face Asymmetric Risk

Markets are currently riding out the tariff shock, with stocks showing resilience. But this could be the calm before volatility resurfaces. Equities are now facing a double-edged risk:

1. Earnings Compression: If companies absorb higher costs, margins shrink—particularly in retail, manufacturing, and construction.
2. Demand Destruction: If companies pass costs to consumers, demand may soften, especially if inflation outpaces wage growth.

Moreover, the risk of stagflation—rising prices amid slowing growth—was cited in recent Fed minutes as a growing concern. This is a regime in which both stocks and bonds can underperform.

March's decline in import prices is not a trend, but a pause—a statistical illusion created by timing. The real story is still unfolding: Trump's aggressive tariffs, a weakening dollar, and fragile global growth are combining into a potentially inflationary shock that may reach US consumers and markets by summer.

Investors should prepare for a possible reversal in inflation trends, monitor earnings guidance closely, and brace for renewed volatility in equities as the impact of these tariffs becomes more fully priced in. The question is no longer *if* consumer prices and equities will feel the effects—it's *how soon and how sharply*.

Tariff Fears Fuel Retail Surge, But Economic Slowdown Looms

In March, American consumers boosted spending at the fastest pace in over a year, rushing to purchase goods ahead of expected tariff hikes. While this temporary spike in retail activity helped prevent a deeper economic slowdown in the first quarter, it may be the calm before a storm—one shaped by weaker sentiment, tighter budgets, and the lingering impact of trade policy uncertainty.


ADVANCE MONTHLY SALES

March 2025	$734.9 billion	1.4%
February 2025 (revised)	$724.5 billion	0.2%*

Next release: May 15, 2025

* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero.
Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, April 16, 2025

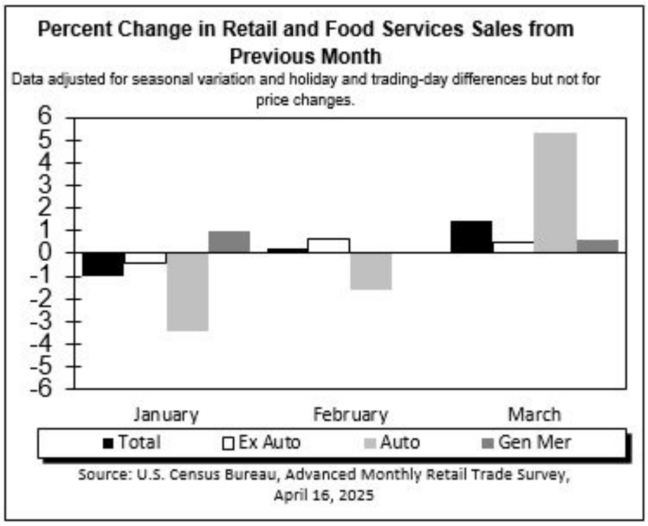


Figure 8. Advanced Monthly Retail Sales (Source: US Census Bureau)

Figure 9. US Monthly Change in Retail Sales (Chart Source: Macromicro)

Retail sales climbed by 1.4 percent in March, according to the [US Census Bureau' Monthly Retail Sales Report.](#) This is the strongest monthly performance since 2023. The surge was largely driven by increased purchases of motor vehicles and construction-related goods. Such front-running occurs when consumers accelerate their buying in anticipation of price hikes caused by tariffs.

Importantly, spending wasn't limited to just big-ticket items. The "control group"—a core retail measure that strips out volatile components like cars, gas, and building materials—also rose by 0.6 percent. This group is considered a more reliable indicator of consumer demand's contribution to GDP, and its growth suggests the surge in spending was widespread.

However, this momentum is unlikely to last. Federal Reserve Chair Jerome Powell recently acknowledged signs of economic deceleration, attributing some of the strain to rising prices as tariffs begin to take effect in the economy. Although tariffs are imposed on businesses at the border, much of the cost eventually gets passed down to consumers, contributing to inflation.

This growing price pressure comes at a time when consumer sentiment is already faltering. The uncertainty surrounding the administration's frequently shifting trade policy has clouded the economic outlook, pushing confidence to multiyear lows. While falling gasoline and commodity prices have temporarily freed up household budgets, the broader mood remains cautious.

That caution could translate into a shift in consumer behaviour. In past inflationary periods—when households dipped into savings to maintain spending—today's environment may see the opposite. With economic anxiety rising and household wealth under pressure, consumers are likely to **increase precautionary savings**, which could further suppress future spending.

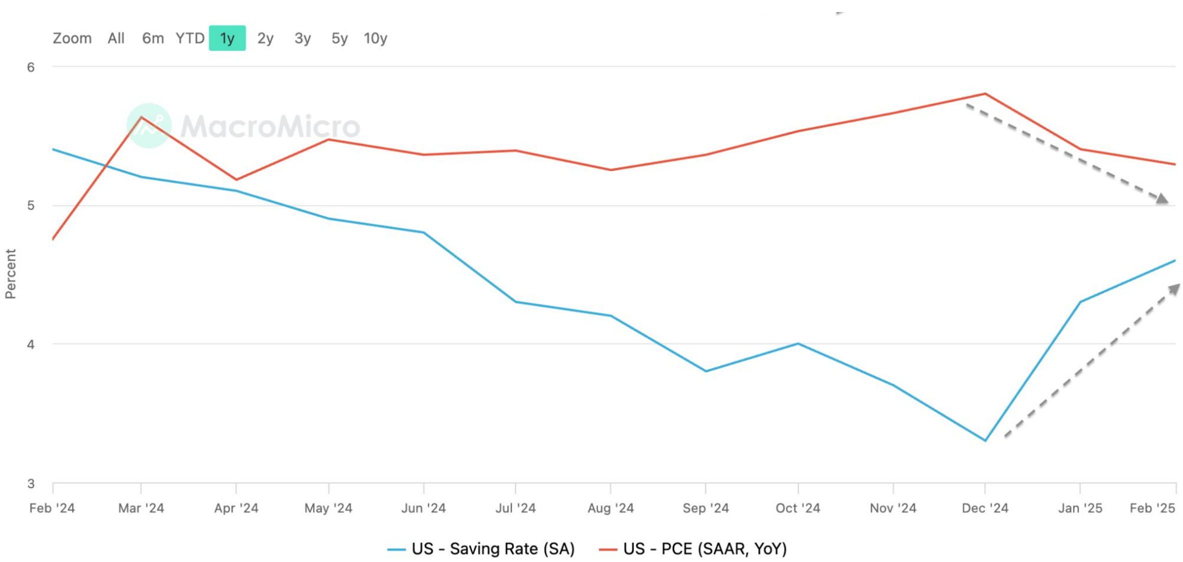


Figure 10. US Savings Rate and Consumer Expenditure

Financial markets are already pricing in a response from the Federal Reserve. After pausing its interest rate cuts in January, the Fed is now expected to resume easing by June. The current benchmark rate stands at 4.25 percent–4.50 percent, and a cut would reflect mounting concern that the economy is losing steam.

CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES										
MEETING DATE	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
5/7/2025					0.0%	0.0%	0.0%	0.0%	13.2%	86.8%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.4%	54.2%	38.5%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	27.3%	47.5%	22.1%	0.0%
9/17/2025	0.0%	0.0%	0.0%	0.0%	0.6%	7.8%	31.2%	42.6%	17.8%	0.0%
10/29/2025	0.0%	0.0%	0.0%	0.3%	4.7%	21.1%	37.6%	28.5%	7.7%	0.0%
12/10/2025	0.0%	0.0%	0.2%	3.2%	15.5%	32.0%	31.6%	14.8%	2.6%	0.0%
1/28/2026	0.0%	0.1%	1.1%	6.9%	20.5%	31.9%	26.6%	11.1%	1.8%	0.0%
3/18/2026	0.0%	0.5%	3.4%	12.4%	25.1%	29.8%	20.4%	7.4%	1.1%	0.0%
4/29/2026	0.1%	1.1%	5.2%	14.9%	26.0%	27.9%	17.8%	6.1%	0.9%	0.0%
6/17/2026	0.3%	1.8%	6.8%	16.8%	26.3%	26.2%	15.8%	5.3%	0.7%	0.0%
7/29/2026	0.5%	2.5%	8.3%	18.2%	26.3%	24.6%	14.2%	4.6%	0.6%	0.0%
9/16/2026	0.6%	2.7%	8.5%	18.4%	26.3%	24.4%	14.0%	4.5%	0.6%	0.0%
10/28/2026	0.5%	2.6%	8.4%	18.2%	26.1%	24.4%	14.3%	4.7%	0.7%	0.0%
12/9/2026	0.2%	1.0%	3.8%	10.5%	19.8%	25.7%	22.3%	12.2%	3.9%	0.5%

Figure 11. CME FedWatch Tool - Conditional Meeting Probabilities (Retrieved April 18, 2025)

That concern is backed by hard data. The Atlanta Federal Reserve now projects that first-quarter GDP may have contracted by 0.1 percent. This would mark a sharp reversal from the 2.4 percent expansion in the previous quarter. Much of the slowdown is attributed to a surge in imports, as businesses rushed to stockpile goods ahead of anticipated tariff increases—an activity that inflates import figures and subtracts from GDP.

March's retail surge was not a sign of renewed economic strength, but rather a symptom of growing uncertainty. As tariffs begin to exert real pressure on prices and sentiment, consumer behaviour is expected to shift from spending to saving. This change, coupled with an anticipated slowdown in economic growth, signals that the US may be entering a more cautious phase—where households tread carefully, and policymakers must respond thoughtfully to avoid deeper contraction.

NEWS FROM THE CRYPTO-SPHERE

Tether Backs Fizen in Strategic Move to Drive Global Crypto Payments and Financial Inclusion

Figure 12. Tether Backs Fizen in Strategic Move to Drive Global Crypto Payments

- **Tether has invested in fintech firm Fizen to accelerate real-world stablecoin adoption, enabling seamless crypto payments for users and instant fiat settlements for merchants through familiar tools like QR codes and card readers**
- **The partnership aims to promote financial inclusion by offering accessible, self-custody digital payment solutions**

In a bold move to solidify its role in shaping the future of digital finance, Tether, the world's leading digital asset company, announced last Tuesday a strategic investment in Fizen Limited, a rising fintech firm focused on self-custody crypto wallets and digital payments.

This partnership signals Tether's growing commitment to expanding access to the digital economy through infrastructure that empowers users and businesses alike. Fizen's platform simplifies stablecoin usage in daily transactions—allowing users to store, send, and spend digital assets seamlessly, while merchants receive instant fiat settlements without requiring new payment infrastructure.

> "At Tether, we recognise the crucial role of self-custodial payment infrastructure in driving real-world use cases," said Paolo Ardoino, CEO of Tether. "Fizen's innovative model bridges the gap between self-custody and digital payments, empowering users with greater financial independence."

While stablecoins like Tether's USDt have emerged as powerful tools for low-cost, secure, and near-instant financial transactions, mainstream adoption—especially among everyday users and merchants—has been limited by usability and infrastructure challenges. Fizen is working to close that gap.

By integrating stablecoin payments with familiar tools like QR codes and card readers, Fizen enables crypto holders to pay for goods and services directly from self-custody wallets, while merchants receive fiat in real-time. No additional hardware or training required. This consumer-friendly approach could be a game-changer in accelerating everyday crypto adoption.

Globally, over a billion people remain unbanked. According to the World Bank's Global Findex Report, common barriers include the distance to financial institutions and a lack of valid identification. Tether sees its investment in Fizen as a way to address these issues, leveraging blockchain's borderless nature to provide alternative financial access without the traditional roadblocks.

> "Stablecoins like USDt will undoubtedly drive crypto payments and financial inclusion worldwide," said Leo Vu, Founder and CEO of Fizen.io. "We are creating applications that make blockchain invisible in the user journey—intuitive, seamless, and part of everyday life."

This investment also comes at a time when digital payments are booming. QR code payments alone are projected to exceed $3 trillion in transaction volume by 2024, with over 2.2 billion users expected by 2025, fueled by growing smartphone usage and demand for seamless digital finance tools.

With this market momentum, the Fizen–Tether collaboration could serve as a key catalyst for accelerating the real-world utility of crypto—moving stablecoins beyond trading and remittances into retail, services, and peer-to-peer commerce.

Canary Capital Seeks SEC Approval for Staked Tron ETF

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CANARY STAKED TRX ETF
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	________ (I.R.S. Employer Identification Number)

c/o Canary Capital Group LLC
Steven McClurg
1131 4th Avenue S #230
Nashville, TN 37210
(615) 200-0788
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Figure 13 Canary Capital Seeks SEC Approval for Staked Tron ETF

Canary Capital has filed with the SEC to launch a Tron-based ETF that includes a staking component, with BitGo Trust Company set to act as custodian

Canary Capital submitted an application last Friday, April 18th, to the US Securities and Exchange Commission (SEC) for the approval of a new exchange-traded fund (ETF) centered on the Tron (TRX) token, which will also incorporate a staking feature.

The proposal outlines plans for the Canary Staked TRX ETF, to implement a staking program involving a portion of its TRX holdings, which will be delegated to selected staking service providers.

This ETF is part of a broader initiative by Canary Capital to expand its offerings in the crypto ETF space. Meanwhile, several other asset managers are also in pursuit of SEC approval for similar crypto-focused ETFs—especially those involving XRP and Solana—amid speculation that the current regulatory environment may be more accommodating than under the previous administration.

Tron, the blockchain network underlying the TRX token, was founded by entrepreneur Justin Sun. Known for its decentralised infrastructure and growing ecosystem, TRX currently has a market cap of $22.9 billion, ranking it as the ninth-largest cryptocurrency by market value.

Panama City Launches Crypto Payments for Taxes and Government Services

Figure 14. Panama City Launches Crypto Payments for Taxes and Government Services (Image Source: Wikipedia)

- **Panama City now accepts Bitcoin, Ethereum, USDC, and USDt to pay taxes or pay for government services, using a partner bank to instantly convert crypto payments into US dollars without requiring new legislation**
- **The city joins a growing list of global municipalities adopting crypto for public payments**

In a move towards financial innovation, Panama City has begun accepting cryptocurrency for a range of municipal payments, including taxes, fees, fines, and permits. The announcement was made on Wednesday by Mayor Mayer Mizrachi Matalon through a post on X last Wednesday, April 16th, and later confirmed by local media.

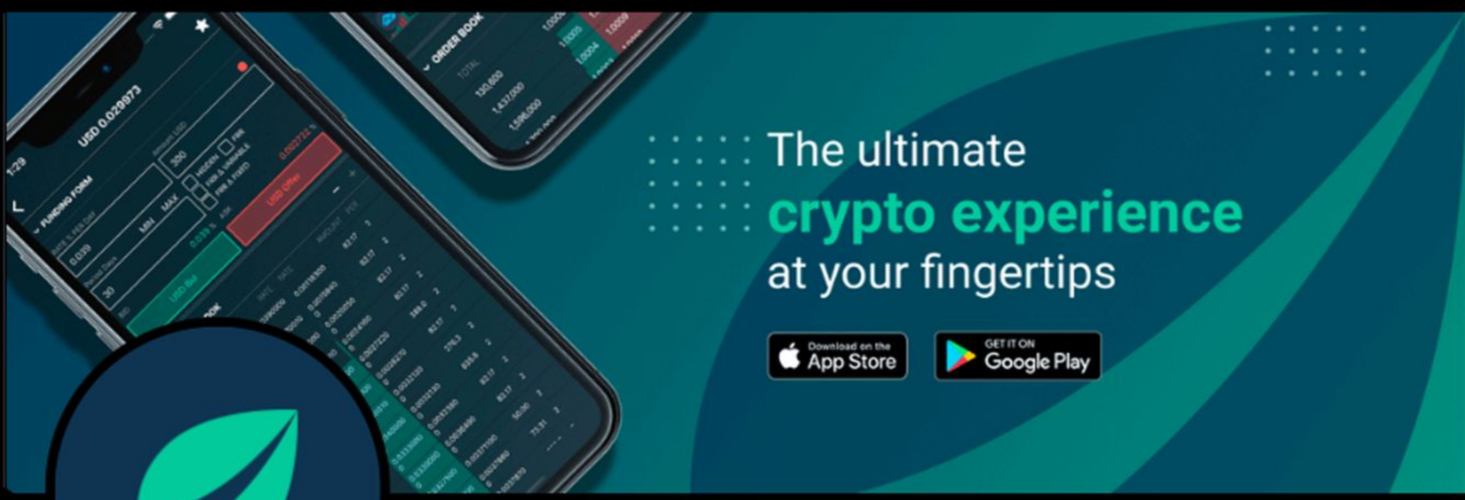
Residents and businesses can now use Bitcoin (BTC), Ethereum (ETH), USD Coin (USDC), and Tether (USDt) to fulfill their financial obligations to the city. Panama City joins a growing list of global municipalities integrating crypto payments into public services.

Unlike previous administrations that attempted to push legislation to enable such payments, Mizrachi stated that the current administration found a streamlined approach. By partnering with a local financial institution, the city allows crypto transactions, which are immediately converted to US dollars at the point of payment—ensuring compliance with regulations that mandate public entities accept only legal tender, which in Panama's case, is the US dollar.

This approach mirrors recent efforts in other parts of the world. In the United States, Detroit enabled crypto payments for municipal services in late 2024, utilising a PayPal-based system. Although PayPal is best known for fiat payments, it has significantly expanded into digital assets, launching its own PYUSD stablecoin and integrating popular cryptocurrencies like Solana (SOL) into its platform.

Meanwhile, at the state level, Colorado began accepting crypto for tax payments as early as 2022, and North Carolina has introduced a bill to allow similar usage of digital currencies for state-related transactions.

Panama City's move positions it at the forefront of digital finance in Latin America, offering residents more flexibility in how they interact with government services.



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