BITFINEX Alpha

Issue: 05-05-2025
bitfinex.com

This material is being provided by BFXWW Inc. ("Bitfinex") for general informational purposes only. Views or opinions expressed herein may not reflect those of Bitfinex as a whole and may change without prior notice. Nothing in this newsletter constitutes investment, portfolio management, legal, accounting or tax advice, advice on trading techniques, models, algorithms, or any other schemes, or a recommendation to buy, sell or hold any digital tokens or other digital assets. No recommendation or advice is being given as to whether any digital asset is suitable for you. No solicitation or offer of any digital asset or financial promotion of any kind is being made.

You should not trade in digital assets unless you understand the associated risks.

You should not commit funds or collateral to trading in digital assets that you are not prepared to lose entirely. Past performance of a digital asset or trading strategy does not guarantee future results or returns. This newsletter contains forward-looking statements—statements that relate to future events or future performance—which are only projections, opinions and hypotheticals about possible future events, conditions, outcomes and results. Actual events or results may differ materially.

Where indicated, information provided comes from other content providers. That information is protected by copyright owned or licensed by those content providers. Bitfinex has not been involved in preparing, adopting or editing this content and does not explicitly or implicitly endorse or approve such content. Bitfinex makes no guarantees that information supplied in third-party content is accurate, complete, or timely.

While Bitfinex attempts to provide accurate and timely information, neither Bitfinex nor any third-party content provider guarantees the accuracy, timeliness, completeness or usefulness of any newsletter content, and are not responsible or liable for any such content. All newsletter content is provided on an "as-is" basis.

You may not use any of the trademarks, trade names, service marks, copyrights, or logos of Bitfinex in any manner which creates the impression that such items belong to or are associated with you or are used with Bitfinex's consent, and you acknowledge that you have no ownership rights in and to any of such items.

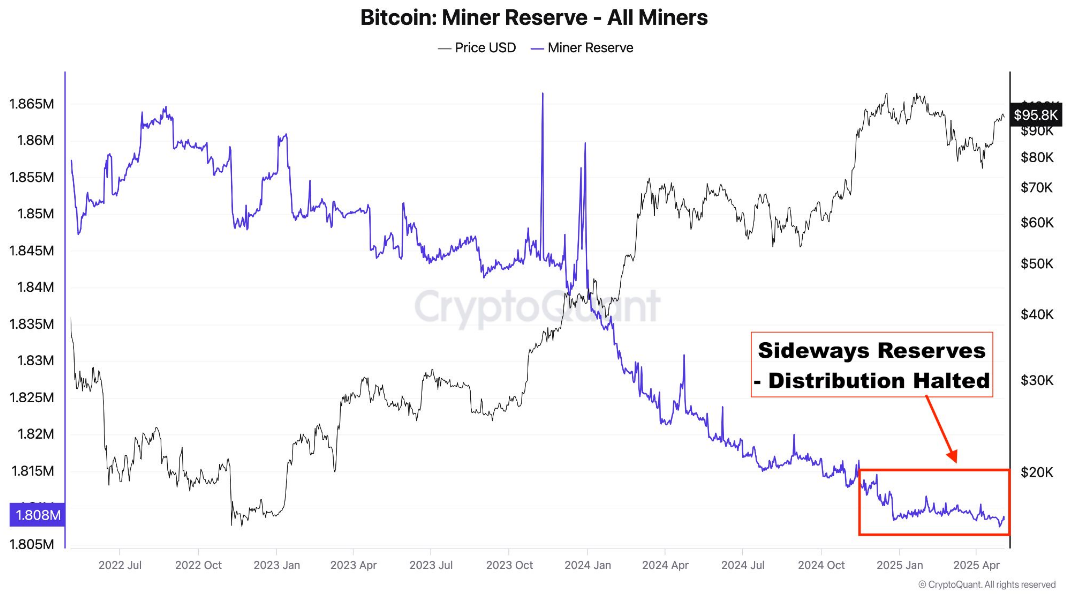
This newsletter is provided only to select recipients. You should not post, transmit, redistribute or otherwise make available any newsletter content to any other person.

EXECUTIVE SUMMARY

Strong April Close Sets Up Bitcoin for Summer

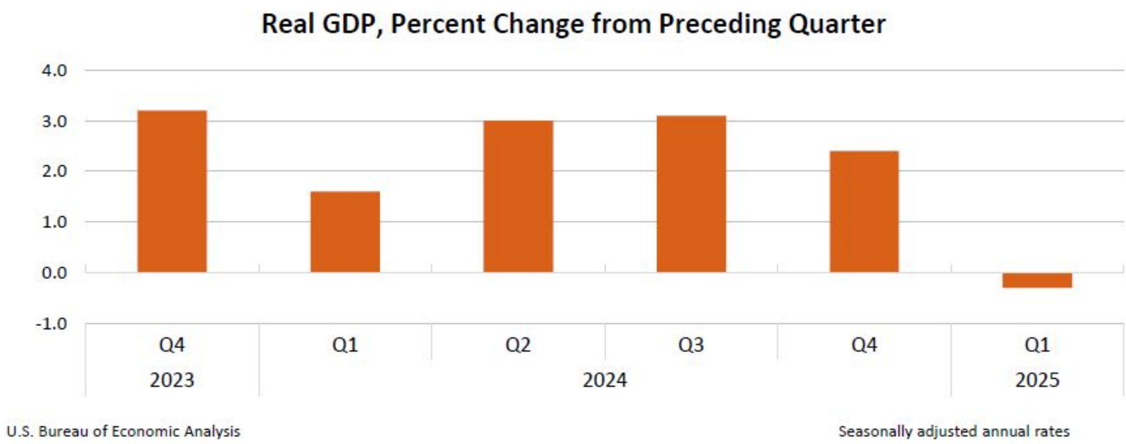
Bitcoin closed April with a strong 14.08 percent monthly gain, outperforming its historical April average and reversing course after a steep early-month correction. This rally, which saw Bitcoin climb more than 32 percent from its April low of $74,501 to nearly $98,000, highlights the asset's resilience amid macroeconomic turbulence and shifting risk sentiment. Reclaiming the $95,000 level—the lower boundary of its former three-month range—is now the key technical threshold. Holding this zone, especially as BTC consolidates above the short-term holder cost basis of $93,340, could lay the groundwork for a move back toward all-time highs.

On-chain data supports this narrative: miner reserves remain stable and the Puell Multiple suggests little incentive for large-scale miner selling, indicating confidence in further upside. While the near-term hinges on whether BTC can convert this reclaim into sustainable support, structural signals continue to lean bullish—setting the stage for a potential continuation of the current cycle once macro conditions stabilise.



The US economy showed surface-level resilience in April, with 177,000 new jobs added and unemployment holding steady at 4.2 percent. Labour force participation grew, and key sectors like education, healthcare, and hospitality continued hiring. However, wage growth slowed to 0.2 percent monthly and 3.8 percent annually, job openings declined, and certain industries like manufacturing and retail lost jobs—signs of a cooling labour market.

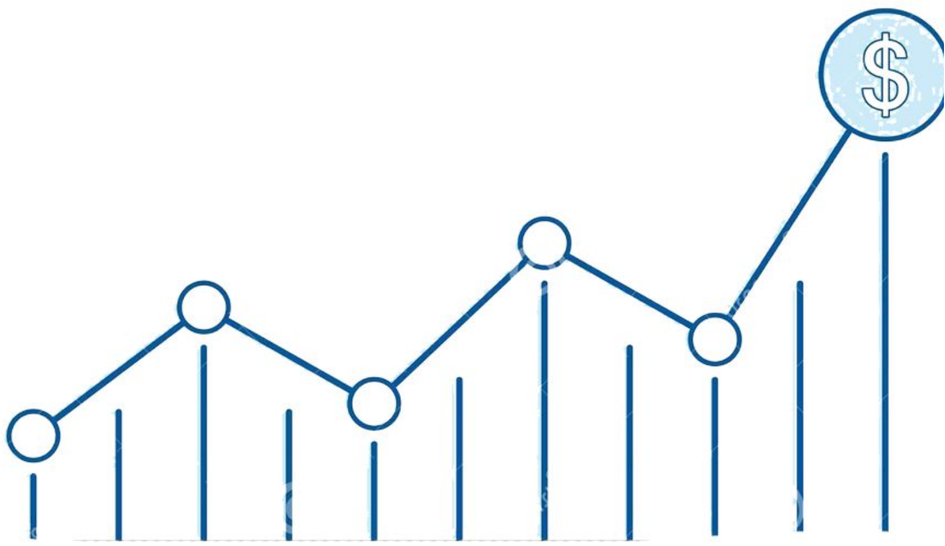
These positive headlines mask deeper structural issues, as companies may be "labour hoarding" after past hiring struggles, and the jobs report is increasingly seen as a lagging indicator. Meanwhile, consumer spending appears stable on the surface but reveals cracks beneath—durable goods purchases dropped sharply, while nondurables and services rose. A temporary surge in equipment investment lifted private investment numbers, but broader economic momentum remains weak. Imports soared over 40 percent, widening the trade deficit and dragging GDP down by 0.3 percent in Q1, largely due to corporations front-loading goods ahead of tariff hikes.



Consumer confidence has plunged to its lowest level since 2020, with the Expectations Index dropping to a level historically linked to recessions. Rising concerns about income, job security, and inflation—driven by ongoing trade tensions—are weighing heavily on sentiment. As inflationary pressure from tariffs builds and household income growth stalls, the US faces a precarious period of economic deceleration.

In the cryptosphere, Nexo has reentered the US market after a two-year exit, citing a more favourable regulatory climate and political support, particularly under the Trump campaign's pro-crypto stance. The company now aims to offer a fully compliant suite of crypto-backed financial products, reflecting a broader industry shift toward cooperation with regulators. Meanwhile, the Arizona House passed two bills that would allow the state to invest up to 10 percent of its funds in Bitcoin and other cryptocurrencies, potentially making it the first U.S. state to hold crypto in its treasury and retirement systems—though the outcome remains uncertain due to Governor Hobbs' veto warning tied to broader budget concerns. Across the Atlantic, the UK government introduced draft legislation to regulate crypto platforms, emphasising consumer protection and transparency, while also strengthening collaboration with the U.S. to establish a transatlantic regulatory framework. Lastly, the SEC concluded its investigation into PayPal's stablecoin PYUSD without enforcement action, signalling potential regulatory clarity for stablecoins and reinforcing PayPal's position in the evolving digital asset landscape.

INDEX



MARKET SIGNALS

Positive April Close for Bitcoin

Bitcoin ended April with a monthly gain of 14.08 percent, outperforming both its historical average April return of 13 percent and the median return of 7.3 percent. While April has traditionally been a strong seasonal month for BTC, recent years have seen more muted results, making this year's performance stand out more distinctly.

What makes this rebound particularly notable is the path it took—April began with a steep drawdown from the monthly open, only for Bitcoin to stage a strong recovery through the second half of the month. This aligns well with our previously outlined thesis of Bitcoin showing relative strength versus other risk assets heading into summer 2025, especially amid macroeconomic volatility and shifting market narratives. The resilience suggests a broader structural bid remains intact, likely supported by persistent spot demand and stabilising on-chain investor behaviour.

Time	January	February	March	April	May	June	July	August	September	October	November	December
2025	+9.29%	-17.39%	-2.3%	+14.08%	+1.52%							
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+7.29%	+10.76%	+37.29%	-2.85%
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
2022	-16.68%	+12.21%	+5.39%	-17.3%	-15.6%	-37.28%	+16.8%	-13.88%	-3.12%	+5.56%	-16.23%	-3.59%
2021	+14.51%	+36.78%	+29.84%	-1.98%	-35.31%	-5.95%	+18.19%	+13.8%	-7.03%	+39.93%	-7.11%	-18.9%
2020	+29.95%	-8.6%	-24.92%	+34.26%	+9.51%	-3.18%	+24.03%	+2.83%	-7.51%	+27.7%	+42.95%	+46.92%
2019	-8.58%	+11.14%	+7.05%	+34.36%	+52.38%	+26.67%	-6.59%	-4.6%	-13.38%	+10.17%	-17.27%	-5.15%
2018	-25.41%	+0.47%	-32.85%	+33.43%	-18.99%	-14.62%	+20.96%	-9.27%	-5.58%	-3.83%	-36.57%	-5.15%
2017	-0.04%	+23.07%	-9.05%	+32.71%	+52.71%	+10.45%	+17.92%	+65.32%	-7.44%	+47.81%	+53.48%	+38.89%
2016	-14.83%	+20.08%	-5.35%	+7.27%	+18.78%	+27.14%	-7.67%	-7.49%	+6.04%	+14.71%	+5.42%	+30.8%
2015	-33.05%	+18.43%	-4.38%	-3.46%	-3.17%	+15.19%	+8.2%	-18.67%	+2.35%	+33.49%	+19.27%	+13.83%
2014	+10.03%	-31.03%	-17.25%	-1.6%	+39.46%	+2.2%	-9.69%	-17.55%	-19.01%	-12.95%	+12.82%	-15.11%
2013	+44.05%	+61.77%	+172.76%	+50.01%	-8.56%	-29.89%	+9.6%	+30.42%	-1.76%	+60.79%	+449.35%	-34.81%
Average	+3.81%	+13.12%	+12.21%	+13.06%	+7.45%	-0.35%	+7.56%	+1.75%	-3.77%	+21.89%	+46.02%	+4.75%

Figure 1. Bitcoin Monthly Performance Since 2013. (Source: Coinglass)

Since Liberation Day on April 2nd, Bitcoin endured a steep 16.5 percent decline within a week, culminating in the deepest correction of the current cycle—a 32 percent drop from the all-time high of $109,590, bottoming out at $74,501. This marked not just a technical breakdown but also a psychological shakeout amid intensified macro pressures, particularly from escalating trade tensions.

Figure 2. BTC/USD Daily Chart. (Source: Bitfinex)

Yet, as we highlighted in previous editions, Bitcoin has shown notable resilience relative to other risk assets. Since the cycle lows, BTC has rallied by over 32 percent, reaching local highs of $97,900. This recovery has been swift and aggressive, reaffirming the strength of the underlying bid in the spot market. However, the rally now faces its first major test. The $95,000 level—currently under consolidation—is a critical pivot point, acting as the lower boundary of a three-month range that defined market structure between November 2024 and February 2025.

Successfully reclaiming and holding this zone would signal a structural shift back into bullish territory and potentially open the door to a retest of the all-time highs. Failure to hold, however, could turn the region into resistance once more, raising the risk of a short-term rejection and another leg of corrective price action. As such, the next several days will likely determine whether the recent strength evolves into a sustained breakout or resolves into a retest of lower support zones.

To gauge the strength of the current Bitcoin rally, we turn to the confluence of technical structure and on-chain positioning—two dimensions that, when aligned, offer robust signals of market momentum. One of the most important on-chain thresholds at this juncture is the Short-Term Holder (STH) cost basis, currently estimated at $93,340. This level represents the average acquisition price of coins held by investors who entered the market within the last few months and has historically acted as a dividing line between bullish and bearish market phases.

Figure 3. Bitcoin Short-Term Holder Realised Price. (Source: Bitcoin Magazine Pro)

After several weeks of consolidation and volatility, Bitcoin has managed to break above this threshold, marking a shift in short-term momentum. The ability to reclaim and now consolidate within this zone is an encouraging sign, reflecting a meaningful degree of buyer strength. However, the significance of this level cannot be overstated—it now acts as a pivot. Sustained acceptance above $93,340 would likely convert this range into a new support base, reinforcing bullish sentiment and setting the stage for potential continuation toward all-time highs. Conversely, if price fails to hold above it, this would signal renewed fragility in market structure and risk pushing a large cohort of recent buyers back into unrealised loss, increasing the probability of further corrective pressure.

In essence, the next few sessions will be crucial in determining whether this reclaim is the foundation of a new leg higher—or merely a local top.

Miner reserves offer a unique lens into the conviction behind the current Bitcoin market structure. Over the past year, these reserves have exhibited remarkable stability, rising marginally from 1,808,315 BTC in late December 2024 to 1,808,674 BTC as of May 5, 2025. This near-flat trajectory strongly suggests a deliberate holding strategy.

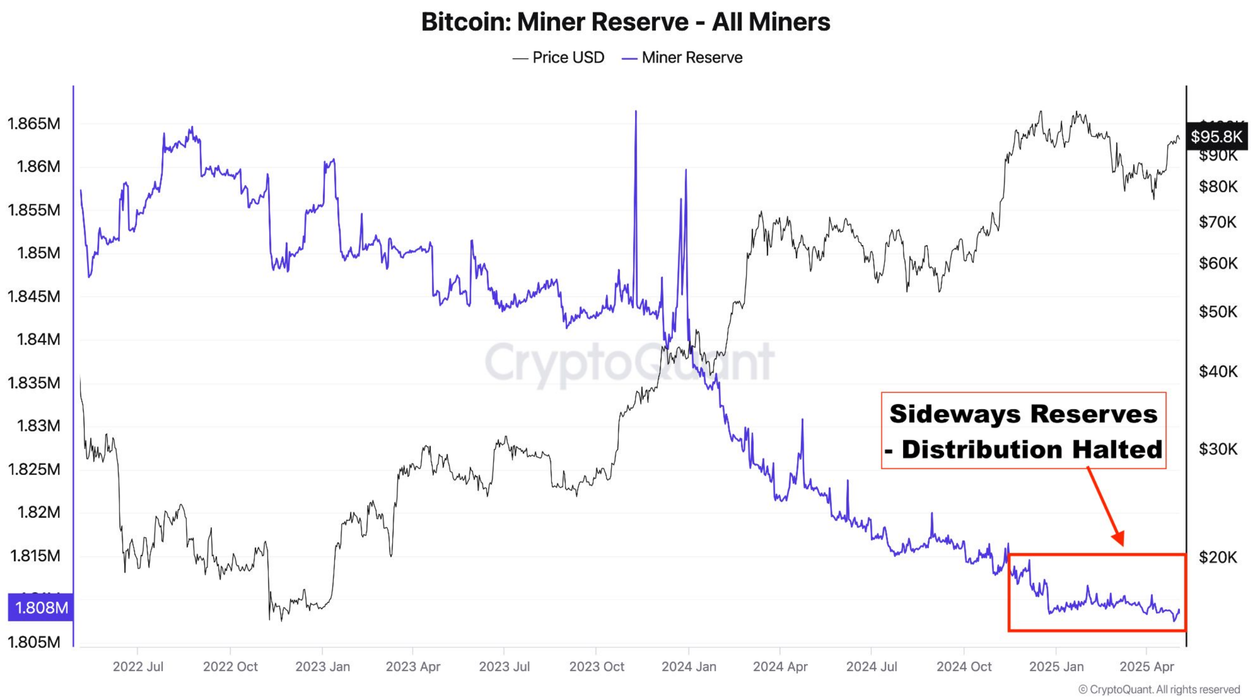


Figure 4. Bitcoin Miner Reserves. (Source: CryptoQuant)

Given that miners typically need to liquidate a portion of their holdings to finance operational expenses—such as electricity, maintenance, and salaries—their continued restraint from selling speaks volumes about expectations of future price appreciation.

This holding behaviour becomes even more meaningful when paired with the Puell Multiple, a widely followed miner profitability indicator. The metric compares current daily USD-denominated miner revenue against its 365-day average. Historically, values above 2 have corresponded with increased miner selling and local market tops. However, the current Puell reading remains well below those elevated thresholds, reinforcing the view that miners do not believe the current price zone represents the top of the cycle.

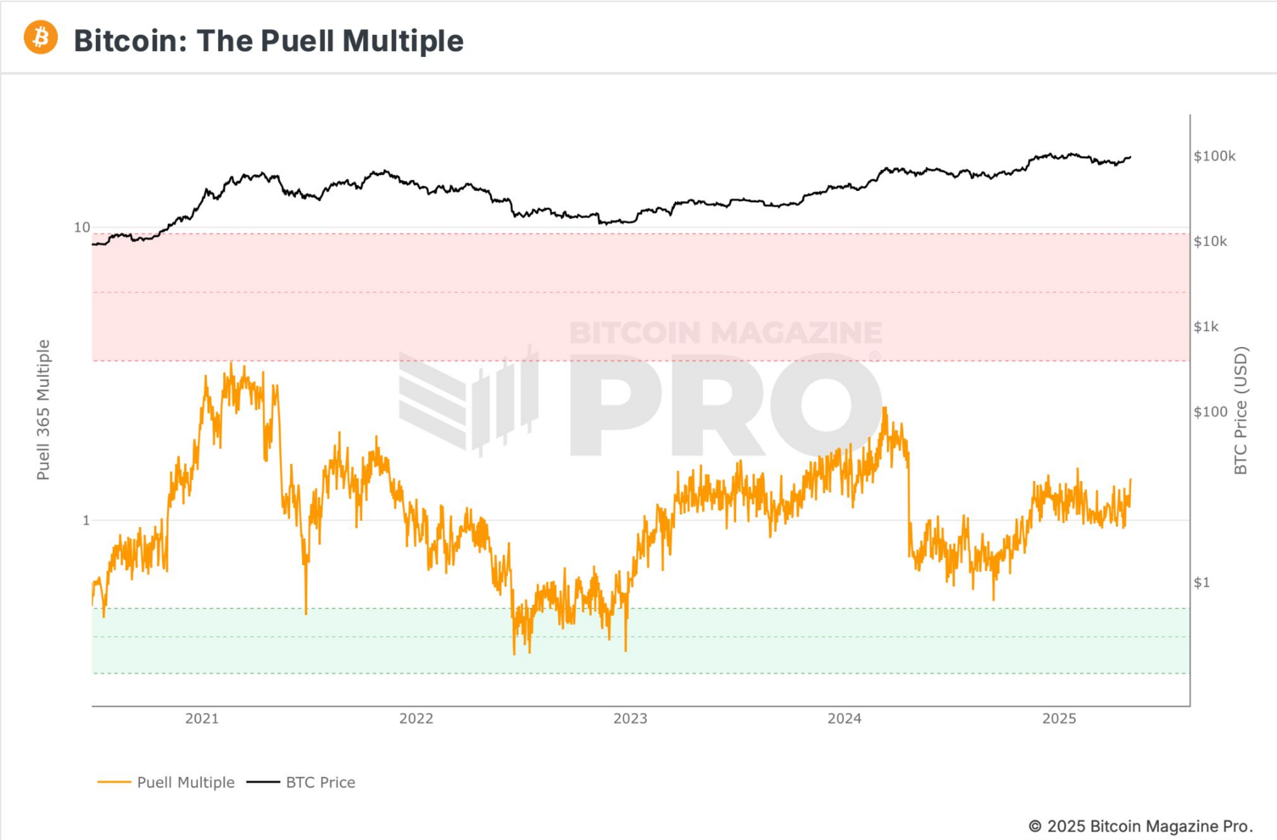


Figure 5. Bitcoin Puell Multiple. (Source: Bitcoin Magazine Pro)

Miners, by nature and necessity, are some of the most disciplined participants in the ecosystem. Their historical pattern of distribution tends to occur not just during rallies, but near euphoric market extremes. The fact that they are still holding into this recent 32 percent recovery from the April lows supports the idea that, despite recent volatility and macro uncertainty, we may not have seen the final leg of the current bull cycle. Their reserve behaviour—measured and confident—aligns with the broader thesis that Bitcoin could have more room to run, even if short-term corrections persist.

GENERAL MACRO UPDATE

The Final Surge? April Jobs Report Marks Resilience Before Economic Headwinds Intensify

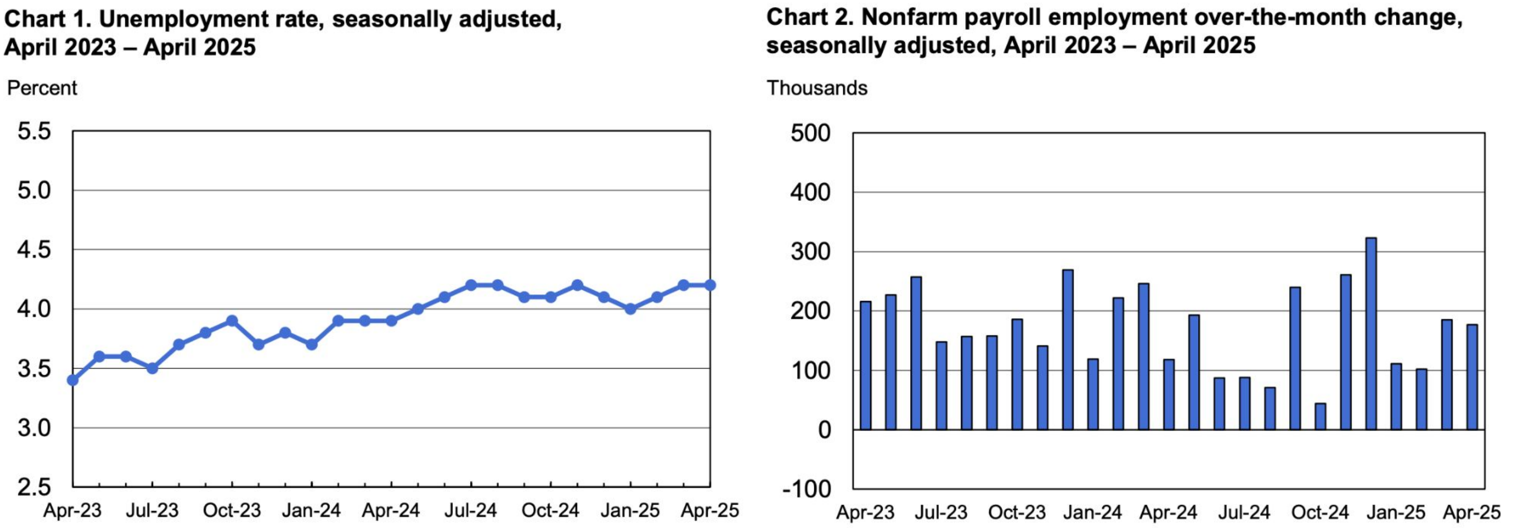


Figure 7. Unemployment Rate and Nonfarm Payroll Employment (Source: Bureau of Labor Statistics)

The US labour market in April delivered reassuring signs of continued expansion, even as the broader economy faces mounting risks from trade policy shifts and inflation. While job creation remained solid and unemployment stayed stable, deeper structural concerns are emerging. Wage growth is slowing, and looming tariff costs threaten to burden both businesses and consumers.

Job Growth Signals Resilience—But With Caveats

In April, the US economy added 177,000 jobs, reflecting ongoing momentum in the labour market, according to the US Bureau of Labor Statistics' Employment Situation Report. This figure, though slightly below March's downwardly revised 185,000, was above the consensus forecast of 133,000, and the monthly job creation threshold of 100,000, which is needed to maintain stable employment levels. Encouragingly, labour force participation expanded, with 515,000 individuals entering the job market—a sign that more Americans feel confident enough to seek work. Meanwhile, the unemployment rate remained unchanged at 4.2 percent.

The composition of April's job gains points to a well-distributed hiring landscape. Private employment rose by 167,000, with construction and goods-producing sectors each adding 11,000 jobs. The education and health care sectors delivered 70,000 new jobs, while leisure and hospitality added 24,000.

Nevertheless, some sectors faltered. Manufacturing lost 1,000 jobs, retail shed 2,000 jobs, and federal employment dropped by 9,000 jobs. These weak spots may be early signs of more widespread softening, especially in industries sensitive to supply chain disruptions and policy uncertainty.

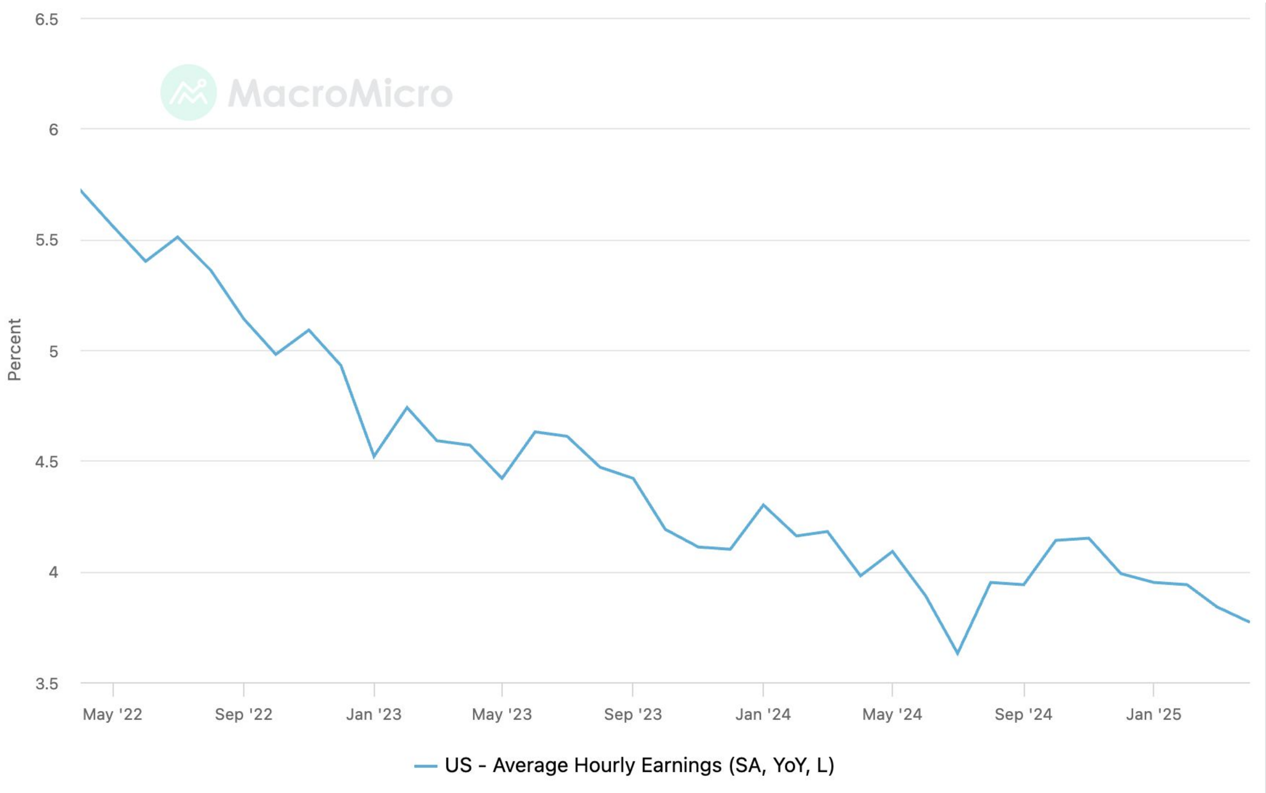


Figure 8. US Average Hourly Earnings (Source: US Bureau of Labor Statistics)

Other metrics in the report further showed that not all labour market metrics were uniformly strong. Wage growth, an essential indicator of labour market tightness and consumer spending power, increased by just 0.2 percent in April, and although up 3.8 percent year-over-year, it is showing a slowdown that could undermine household resilience against inflation (see Figure 8 above).

Figure 9. Total Nonfarm Opening (Source: US Bureau of Labor Statistics)

In a separate report last Tuesday, the Bureau of Labor Statistics' Job Opening and Labor Turnover Summary showed job openings, a measure of labour demand, decreasing by 288,000 to 7.192 million at end-March.

Despite positive headline numbers, we should be more cautious about using employment reports as forward-looking indicators. One reason: businesses are holding onto workers longer than usual after struggling to rehire following the pandemic. Such "labour hoarding" could be masking deeper economic weakness, making job growth look sturdier than underlying fundamentals suggest.

In other words, the jobs report in our view is increasingly becoming a lagging indicator rather than a leading indicator. This limits its usefulness in predicting near-term downturns, especially in a policy environment clouded by trade uncertainty and inflationary shocks.

It is notable that these reports have done little to alter the Federal Reserve's stance on interest rates. With inflation concerns still prominent in the minds of the Fed governors, there is little incentive to signal a rate cut. Instead, policy is likely to maintain its current posture, focused on price stability as a prerequisite to long-term maximum employment.

Given that inflationary pressures are expected to intensify due to tariffs, the Fed must tread carefully. As imports become costlier and new trade taxes take effect, consumer prices will rise—placing further strain on households already dealing with slowing wage growth.

One of the most pressing challenges facing the current economic expansion stems from growing uncertainty in global trade. Import costs at major U.S. entry points are set to rise significantly, while overall shipment volumes are expected to shrink. As companies adjust to evolving trade policies, many imported goods will be subject to a range of new tariffs, adding further pressure to already strained supply chains and raising costs for businesses and consumers alike.

These dynamics will likely trigger a slowdown in business investment, hiring, and inventory restocking, undermining the broader economic outlook. While job growth has held up so far, this may represent the final stretch of the current cycle.

Tariffs, Inflation, and a Slowing Economy

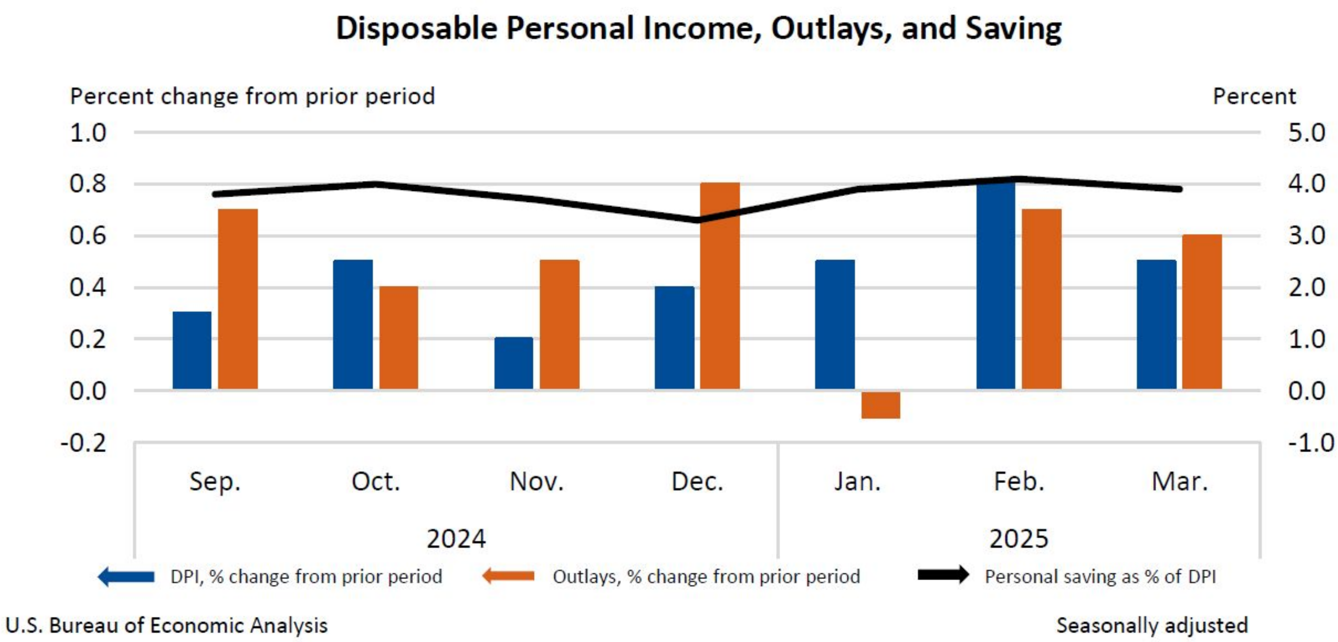


Figure 10. Disposable Personal Income, Outlays and Saving (Source: US Bureau of Economic Analysis)

While consumer spending and private investment show signs of strength on the surface, deeper analysis reveals growing imbalances driven by trade distortions, inflationary pressures, and shrinking government support.

Personal consumption—the largest component of Gross Domestic Product (GDP)—rose by a robust 0.6 percent, signaling that consumers are still spending, according to the Bureau of Economic Analysis' Personal Income and Outlays last Wednesday, April 30th. However, a breakdown reveals significant disparities beneath the surface. Spending on durable goods—items meant to last more than three years, like appliances and cars—fell sharply by 3.6 percent. This suggests growing consumer hesitancy toward big-ticket purchases, often seen as a proxy for long-term financial confidence.

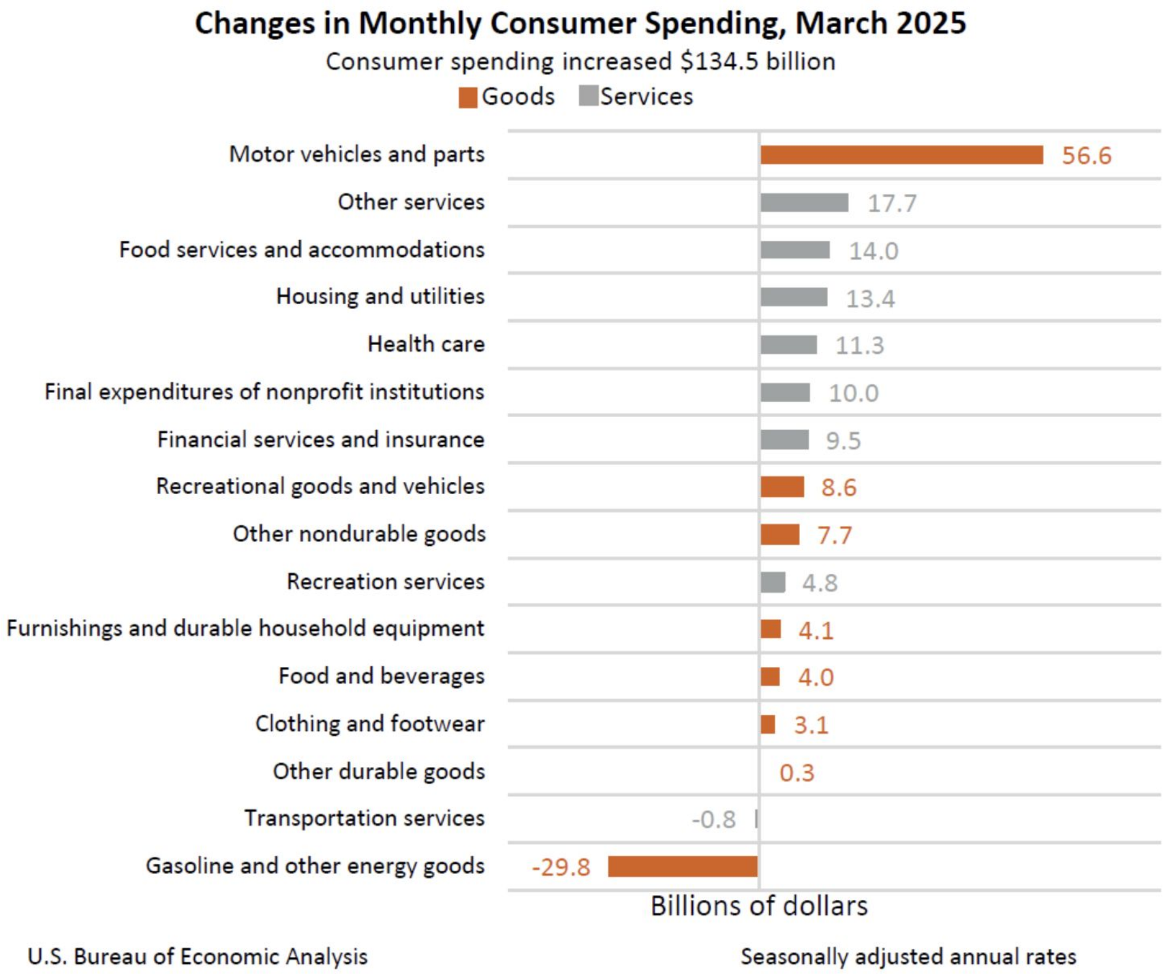


Figure 11. Changes in Monthly Consumer Spending, March 2025
(Source: US Bureau of Economic Analysis)

Conversely, nondurable goods, which include everyday essentials like food and clothing, saw demand rise by 2.7 percent. Meanwhile, services spending climbed by 2.4 percent, reflecting stable consumption in sectors such as healthcare, hospitality, and travel. While these increases are positive, they're unlikely to counterbalance the broader headwinds facing consumers in the months ahead, especially as trade-induced price shocks loom.

Private sector investment surged by 21.9 percent, but this headline figure is misleading. Nearly all the growth came from a one-time spike in equipment investment, which jumped 22.5 percent—a rate unlikely to be repeated. Other components painted a more moderate picture: spending on structures rose just 0.4 percent, intellectual property investment increased by 4.1 percent, and residential investment grew modestly at 1.3 percent.

In other words, while investment appears strong, much of it reflects temporary boosts rather than sustained economic momentum. Without similar bursts in future quarters, the investment category may not be able to shoulder the weight of economic growth alone.

One of the most glaring signals of economic distortion came from trade. While exports rose by 1.8 percent, imports soared by a staggering 41.3 percent. Breaking that down, goods imports surged by 50.9 percent and service imports increased by 8.6 percent. These numbers are not the result of booming consumer demand but are largely driven by corporate tax strategies. Businesses are attempting to front-load imports or reroute supply chains in response to trade policy shifts and tariffs.

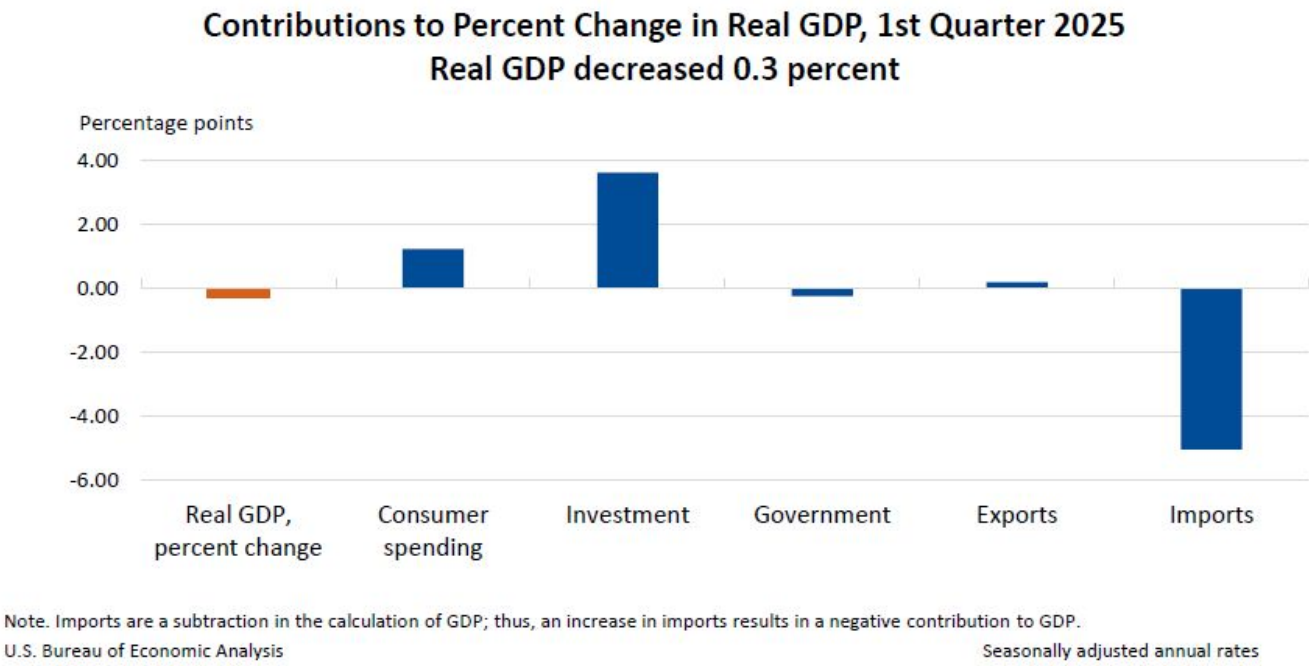


Figure 12. Contributions to Percent Change in Real GDP, Q1 of 2025 (Source: Bureau of Economic Analysis)

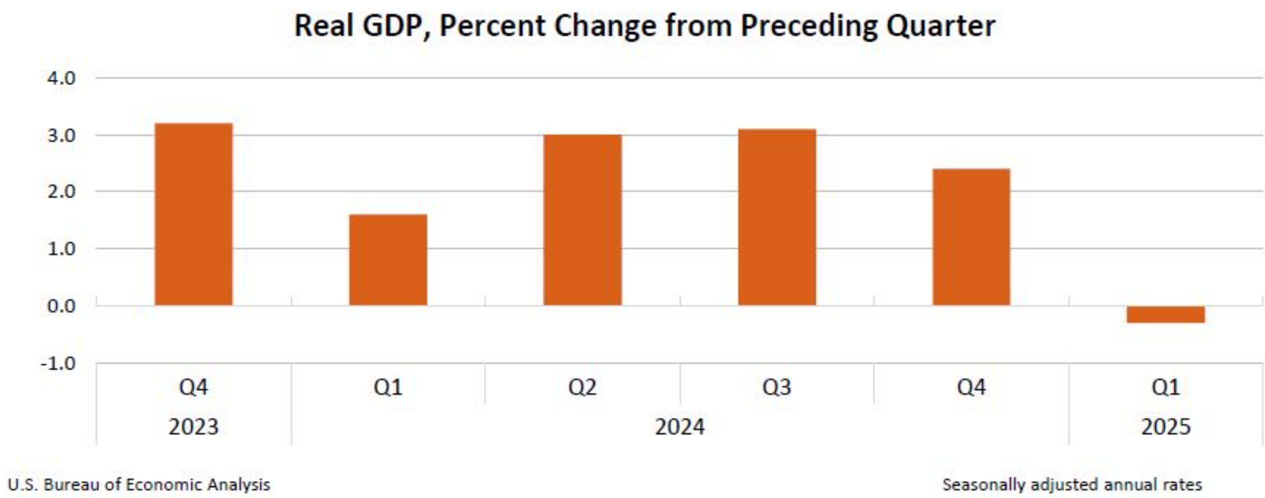


Figure 13. Gross Domestic Product (Source: Bureau of Economic Analysis)

This import surge has widened the trade deficit dramatically—reducing overall GDP by 0.3 percent for the first quarter and highlighting how trade policy is indirectly eroding domestic production incentives. It's a sign that the economy is absorbing the costs of tariffs through higher imports, not enhanced competitiveness.

The public sector, traditionally a stabiliser during uncertain times, is now pulling back. Government consumption declined by 1.4 percent, led by a 5.1 percent drop in federal spending. This contraction in public sector activity diminishes the economy's ability to cushion private-sector volatility, adding to downside risks.

March's income report provided a temporary sense of stability. Personal income, including wages and salaries, increased by 0.5 percent. Disposable income—what's left after taxes—also ticked up, and the savings rate rose slightly to 3.9 percent. However, this could prove short-lived. As trade taxes take effect in the coming months, real disposable income may turn negative. In that case, households may be forced to dip into their savings to maintain consumption, a trend that is not sustainable over time.

The US economy finds itself precariously balanced. While consumption, investment, and income reports offer surface-level signs of growth, the underlying dynamics reveal a more fragile picture—distorted trade flows, rising inflationary pressures, and declining government spending.

The final outcome—whether a recession materialises or the economy merely slows—depends significantly on trade policy decisions. As tariffs intensify and begin to sap real household income, policymakers at the federal level, especially the White House, will have to determine how far to escalate trade tensions. The economy does not yet show the catastrophic collapse seen in previous recessions, but it is unquestionably decelerating.

American Consumers Signal Trouble Ahead: Confidence Crumbles as Trade Tensions Weigh on Growth

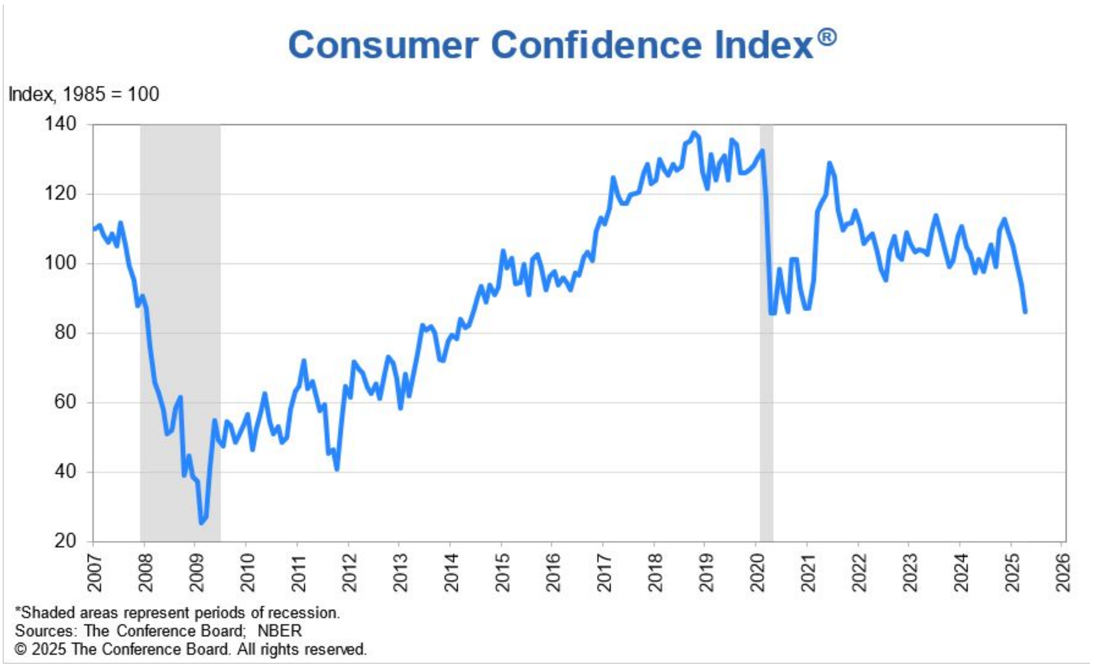


Figure 14. Consumer Confidence Index (Source: The US Conference Board)

The US economy is facing a critical juncture as consumer confidence plunges and trade disruptions erode economic momentum. These developments, particularly the weakening sentiment among households and growing fears of rising unemployment, point toward a possible midyear recession. Despite earlier signs of resilience in the labour market and some GDP components, recent shocks from tariffs and inflation are reshaping the economic landscape.

A Deepening Decline in Consumer Confidence

US consumer confidence took a sharp downturn in April, reaching its lowest point in nearly five years. According to the Consumer Confidence report released by the US Conference Board on Tuesday, April 29th, the Consumer Confidence Index dropped to 86.0—significantly below expectations and marking its weakest level since May 2020. This decline signals growing apprehension among American households about their financial outlook, with concerns intensifying around income stability, employment prospects, and the overall business climate.

Such a sharp downturn in consumer sentiment often precedes weaker household spending, which could dampen broader economic momentum. Given that consumer activity drives nearly 70 percent of the US economy, this softening confidence adds weight to recessionary fears already brewing amid tightening financial conditions and ongoing geopolitical uncertainty.

Of particular concern is the Expectations Index, which evaluates consumers' short-term outlook. It plummeted by 12.5 points to 54.4—its lowest level since October 2011. Historically, a reading below 80 often precedes a recession, making the current number especially alarming.

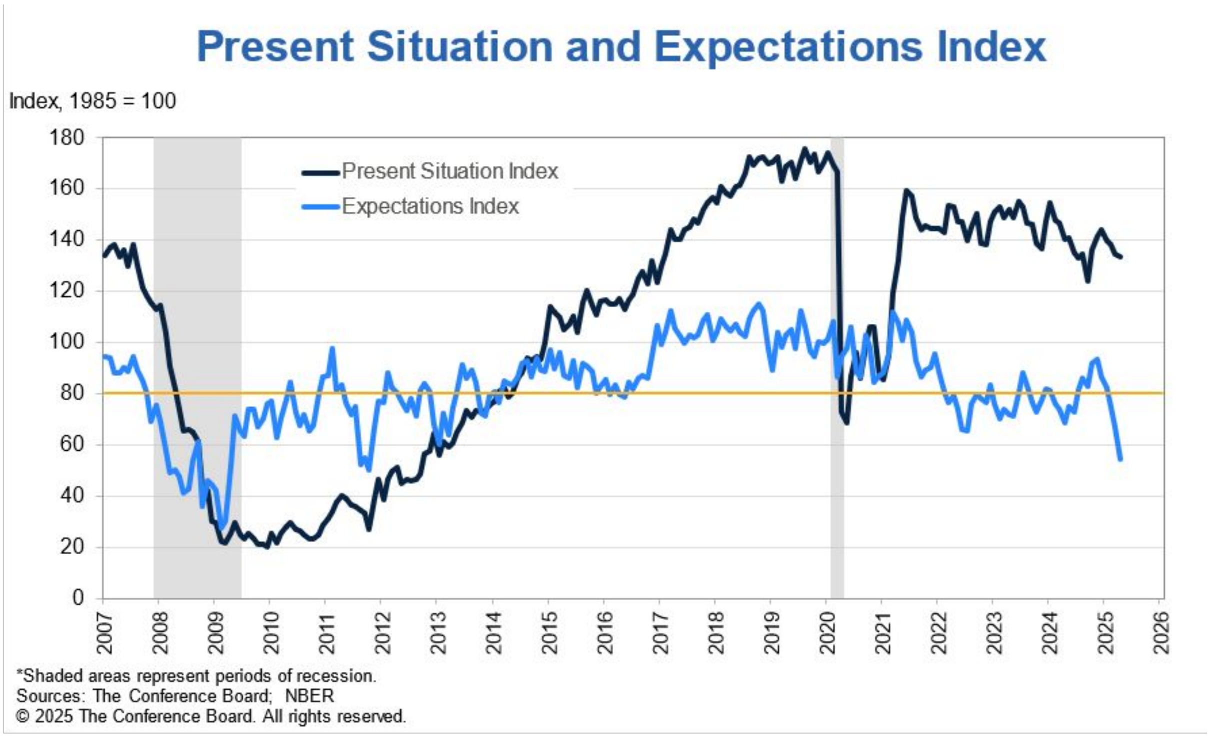


Figure 15. Present Situation and Expectations Index (Source: The US Conference Board)

This level of pessimism mirrors periods of economic shocks, such as the 2008 financial crisis and the early months of the COVID-19 pandemic.

The steep deterioration in confidence stems largely from uncertainty surrounding US trade policy. Recent tariffs have disrupted supply chains and shifted corporate and consumer behaviour, creating economic headwinds that are now clearly visible in national output data.

While the US economy avoided a recession in the first quarter, the cost was evident. The gross domestic product (GDP) declined by 0.3 percent in the quarter, primarily due to a 4.83 percent drag from a widening trade deficit. Though full-year growth remained at 2 percent, this masked a troubling deceleration beneath the surface.

The American economy is in a vulnerable state. Collapsing consumer confidence, rising expectations of job losses, trade-related shocks, and stubborn inflation have all converged to challenge the recovery. While certain economic metrics from early 2024 suggested resilience, they no longer reflect current conditions.

NEWS FROM THE CRYPTO-SPHERE

Nexo Returns to US Amid Regulatory Reset and Political Tailwinds

Figure 16. Nexo Returns to US Amid Regulatory Reset and Political Tailwinds

- **Nexo is reentering the US market after a two-year exit, citing a more favourable regulatory climate and plans to launch a fully compliant product suite focused on crypto-backed credit and high-yield savings**
- **The move reflects a broader industry shift toward regulatory cooperation, as Nexo emphasises cautious re-engagement and views the U.S. as a vital strategic market**

Two years after a high-profile exit from the US market following regulatory clashes, crypto lending platform Nexo is making a strategic reentry last week, April 28th, citing a renewed sense of optimism around digital asset policy under the current political climate, according to the company's press release. Co-founder Antoni Trenchev points to a "more constructive tone" from Washington—particularly under the Trump campaign's 2024 pro-crypto stance—as a key driver behind the firm's return.

Nexo, which exited in 2022 after facing enforcement action over its high-yield interest product and settling with US regulators for $45 million, now aims to offer a revised, fully compliant product suite. The company will take a "measured approach," focusing on its hallmark services—crypto-backed credit lines, high-yield savings, and institutional offerings—while working closely with regulators and navigating state-by-state requirements.

Currently managing over $11 billion in assets across 200+ jurisdictions, Nexo views the US as too strategically important to ignore. Its return underscores a broader shift in the crypto sector’s attitude: from confrontation with regulators to cautious reengagement. If sustained, this policy thaw could mark the beginning of a new chapter for digital finance in the US—one rooted in both innovation and compliance.

Arizona Legislature Passes Groundbreaking Bitcoin Reserve Bill, Awaiting Governor's Approval

Figure 17.Arizona Legislature Passes Groundbreaking Bitcoin Reserve Bill, Awaiting Governor's Approval

- **The Arizona House passed two bills allowing the state to invest up to 10 percent of its funds in Bitcoin and other cryptocurrencies, potentially making it the first US state to hold crypto in its treasury and retirement systems**
- **While the bills aim to modernise state investments, their future is uncertain as Governor Hobbs has signalled a potential veto without broader bipartisan funding solutions in place**

On April 28, 2025, the Arizona House of Representatives passed two significant bills—Senate Bill 1025 (SB1025) and Senate Bill 1373 (SB1373)—that would authorise the state to invest up to 10 percent of its available funds in Bitcoin and other cryptocurrencies. These bills are now on their way to Governor Katie Hobbs for approval, potentially making Arizona the first U.S. state to officially hold Bitcoin as part of its treasury and retirement systems.

SB1025, introduced by State Representative Jeff Weninger, aims to amend Arizona's statutes to allow for a strategic Bitcoin reserve. The bill passed the House with a vote of 31 in favour and 25 opposed. SB1373, which seeks to establish a state-level digital assets reserve, passed with 37 lawmakers in favour and 19 voting against. Both bills have garnered significant attention, as they represent a bold step toward integrating cryptocurrencies into state financial management.

Supporters of the legislation argue that it could modernise state investments and set a precedent for other states to follow. They believe that allowing the state to invest in digital assets like Bitcoin could enhance financial diversification and potentially yield higher returns.

However, the bills face opposition from some lawmakers who express concerns about the volatility and regulatory uncertainties associated with cryptocurrencies. Governor Hobbs has previously indicated that she intends to veto any bill until lawmakers have a "serious, bipartisan funding solution that protects healthcare for Arizonans with disabilities." It remains to be seen whether the passage of these bills will influence her stance.

If signed into law, Arizona would join a growing number of states exploring the integration of digital assets into public finance. The outcome of this legislation could have significant implications for the future of cryptocurrency adoption at the state level in the United States.

UK Unveils Draft Crypto Regulations to Enhance Consumer Protection and Foster US Collaboration

Figure 18. UK Unveils Draft Crypto Regulations to Enhance Consumer Protection and Foster US Collaboration

- **The UK has introduced draft legislation to regulate crypto exchanges and platforms, aiming to enhance transparency, consumer protection, and operational standards as crypto adoption grows**
- **The initiative is part of the UK's broader strategy to lead in fintech, with plans for a July 2025 competitiveness strategy and ongoing collaboration with the U.S. on digital asset regulation**

Last Tuesday, April 29th, the UK government introduced draft legislation aimed at regulating the cryptocurrency industry, marking a significant step toward establishing a comprehensive framework for digital assets. Presented by Chancellor Rachel Reeves, the proposed rules seek to bring crypto exchanges, dealers, and agents under regulatory oversight, ensuring they adhere to standards of transparency, consumer protection, and operational resilience. This move comes in response to the growing prevalence of cryptocurrencies, with approximately 12 percent of UK adults now owning or having owned digital assets, up from just 4 percent in 2021

The draft regulations are part of the government's broader "Plan for Change," which aims to make the UK the safest and most innovative place for financial services. As part of this initiative, Chancellor Reeves has announced plans to release a Financial Services Growth and Competitiveness Strategy on July 15, 2025, with fintech identified as a key priority sector for long-term growth.

In addition to domestic regulatory efforts, the UK is seeking to strengthen its collaboration with the United States in the realm of digital assets. Discussions between Chancellor Reeves and U.S. Treasury Secretary Scott Bessent have focused on promoting the responsible use and growth of digital assets, including the potential establishment of a transatlantic regulatory "sandbox" for digital securities. This collaboration underscores the UK's commitment to fostering international partnerships in the evolving crypto landscape.

The draft rules are currently open for public consultation, with the government planning to finalise the legislation by the end of 2025. If enacted, these regulations are expected to provide greater clarity and security for consumers and investors in the UK's burgeoning cryptocurrency market.

SEC Concludes Investigation into PayPal's PYUSD Stablecoin Without Enforcement Actions

Figure 19. SEC Concludes Investigation into PayPal's PYUSD Stablecoin Without Enforcement Actions

- **The SEC has closed its investigation into PayPal's stablecoin (PYUSD) without enforcement action, suggesting it does not classify PYUSD as a security**
- **This decision signals potential regulatory clarity for stablecoins and reinforces PayPal's position in the digital asset space**

Last Tuesday, April 29th, the US Securities and Exchange Commission (SEC) concluded its investigation into PayPal's stablecoin, PayPal USD (PYUSD), without taking any enforcement actions. The SEC's inquiry centred on whether PYUSD, launched in 2023, complied with federal securities laws. The agency's decision not to pursue enforcement indicates that it did not find sufficient grounds to classify PYUSD as a security under current regulations.

This development is significant for the cryptocurrency industry, as it provides a degree of regulatory clarity regarding the classification of stablecoins. The SEC's stance suggests that, at least in this instance, certain stablecoins may not fall under its jurisdiction, potentially influencing future regulatory approaches to digital assets.

The outcome also has implications for PayPal, reaffirming its position in the digital asset space without facing regulatory hurdles. The company's PYUSD stablecoin continues to operate as a bridge between traditional finance and the cryptocurrency ecosystem, offering users a digital dollar alternative.

https://t.me/bitfinex

BITFINEX Alpha