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EXECUTIVE SUMMARY

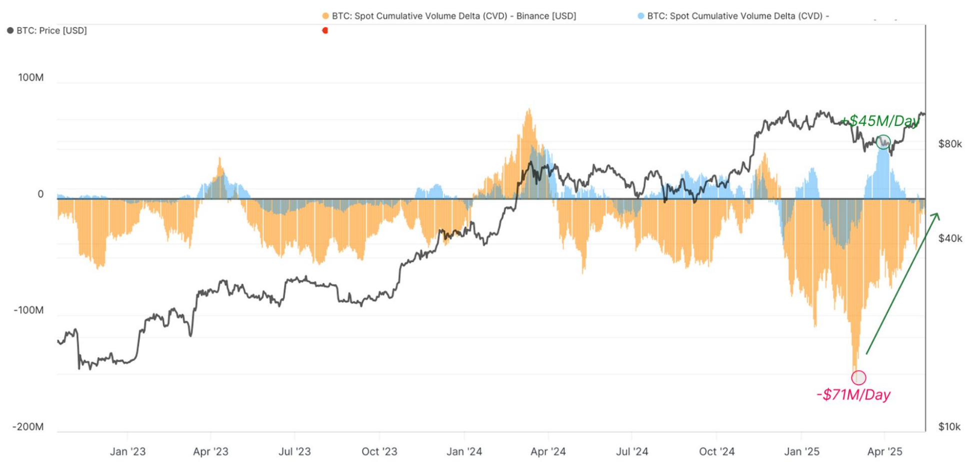
Spot Demand Drives BTC Strength

Bitcoin has continued to display exceptional resilience and structural strength, rising steadily since reclaiming the $92,000 range lows in late April.

The rally has been clearly spot-driven, characterised by impulse moves higher following short, well-defined consolidation phases. This pattern suggests healthy accumulation and strong underlying demand rather than speculative excess. Spot Cumulative Volume Delta across major exchanges has remained positive, reinforcing the view that real buyers—rather than leveraged traders—are dominating the market.

Meanwhile, derivatives positioning has been reactive, with open interest fluctuations highlighting a transition period marked by short squeezes and liquidation-driven resets. The result is a healthier foundation, with speculative froth cleared and momentum now underpinned by genuine capital flows.

Bitcoin: Spot Cumulative Volume Delta (CVD) [USD]



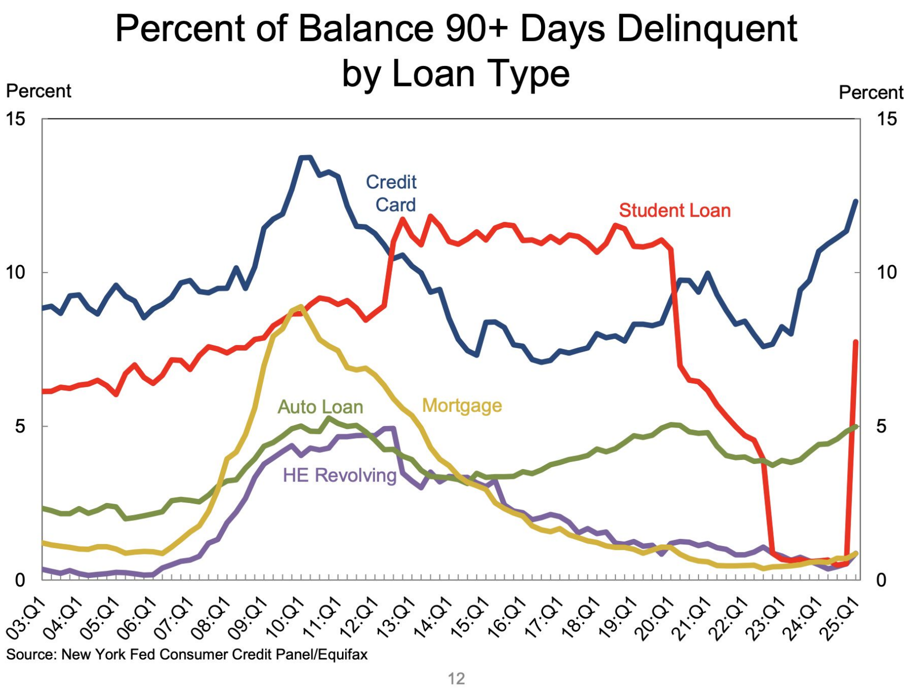
 glassnode

With Bitcoin just off its All-Time High, and spot premium remaining elevated, the current range-bound price action may simply represent a period of stabilisation before a potential breakout. While short-term pullbacks are still likely, the broader trend remains firmly constructive.

That said warning signs continue to flash across the US economy, as inflation cools but deeper structural risks begin to surface. The Consumer Price Index rose just 0.2 percent month-over-month in April, and is up just 2.3 percent on the year—the lowest annual gain since early 2021.

A drop in food prices helped ease the pressure from shelter costs, but the outlook remains clouded by uncertainty over tariffs and trade policy. Despite a temporary truce between the US and China, sweeping import tariffs remain, with more potentially on the way by July. These unresolved trade tensions create significant challenges for businesses and policymakers alike.

At the same time, financial strain is building at the household level. Recent data from the New York Fed show a rise in 90+ day delinquencies on credit card and student loan balances, underscoring the fragile state of consumer finances. As tariffs begin to bite and inflation risks linger, the combination of slowing growth and rising prices—potential stagflation—could leave the Federal Reserve in a difficult position.



For now, with core services and housing costs still elevated, the Fed is likely to remain cautious. But with economic pressures mounting, the coming months will demand both flexibility and vigilance.

Institutional and corporate adoption of Bitcoin continues to grow, even amid market dips and regulatory uncertainty. Abu Dhabi's Mubadala Investment Company increased its holdings in BlackRock's spot Bitcoin ETF (IBIT) during Q1 2025, signalling long-term confidence despite a temporary drop in the ETF's market value. Since its January 2024 launch, IBIT has led the US market for spot ETFs, drawing over $45.5 billion in inflows and managing $65.4 billion in assets.

In Latin America, Brazilian fintech Méliuz became the region's first public company to adopt a Bitcoin treasury strategy. After purchasing 274.52 BTC worth $28.4 million, its total holdings now exceed 320 BTC. The move was backed by shareholders and was followed by a 116 percent surge in the company's stock, reflecting strong investor support for crypto-based financial strategies.

Meanwhile, the legal landscape remains tense. A US judge rejected a joint request from the SEC and Ripple to ease penalties and lift restrictions, citing procedural errors due to the case being under appeal. The decision stalls a potential settlement in a landmark case that could shape the future of crypto regulation in the US. Together, these events highlight both the momentum and the hurdles facing crypto's growing role in finance.

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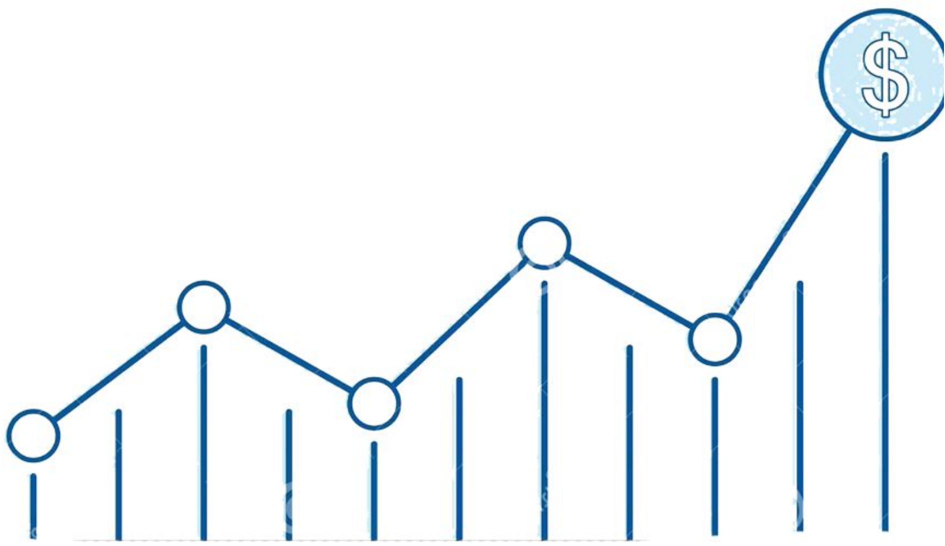


MARKET SIGNALS

Bitcoin Stays Stable Post Ascent

Bitcoin broke above the $92,000 range lows on April 22nd and has since continued to form mini-accumulation ranges before impulsing higher. Spot inflows have remained extremely strong throughout the move up from the April lows and is only a short way off from forming a new All-Time High.

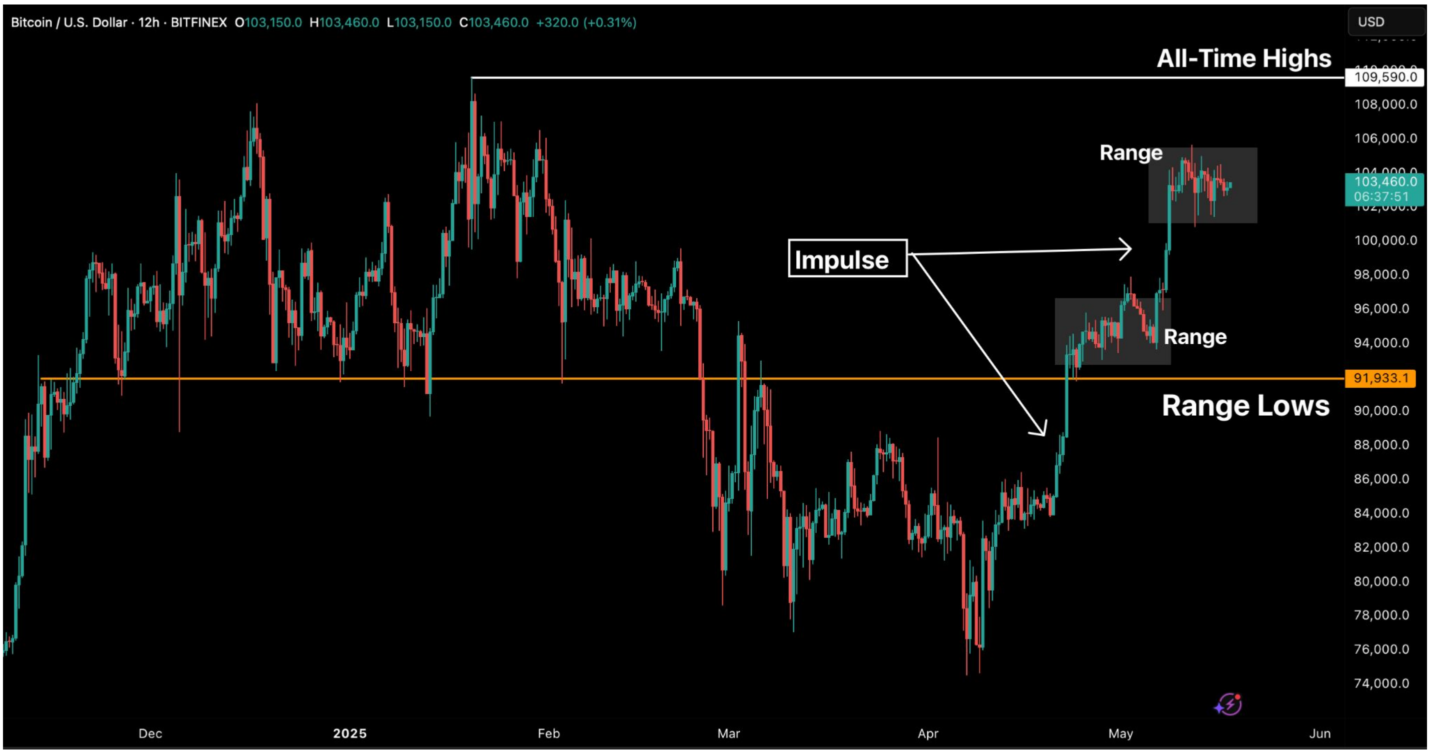


Figure 1: BTC/USD 12H Chart. (Source: Bitfinex)

Since the $74,501 local low was established on April 9th, BTC has embarked on a strong, spot-driven rally characterised by a series of impulse moves interspersed with well-defined consolidation phases. This pattern of accumulation followed by upward price expansion is indicative of healthy market structure, underpinned by genuine demand.

The rally has progressed through successive zones of sideways accumulation, each serving as a base for the next leg higher. These regimes have shown clear evidence of sustained spot market participation, with buying pressure building gradually before each breakout.

The most recent accumulation zone has now culminated in a push to $104,000—just shy of the all-time high of $109,590—demonstrating the strength of underlying bid support. This market behaviour reflects a shift away from speculative leverage and towards structural buying, consistent with what we would expect in the mid-phase of a mature bull market.

Spot market order flow provides a crucial lens into real-time investor sentiment. One of the most telling metrics here is Spot Cumulative Volume Delta (CVD), which measures the net difference between aggressive market buys and sells—effectively capturing who is in control: buyers or sellers. By aggregating this metric across major centralised exchanges, we can gauge the strength and direction of spot-driven market momentum.

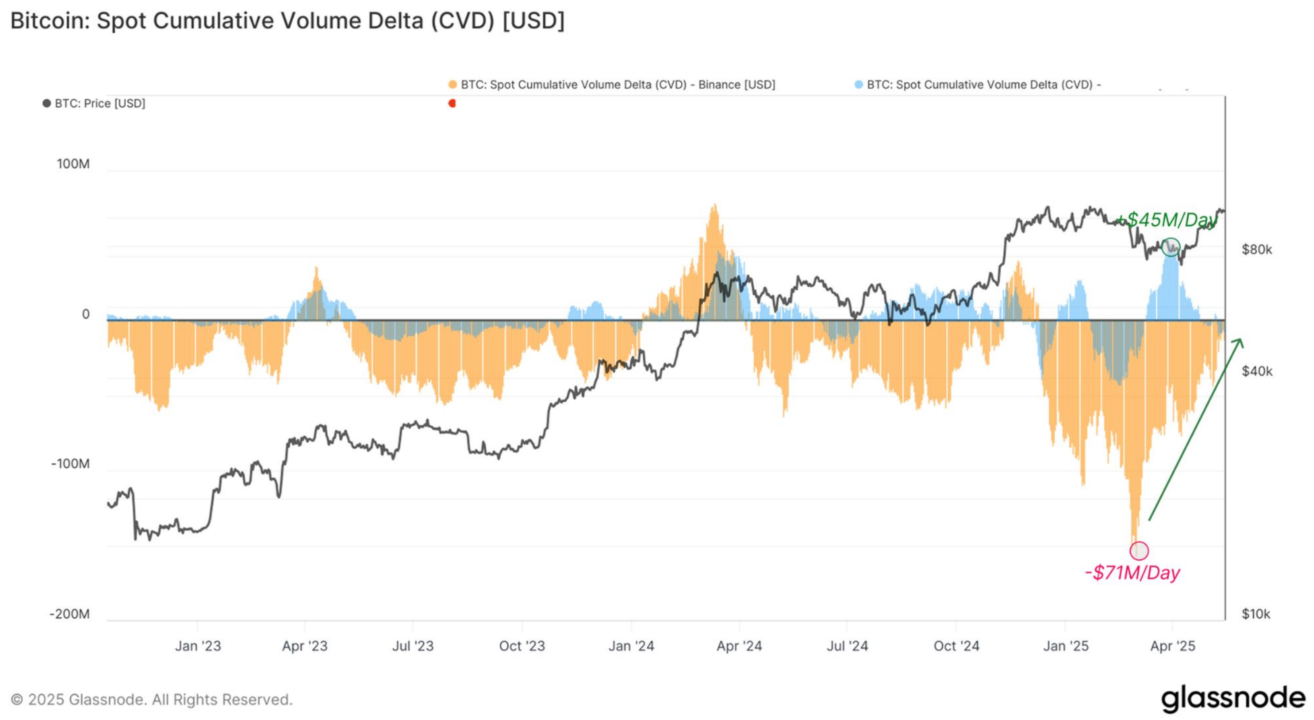


Figure 2: Spot Cumulative Delta Across Centralised Exchanges. (Source: Glassnode)

Since mid-April, a clear regime of net spot buying has emerged across most major trading venues, including *Bitfinex*, with CVD peaking at more than $45 million per day. This aligns closely with Bitcoin's rapid ascent from the $75,000 low to recent highs above $104,000, reflecting genuine demand from market participants lifting the offer rather than speculative derivatives activity.

The convergence between on-chain accumulation and off-chain exchange order flow paints a compelling picture: this rally has been built on solid ground, supported by real capital flows rather than short-lived speculative leverage. To maintain a constructive outlook for the coming weeks, this pattern of spot buyer dominance must persist, especially as Bitcoin navigates key resistance near all-time highs.

Spot Markets Lead Derivatives

While the spot market has led the charge in Bitcoin's recent rally, activity within the derivatives landscape has been more cautious and reactive. The simple evidence for this is the Spot Premium which shows the difference between the Bitcoin spot market price and the average of seven perpetuals and futures market prices which has been consistently positive since the mid-$80,000 level was reached following the April 9th lows.

Figure 3. Bitcoin Spot Premium Against Price Action. (Source: Bitfinex + Custom Metric)

Another effective way to monitor sentiment and positioning in the derivatives market is through the analysis of open interest (OI) in perpetual futures contracts, specifically when denominated in BTC terms. Observing the weekly change in OI across major exchanges reveals whether traders were aligned with market direction—or caught offside. (refer Figure 4 below)

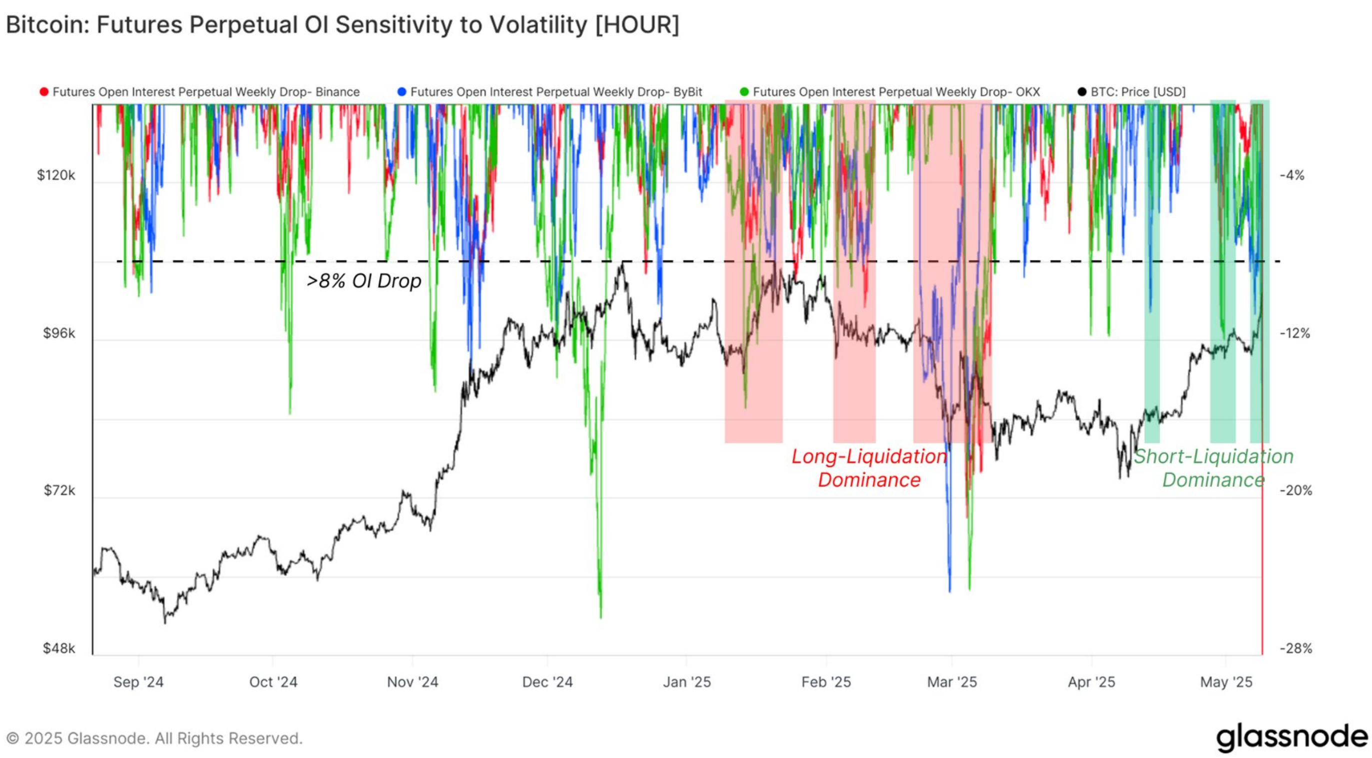


Figure 4. Bitcoin Perpetual Contracts Open Interest Fluctuations With Respect to Price Movements Since Late 2024. (Source: Glassnode)

Since early 2025, this metric has reliably highlighted moments of significant positioning stress. During the steep decline below $80,000 in February and March, before forming our $74,501 lows, OI contracted by over 10 percent per week on multiple occasions. These drawdowns were driven by a wave of long liquidations, indicating that many traders had employed excessive leverage and were forced out of their positions as prices approached critical liquidation levels.

Interestingly, a similar pattern has emerged during the current recovery above $90,000. However, this time, the OI contraction reflected a short squeeze—where traders betting against the rally were caught off-guard and compelled to unwind their bearish positions. These squeeze events, both to the upside and downside, typically occur when the market transitions into a new trend and excess leverage is flushed out of the system.

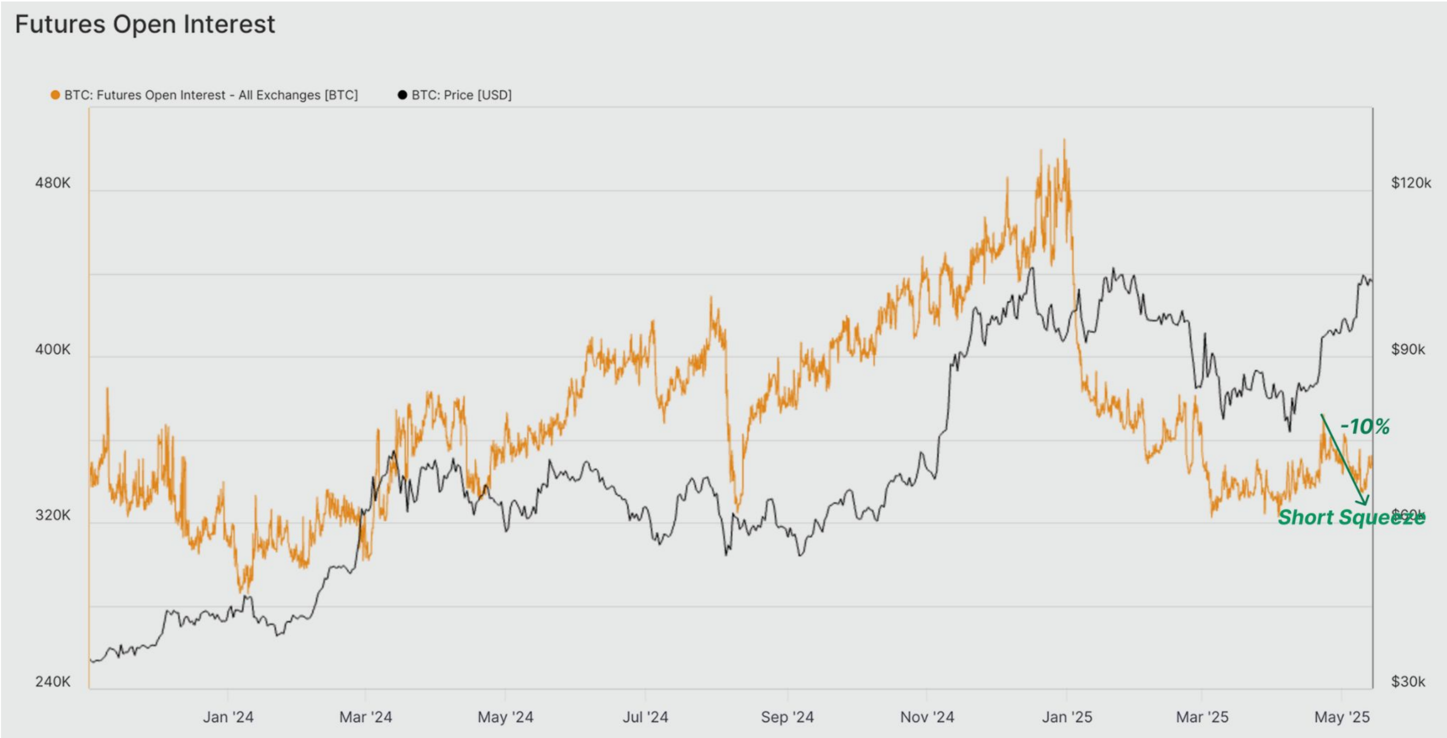


Figure 5. Bitcoin Aggregated Open Interest Across All Centralised Exchanges. (Source: CryptoQuant)

The presence of back-to-back squeezes, on both sides of the trade, underscores a critical point: the rally appears to be maturing in a constructive fashion. The clearing out of over-leveraged participants has reset market positioning and created a healthier foundation for continuation. Such dynamics are not just common but often necessary during the early stages of a sustained bullish move. With both spot accumulation and derivatives market clean-up aligning, Bitcoin's uptrend now stands on firmer footing.

In conclusion, Bitcoin has gone through a period of spot led aggressiveness where derivatives traders were caught relatively offside as an aggregate. Moreover, there were a significant level of short positions in the open market that provided fuel for the move higher, leading the strong impulses up between smaller consolidation ranges. Now that BTC is only a short way off its ATH *(at the time of writing)* most of the short interest has been decimated while spot premium remains strong. We might experience pullbacks, however, and the price has been largely sideways over the past week as we go through a period of stabilising demand and supply.

GENERAL MACRO UPDATE

US Inflation Eases to Four-Year Low, But Trade Policy Uncertainty Clouds Economic Outlook

Figure 6. Month-over-Month Change in Consumer Price Index (Source: Bureau of Labor Statistics, Macromicro)

US consumer prices rose modestly in April, marking the slowest annual inflation rate in four years—a sign of temporary relief for consumers but not necessarily a turning point for the broader economic picture. The slight rise was largely driven by a decline in food prices, which helped offset the continued rise in shelter costs. However, beneath this moderation lies a more complex and uncertain reality, as shifting US trade policies and looming tariffs cast a long shadow over the inflation outlook.

According to the Bureau of Labor Statistics' Consumer Price Index (CPI) Summary, consumer prices rose by 0.2 percent in April, rebounding from a 0.1 percent decline in March. Shelter costs, primarily rents, rose 0.3 percent and accounted for over half of the overall monthly increase. Meanwhile, food prices edged down by 0.1 percent, a notable reversal from the 0.4 percent increase recorded in March.

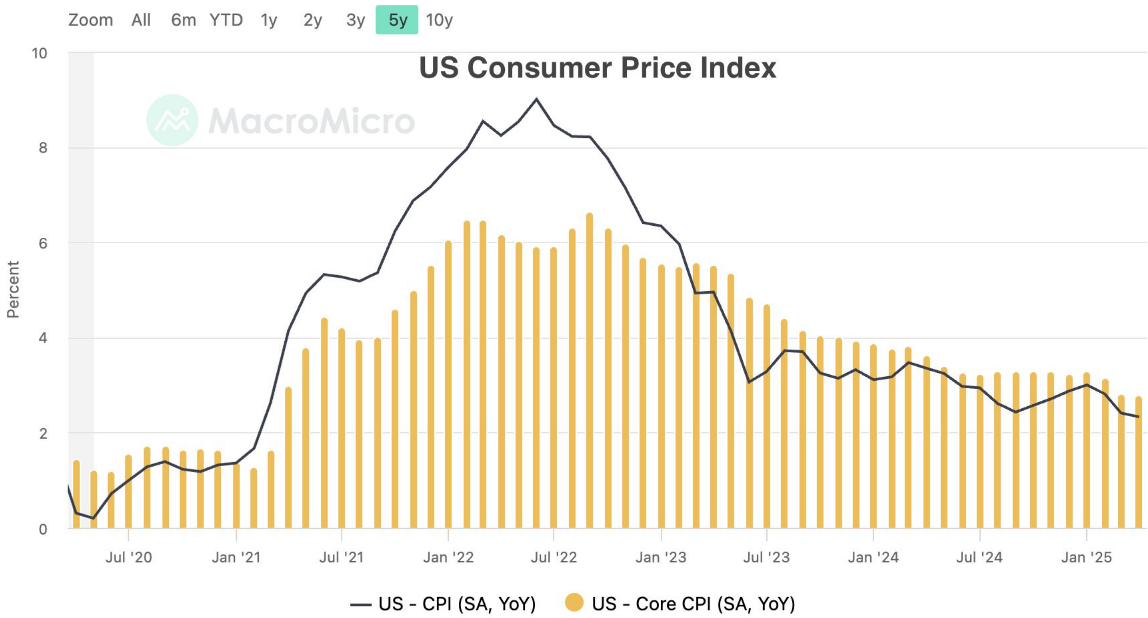


Figure 7. Year-over-Year Change in Consumer Price Index (Source: Bureau of Labor Statistics, Macromicro)

On a year-over-year basis, CPI rose by 2.3 percent, marking the smallest annual gain since February 2021. This figure also came in below the consensus forecast of a 0.3 percent monthly increase. Subdued inflation figures suggest that the impact of recent tariffs has not yet filtered into consumer prices. Country-specific tariffs have been delayed until July, further postponing potential price effects.

Despite a 90-day truce between the US and China aimed at de-escalating trade tensions, a sweeping 10 percent tariff on nearly all imports remains in force. Targeted sectoral tariffs are also still in place. These unresolved trade issues inject considerable ambiguity into the inflation outlook, complicating the Federal Reserve's ability to make informed policy decisions.

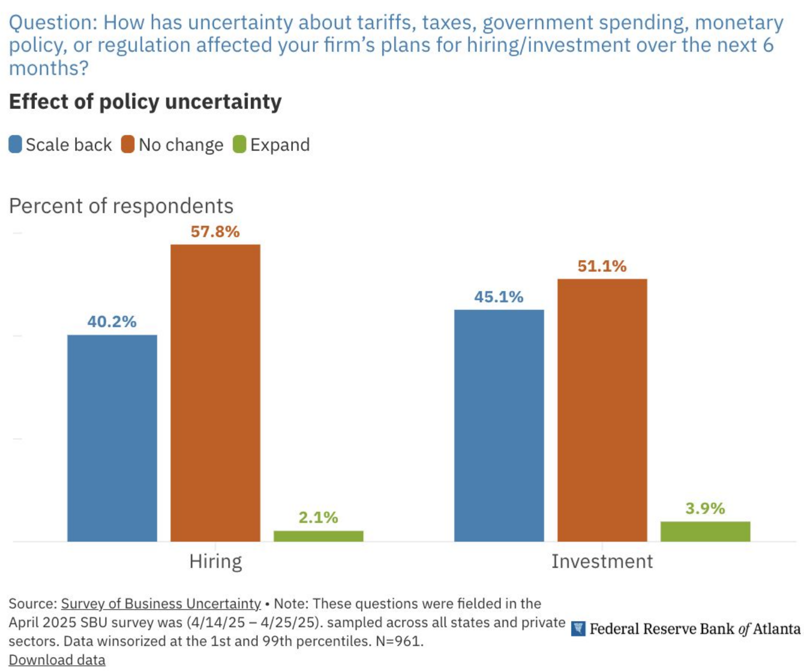


Figure 8. Effect on Tariffs on Firm's Hiring and Investments

Businesses, caught in this volatile trade environment, appear to be in a holding pattern—delaying major supply chain or pricing decisions until the fiscal implications of these tariffs become clearer. A recent survey by the Federal Reserve Bank of Atlanta revealed that 45 percent of business executives plan to reduce capital investment over the next six months, and 40 percent intend to scale back hiring, primarily due to uncertainties surrounding tariffs and trade policies. Manufacturing and trade-related sectors are particularly affected, with over half of durable goods manufacturers reporting plans to cut back on investment.

This wait-and-see approach suggests that the real inflationary impact of the tariffs may materialise later in the year, especially as firms begin to pass on higher import costs to consumers.

Adding another layer of concern, signs of financial stress are beginning to emerge in American households. As inflationary pressures build—particularly from looming tariff-related costs—the number of people delinquent on their loans by 90 days or more is rising. According to the US Household Debt and Credit Report released by the Federal Reserve Bank of New York, delinquencies in credit card and student loan payments increased in the first quarter of the year. These developments underscore the fragility of household balance sheets at a time when inflation could be poised to re-accelerate.

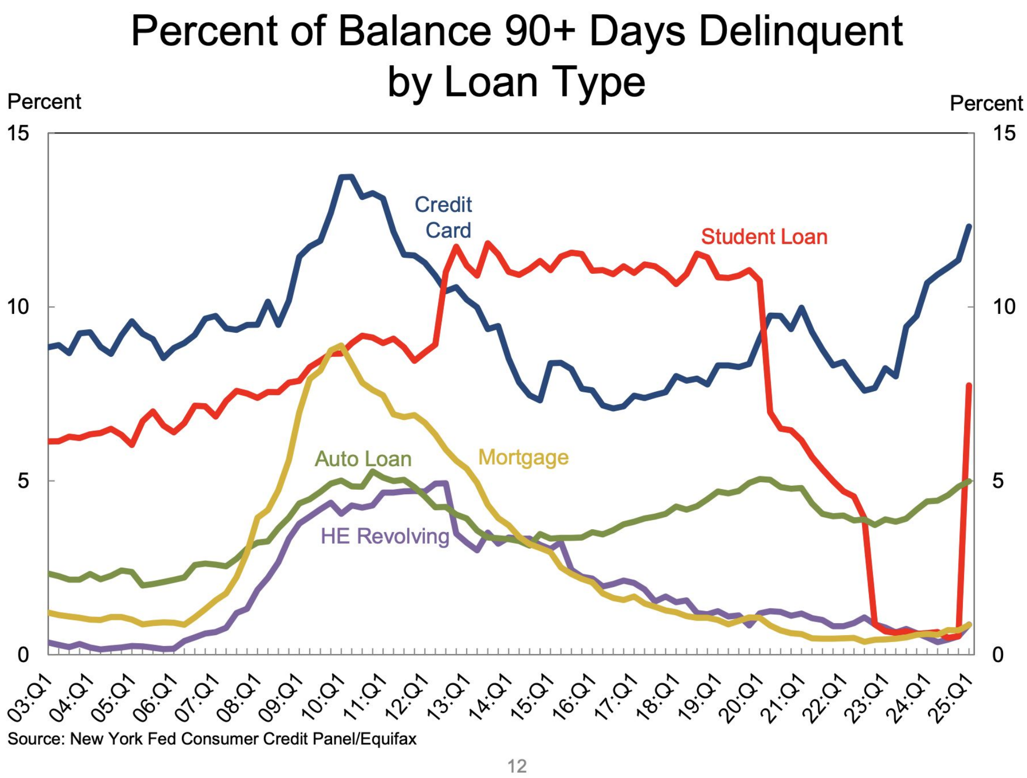


Figure 9. Percent Balance 90+ Days Delinquent by Loan Type (Source: New York Fed Consumer Credit Panel)

If current trade measures persist or expand, inflation could surpass 4 percent by year-end. Such a scenario, combined with stagnating growth—a phenomenon known as stagflation—would place the Federal Reserve in a difficult position. Policymakers must balance the risk of curbing inflation too aggressively against the potential damage of tightening monetary policy in a slowing economy.

For now, the Fed is likely to focus on persistently high service sector and housing costs, which continue to put upward pressure on overall prices. However, until there is more clarity on trade policy and its economic implications, monetary policymakers are expected to proceed with caution.

April's inflation report offers a temporary breather, but deeper structural pressures—from rising tariffs, delayed business responses, and growing household debt stress—point to turbulence ahead. The coming months will test the economy's endurance on multiple fronts, making vigilance and adaptability more crucial than ever.

US Retail and Producer Data Signal Weak Consumer Momentum, Pressuring Dollar

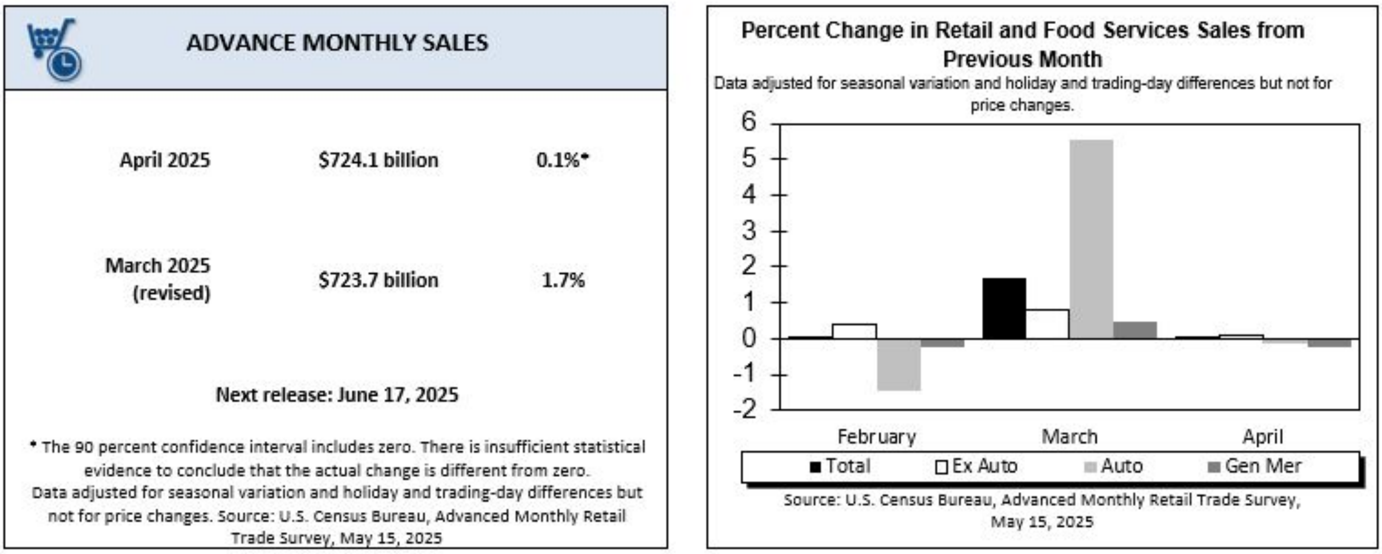


Figure 10. Retail Sales (Source: US Census Bureau)

The US dollar has come under pressure, following a mix of economic reports that collectively paints a picture of softening consumer demand and overall growing uncertainty in the economic outlook.

One key indicator was retail sales, which inched up just 0.1 percent in April, according to the US Census Bureau's Advance Monthly Sales for Retail and Food Services report. The figure was below consensus forecasts, particularly given March's stronger performance, which was revised upward to a 1.7 percent increase. Part of March's boost was due to consumers rushing purchases—particularly of big-ticket items like cars—in anticipation of new tariffs announced by US President Donald Trump on April 2nd.

But sluggish retail sales weren't the only red flag. Another report from the US Bureau of Labor Statistics revealed that the Producer Price Index —which tracks the prices businesses receive for goods and services—unexpectedly fell by 0.5 percent in April. This drop was primarily driven by reduced demand for services such as airline travel, hotel accommodations, and financial services. These categories often reflect consumer and business spending trends and act as indirect indicators of broader retail and wholesale activity.

Tourism, in particular, took a hit. We can attribute the decline to a mix of policy-related factors including restrictive immigration measures and provocative statements from the current US administration, such as referring to Canada as "the 51st state" (which may have deterred visits by Canadians) and publicly expressing interest in acquiring Greenland. These developments have reportedly contributed to a significant fall in foreign tourism.

Meanwhile, the labour market remained stable, with weekly jobless claims staying at 229,000, aligning with analyst forecasts. However, there are signs that the hiring landscape is tightening, as job openings appear to be less plentiful.

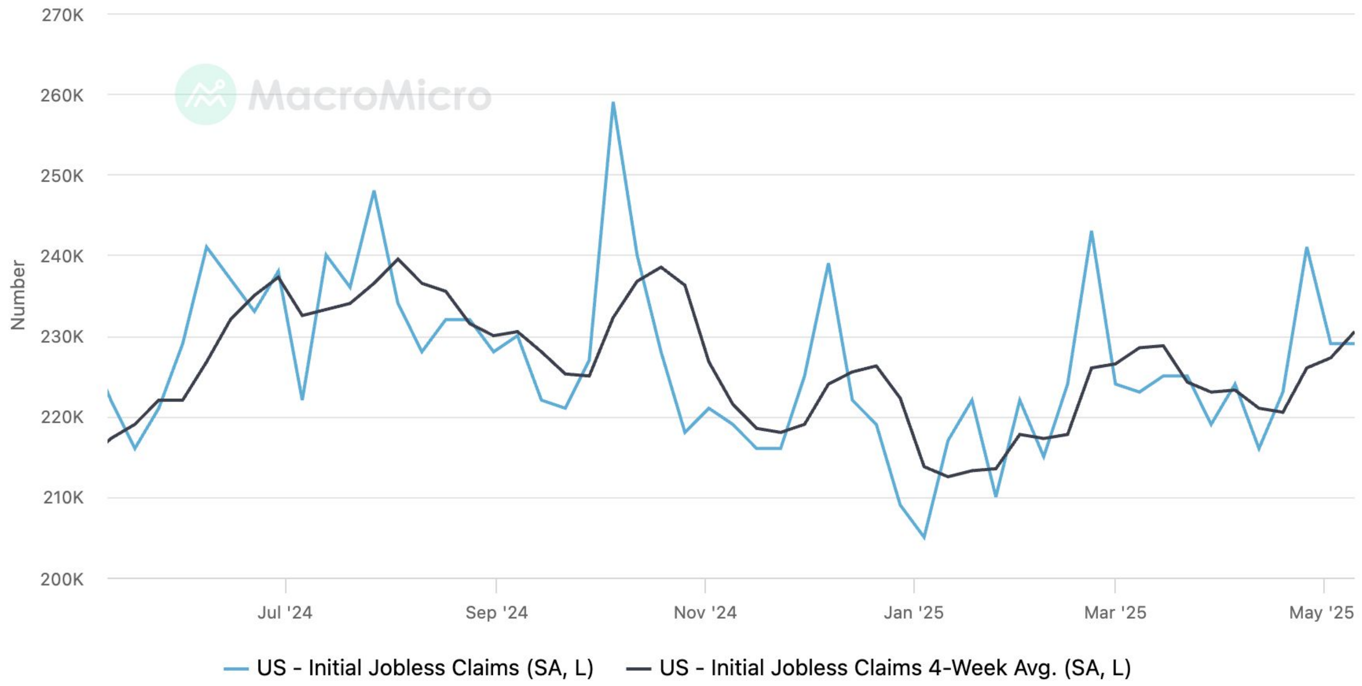


Figure 11. Initial Jobless Claims (Source: US Department of Labor, Macromicro)

While tariffs are part of the issue, the root of the problem lies in deeper consumer weakness. Sentiment continues to be fragile, with many households cautious about spending due to lingering policy uncertainties. While recent negotiations with China may have eased some trade concerns, the overall economic narrative remains clouded by doubt.

Reflecting this cautious mood, the US dollar index—which tracks the greenback's performance against a group of major currencies—has weakened. Overall, the data suggests that consumers are pulling back, and unless sentiment improves, the US economy could face a softer second quarter.

NEWS FROM THE CRYPTO-SPHERE

Abu Dhabi's Mubadala Expands Bitcoin Exposure Through BlackRock ETF Despite Market Dip

Figure 12. Abu Dhabi's Mubadala Expands Bitcoin Exposure Through BlackRock ETF Despite Market Dip

- **Mubadala Investment Company increased its holdings in BlackRock's Bitcoin ETF (IBIT) in Q1 2025, signalling institutional confidence despite a drop in the ETF's market value during the quarter**
- **BlackRock's IBIT has become the leading US spot Bitcoin ETF, attracting over $45.5 billion in inflows and managing $65.4 billion in assets since its January 2024 launch**

Mubadala Investment Company, a sovereign wealth fund based in Abu Dhabi, has continued to deepen its investment in Bitcoin by increasing its holdings in BlackRock's spot Bitcoin exchange-traded fund (ETF). According to a regulatory filing last Thursday, May 15th, the fund added nearly half a million new shares in the first quarter of 2025, signaling growing institutional confidence in the digital asset space.

In a filing submitted to the US Securities and Exchange Commission (SEC), known as a 13F, Mubadala disclosed that it acquired 491,439 additional shares of BlackRock's Bitcoin ETF—formally known by its ticker symbol, IBIT—bringing its total share count to 8,726,972 as of March 31st. This marks an increase from 8,235,533 shares held at the end of 2024.

While the number of shares increased, the total value of Mubadala's Bitcoin ETF holdings actually declined during the quarter—from $436.9 million to $408.5 million—due to a drop in the ETF's market price during that period. However, based on current market prices, the value of those holdings has since rebounded to approximately $512 million.

For context, 13F filings are quarterly reports required from large institutional investors—those managing at least $100 million in US equities. These filings provide a snapshot of an institution's stock holdings at the end of each quarter. However, they only reflect long positions (investments that benefit from a rising market) in US stocks and stock-related options. Short positions (which benefit from price declines) and many other financial instruments, like derivatives, are not included, meaning the reports only show part of the investment strategy.

BlackRock's Bitcoin ETF, IBIT, has quickly established itself as a dominant player in the US spot Bitcoin ETF market since launching in January 2024. As of now, it has gathered over $45.5 billion in net inflows—a measure of how much new money has entered the fund—and manages around $65.4 billion in total assets, according to data from The Block.

Mubadala's move reflects the growing trend of institutional investors seeking digital asset exposure through regulated financial instruments like ETFs, rather than holding Bitcoin directly.

Brazil's Méliuz Becomes First Public Company in the Country to Adopt a Bitcoin Treasury Strategy

Figure 13. Brazil's Méliuz Becomes First Public Company in the Country to Adopt a Bitcoin Treasury Strategy

- **Méliuz, a Brazilian fintech company, became the first publicly listed firm in Brazil and Latin America to adopt a Bitcoin treasury strategy, acquiring 274.52 BTC worth $28.4 million**
- **Since its first Bitcoin purchase in March, Méliuz's stock price has surged 116 percent, reflecting growing investor interest in firms holding Bitcoin as a long-term asset**

Brazilian fintech company Méliuz has made headlines by becoming the first publicly listed company in Brazil to officially adopt a Bitcoin treasury strategy. This strategy means the company will hold Bitcoin as a long-term asset on its balance sheet, much like cash or other investments, with the goal of increasing shareholder value over time.

Méliuz announced last Thursday that it had purchased 274.52 Bitcoins, spending around $28.4 million at an average price of approximately $103,604 per Bitcoin. With this acquisition, the company's total Bitcoin holdings now stand at 320.2 BTC, valued at over $33.3 million at today's market prices.

Chairman Israel Salmen said that the shareholder vote marks a major milestone in Méliuz's transformation into Brazil's first Bitcoin treasury company.

Méliuz explained that the mission of a Bitcoin treasury company is to gradually accumulate Bitcoin using the firm's cash flow, corporate structure, and access to capital markets. The goal is to steadily increase the company's exposure to Bitcoin in a way that benefits its investors.

Méliuz first entered the Bitcoin market on March 6th, and since then, the firm has seen a sharp rise in its stock price. Shares in the company jumped 116 percent immediately following the news. Méliuz's move reflects a growing global trend among companies exploring digital assets as part of their financial strategy. As Bitcoin continues to gain mainstream acceptance, more firms may follow Méliuz's lead in using it as a long-term store of value.

Judge Rejects SEC and Ripple's Request for Indicative Ruling Amid Ongoing Appeals

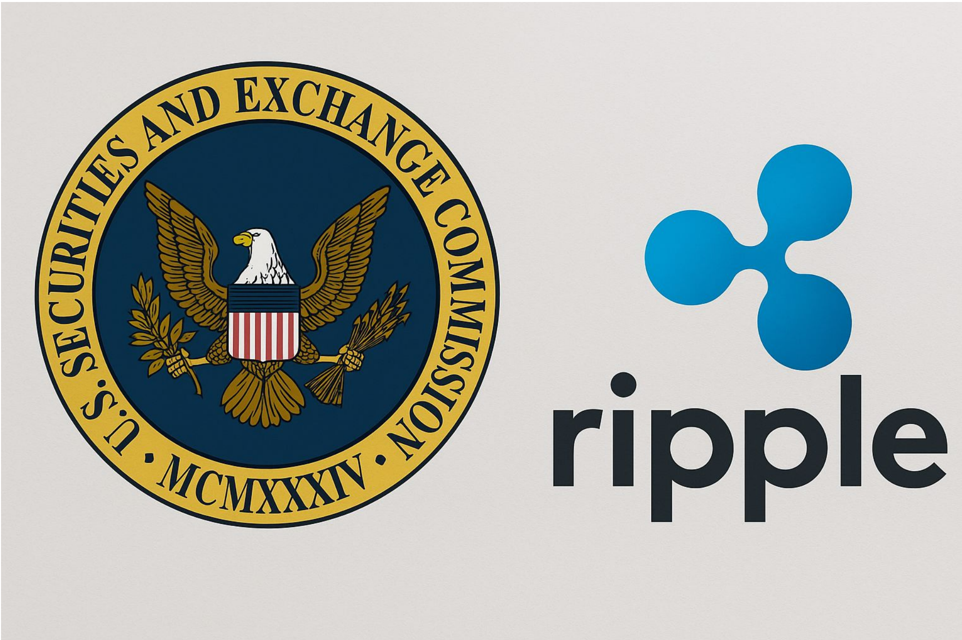


Figure 14. Judge Rejects SEC and Ripple's Request for Indicative Ruling Amid Ongoing Appeals

- **Judge Analisa Torres denied a joint request from the SEC and Ripple for an indicative ruling to approve a proposed settlement, citing procedural issues due to the case being under appeal**
- **The request aimed to lift an injunction and reduce Ripple's penalty from $125 million to $50 million, but the judge said it must be refiled under the correct legal procedure**

A US federal judge has declined a joint request from the Securities and Exchange Commission (SEC) and Ripple Labs to issue an "indicative ruling" that could have helped finalise a settlement in their long-running legal battle.

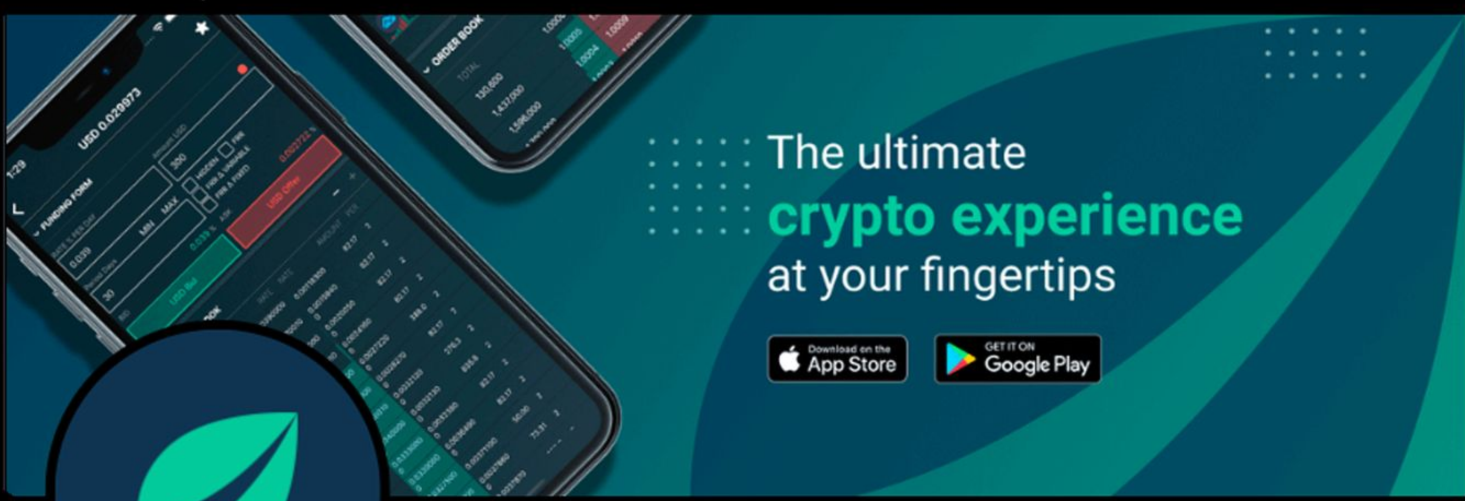
The decision came from the Southern District of New York, where Judge Analisa Torres ruled on Thursday that the request was procedurally improper, meaning it didn't follow the correct legal process. The SEC and Ripple had asked the court for a statement about how it would rule on modifying penalties and lifting an injunction—if the case were to return to the lower court.

An indicative ruling is a formal statement by a district court explaining how it would decide a matter if it had authority over the case. However, since both Ripple and the SEC have already appealed the case to a higher court—the Second Circuit Court of Appeals—the district court no longer has full jurisdiction.

In August 2024, a final judgment had imposed a $125 million penalty and an injunction restricting Ripple's activities. In a recent settlement agreement, both parties had asked the court to reduce that penalty to $50 million and remove the injunction, but these changes required court approval. Judge Torres made clear that because the case is under appeal, the parties would need to meet a high standard to change a final judgment. She noted that requests under Rule 60 of Civil Procedure—which allows changes to judgments under exceptional circumstances—were not properly addressed in the filing.

The plan, if the ruling had been granted, was for both Ripple and the SEC to ask the Second Circuit to send the case back down (a process known as limited remand) so the district court could finalise the settlement. With the judge's rejection, that plan is now on hold.

The Ripple-SEC case has been one of the most closely watched legal battles in the cryptocurrency industry. It began in late 2020, when the SEC accused Ripple of selling XRP tokens as unregistered securities, violating federal law. The outcome of this case has broad implications for how cryptocurrencies are regulated in the US, particularly in determining whether digital assets should be treated like securities (like stocks) or something else entirely.



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