



**SEBAL CAPITAL**

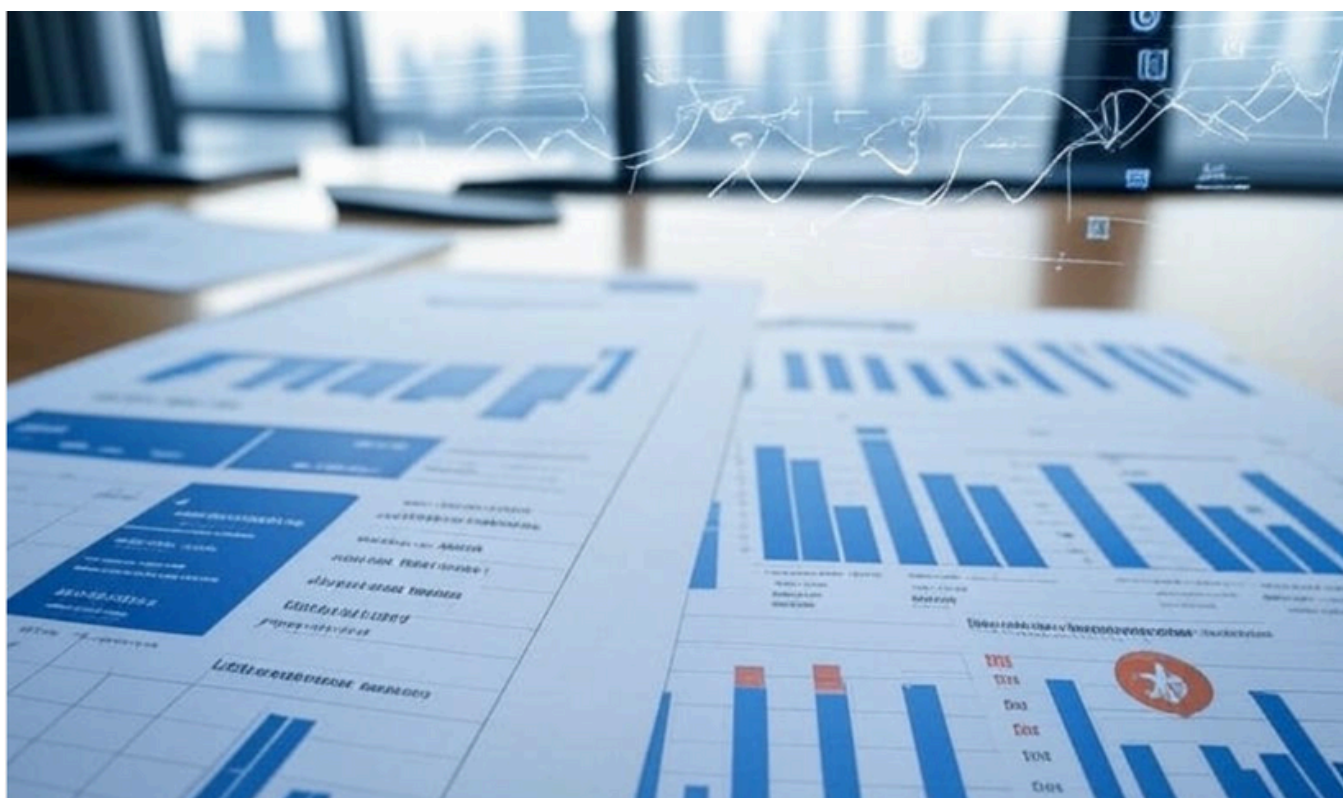
August 2025

# Monthly Research Report August 2025

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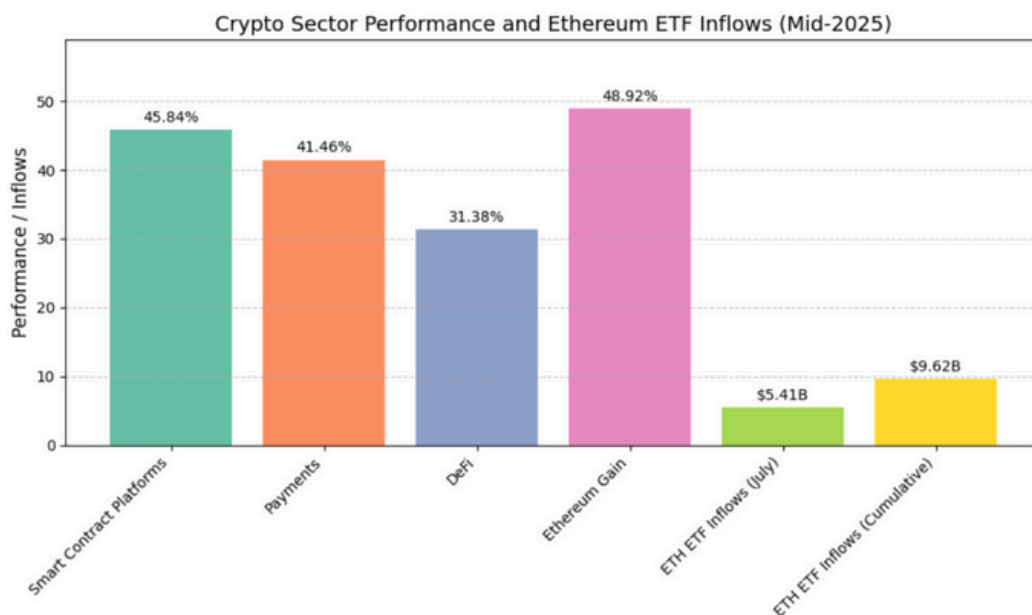
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# Executive Summary

In July 2025, crypto markets delivered a breakout performance fueled by institutional flows, renewed retail activity, and improving sentiment. The Coinbase 50 Index rose 25.17% for the month, led by smart contract platforms (+45.84%), payments (+41.46%), and DeFi (+31.38%). Ethereum surged nearly 49%, supported by record inflows of \$5.41B into Ethereum spot ETFs, bringing cumulative inflows to \$9.62B and total AUM to \$21.61B. On the futures side, CME recorded notional volume highs of \$197B for BTC, \$84B for ETH, and over \$6B each for SOL and XRP. Spot exchange volumes reached \$1.77 trillion, the highest since February, underscoring revived liquidity across centralized platforms. MicroStrategy also expanded its holdings to 628,791 BTC at an average cost of \$73,277, reinforcing institutional conviction in Bitcoin as a reserve asset.

On the policy front, July was equally significant. President Trump signed the GENIUS Act, the first federal framework for stablecoins, mandating full reserve backing, licensing, and redemption rights—providing banks and fintechs with a clear path to issue compliant stablecoins. The CLARITY Act advanced through the House, aiming to formally classify digital assets and establish clearer SEC/CFTC oversight, while the Anti-CBDC Surveillance State Act gained traction, reinforcing bipartisan resistance to centralized digital currencies.

Altogether, July 2025 marked a decisive shift in both policy and market dynamics. With capital inflows surging, regulatory clarity emerging, and institutional adoption accelerating, the stage is set for continued momentum in digital assets through the second half of the year.



# Macro Crypto Developments & Regulations

**Regulatory Landscape:** July 2025 marked a transformative moment in crypto regulation, signaling the asset class's deeper integration into global finance. In the U.S., bold steps positioned the country as a leader in responsible innovation, while global jurisdictions advanced toward harmonized frameworks. The debate is no longer about crypto's legitimacy—it is about how best to regulate and scale it

## United States: A New Era of Clarity

- **GENIUS Act:** Established the first federal framework for stablecoins, mandating 1:1 reserve backing, licensing, and redemption rights. This creates a credible bridge between banks, fintechs, and digital assets.
- **CLARITY Act:** Advanced through the House, aiming to delineate SEC/CFTC oversight and allow digital assets to “graduate” from securities to commodities.
- **Anti-CBDC Acts:** Progressed in Congress, reinforcing bipartisan resistance to retail CBDCs in favor of privacy-preserving alternatives.
- **Institutional Access:** The SEC's rollback of SAB 121 lowered barriers for banks to custody crypto, further encouraging institutional adoption.

## Global Perspective

Globally, the FSB and G20 accelerated efforts to standardize rules by year-end. Europe implemented its MiCA framework, while Asia advanced pilots—Vietnam and Thailand with stablecoins, Singapore with DeFi sandboxes. This reflects a shift from regulatory fragmentation to competitive positioning over who will define the future of digital finance

## Institutional Adoption & Market Structure

- Stablecoins are becoming central to payments and settlement systems, reinforced by U.S. legislation and global licensing regimes.
- ETFs drew record inflows into Ethereum (\$4.7B in July alone), alongside Bitcoin ETFs (\$6B). Altcoin-linked ETFs and staking products highlight demand for diversified institutional exposure.
- Corporate Treasuries continued to accumulate Bitcoin, with MicroStrategy purchasing over 4,200 BTC in July, reinforcing institutional conviction.
- Tokenization gained traction, with banks and asset managers exploring securities on-chain as the next efficiency driver.



**Conclusion:** Regulation in July provided much-needed clarity while institutional adoption accelerated. With stablecoins, ETFs, and tokenized assets moving into the mainstream, digital assets are evolving from speculative trades into a core pillar of modern finance

## CMC Crypto Fear and Greed Index

[See API Details](#)

Discover our Fear and Greed Index, a powerful tool that analyzes market sentiment to help you make informed crypto investment decisions. Stay ahead of market trends with real-time and historical data available through our easy-to-use API.



# Performance of Key Cryptocurrencies

July 2025

Sebal Capital monitors the performance of four core digital assets: BTC, ETH, SOL, and XRP that anchor our actively managed strategies. July 2025 was a defining month, marked by regulatory breakthroughs in the United States, accelerating institutional adoption, and record ETF inflows. While Bitcoin set a new all-time high mid-month, Ethereum led the rally with outsized gains, and altcoins like Solana and XRP continued to broaden market participation. This performance review captures their monthly price dynamics, key market drivers, and our forward outlook

## Bitcoin (BTC) – The Digital Store of Value

**Performance:** Bitcoin surged to a new all-time high above \$123,000 on July 14, before consolidating and closing the month at approximately \$115,757. Despite the pullback from peak levels, BTC still recorded solid monthly gains, reaffirming its safe-haven and liquidity anchor role

### Key Drivers:

- Regulatory clarity in the U.S. (GENIUS Act, CLARITY Act) boosted investor confidence.
- Continued institutional buying, including corporate treasury accumulation.
- Spot Bitcoin ETFs attracted robust inflows, reinforcing BTC's position as the primary regulated crypto exposure.

**Outlook:** BTC remains the structural foundation of the crypto market. While near-term consolidation is possible after the mid-month spike, Sebal Capital expects institutional adoption, favorable regulation, and macro hedging demand to underpin price resilience. We maintain a bullish 12-month view, with volatility managed through Defined Outcome and Covered Call strategies.



## Ethereum (ETH) – The Growth Engine of Digital Finance

**Performance:** Ethereum outperformed peers, climbing from roughly \$2,444 on July 1 to \$3,810 by July 31, a gain of nearly +54%

### Key Drivers:

- Record ETF inflows of \$4.7B in July, broadening institutional exposure.
- Strong momentum in tokenization projects from major banks and asset managers.
- Anticipation of scalability upgrades and the broader rotation into smart-contract platforms beyond BTC.

**Outlook:** Ethereum is emerging as the primary beneficiary of tokenization and stablecoin adoption. While rapid price appreciation could invite short-term corrections, Sebal Capital views ETH as offering convex upside in the coming cycle, particularly as institutional adoption deepens.



## Solana (SOL) – High-Performance Blockchain

**Performance:** Solana advanced from \$147 on July 1 to \$178 on July 31, marking a +21% monthly gain.

### Key Drivers:

- Renewed developer activity and user growth in DeFi and consumer apps.
- Capital rotation into high-throughput chains as market sentiment improved.
- Strong correlation with broader altcoin flows, supported by risk-on investor positioning.

**Outlook:** SOL continues to establish itself as a credible alternative to Ethereum for scalable applications. Sebal Capital expects further adoption to drive incremental gains, while liquidity conditions and network stability remain important to sustaining momentum.





## XRP – Cross Border Payment Solution

**Performance:** XRP rallied from about \$2.17 on July 1 to \$3.02 on July 31, a +39% gain

### Key Drivers:

- Progress in stablecoin and cross-border settlement initiatives.
- Regulatory clarity in the U.S. and international markets reducing uncertainty.
- Renewed interest from institutions exploring blockchain-based settlement rails.

**Outlook:** XRP's institutional niche positions it well in a regulated environment. While its performance may lag higher-beta assets in risk-on phases, Sebal Capital views XRP as a strategic diversifier within our portfolio, with upside tied to adoption in payments and settlement.

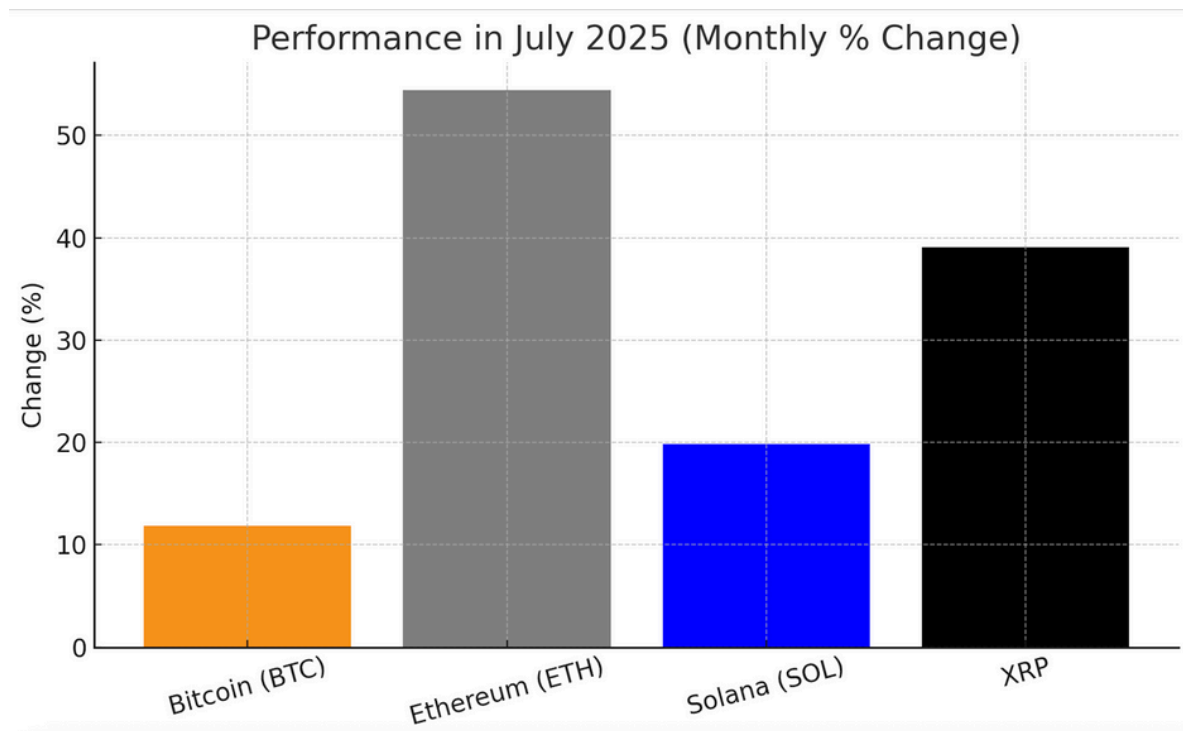


## Summary ( Sebal Capital - July 2025)

July 2025 proved pivotal for crypto markets, with strong institutional inflows into Ethereum ETFs, corporate treasury accumulation of Bitcoin, and renewed optimism around tokenization projects. While Bitcoin posted modest gains, Ethereum led with outsized performance, supported by record ETF flows. Solana benefited from network growth and DeFi traction, and XRP advanced on stablecoin and cross-border adoption themes. Market sentiment was lifted by expectations of easier monetary policy and a regulatory framework that increasingly legitimizes digital assets

**Table — July 2025 Price Snapshot (from your TradingView charts)**

Asset	July 1 Price	July 31 Price	% Change
Bitcoin (BTC)	105,237	117,724	+11.9%
Ethereum (ETH)	2,444.44	3,775.63	+54.5%
Solana (SOL)	147.92	177.28	+19.8%
XRP	2.2177	3.0853	+39.1%



# Forward Outlook For Late Q3 2025

The remainder of Q3 is shaping up to be a test of market resilience. After July's strong inflows into Ethereum ETFs and renewed optimism around regulatory clarity, markets are showing signs of both momentum and fragility. Crypto valuations are elevated, but investor positioning suggests a mix of conviction and caution. This creates a backdrop where sharp intraday volatility, driven by leverage and liquidity pockets, could dominate price action. For allocators, the near-term outlook is constructive but increasingly selective.

## Market Psychology and Positioning

- **Investor Sentiment:** The rally in large-cap tokens (BTC, ETH) has drawn in both institutional allocators and retail momentum. However, on-chain data shows a rise in short-term holder activity, often a contrarian signal.
- **Risk Appetite Rotation:** Capital is rotating toward “higher beta” names like SOL and meme-driven assets, while BTC dominance has stabilized. This suggests a broadening cycle, but also heightened tail risk if speculative flows unwind.
- **Volatility Regime:** Implied volatility remains suppressed relative to realized, signaling potential underpricing of tail events, a setup SEBAL's structured strategies are designed to exploit.

## Structural Market Shifts

- **Derivatives Growth:** Options open interest in BTC and ETH is at record levels, increasing the risk of gamma-driven moves around strike expirations.
- **Stablecoin Liquidity:** With Tether and USDC both reporting supply growth, liquidity buffers remain strong, but regulatory overhang could test this trend.
- **Global Policy Crosscurrents:** While U.S. tone is cautiously supportive post-GENIUS Act, Europe is pressing forward with MiCA enforcement, and Asia is leaning into retail access, a divergence that creates both opportunity and fragmentation risk.

# Risk Assessment & Mitigation

## Cross-Asset Correlation Risk

- **Description:** Crypto correlations with equities have declined modestly in 2025, but stress events (e.g., geopolitical escalations, energy shocks) could quickly re-tighten linkages, amplifying downside.
- **Mitigation:** SEBAL strategies are structured to cap drawdowns regardless of correlation spikes, enabling crypto exposure without equity-like volatility bleed.

## Liquidity Fragmentation Risk

- **Description:** Liquidity is increasingly concentrated across a few venues and stablecoins. An idiosyncratic disruption (exchange outage, stablecoin peg wobble) could ripple across the market.
- **Mitigation:** We diversify execution venues and incorporate stablecoin risk monitoring into our models, reducing reliance on any single channel.

## Behavioral Risk

- **Description:** Retail-driven surges, particularly in meme and smaller-cap tokens, can distort price discovery and trigger “air pocket” drawdowns.
- **Mitigation:** Our focus remains on large-cap tokens with institutional flows (BTC, ETH, SOL, XRP), balancing growth optionality with liquidity depth.

## Technology/Operational Risk

- **Description:** Scaling upgrades (e.g., Ethereum’s Dencun rollout) introduce temporary vulnerabilities, such as smart contract exploits or network instability.
- **Mitigation:** Allocation sizing and careful entry points reduce exposure during upgrade windows, while maintaining upside optionality once networks stabilize.

# Conclusion

As we move through late August and into September, markets continue to balance optimism around institutional adoption with ongoing fragility in liquidity and positioning. While the broader cycle remains constructive, investors should expect choppy conditions and the potential for sharp corrections. SEBAL's structured strategies—with downside protection and covered call income—are designed for precisely this environment, allowing participation in upside while reducing the path dependency and volatility that often define late-stage rallies.



# Appendix

## Data Sources

### Prices & Charts

TradingView BTCUSD (BITSTAMP): <https://www.tradingview.com/symbols/BTCUSD/>  
 TradingView ETHUSD (COINBASE): <https://www.tradingview.com/symbols/ETHUSD/>  
 TradingView SOLUSD (COINBASE): <https://www.tradingview.com/symbols/SOLUSD/>  
 TradingView XRPUSD (COINBASE): <https://www.tradingview.com/symbols/XRPUSD/>  
 Crypto Fear & Greed Index (Alternative.me): <https://alternative.me/crypto/fear-and-greed-index/>

### ETF Flows & Market Wraps

VanEck — Crypto Monthly Recap (July 2025): <https://www.vaneck.com/us/en/blogs/digital-assets/>  
 Trakx — Digital Asset Monthly Review (July 2025): <https://trakx.io/insights/>  
 Portal Asset Management — Monthly Commentary (July 2025): <https://portal.am/insights/>  
 CoinDesk — ETF flows coverage (July 2025): <https://www.coindesk.com/>  
 Binance Square post summarizing July US crypto ETF inflows: <https://www.binance.com/en/feed>

### Corporate Treasuries / Institutional Adoption

Skadden — “Bitcoin Standard Treasury Company to Go Public (BSTR)”: <https://www.skadden.com/insights/publications>  
 MicroStrategy Bitcoin acquisition updates (Investor Relations): <https://www.microstrategy.com/en/investors/overview>

### U.S. Policy & Regulation (July 2025)

White House — GENIUS Act Fact Sheet: <https://www.whitehouse.gov/>  
 House Financial Services Committee — “Crypto Week” (CLARITY Act, Anti-CBDC): <https://financialservices.house.gov/>  
 American Bankers Association — Statement on Anti-CBDC: <https://www.aba.com/about-us/press-room>  
 IRS — Digital asset reporting notices/relief: <https://www.irs.gov/newsroom>  
 Chapman & Cutler / Linklaters client notes (mid-/late-July updates): <https://www.chapman.com/insights/>  
<https://www.linklaters.com/en/insights>

### Market Research / Additional Context

Livewire Markets — “Bitcoin ETFs at a Tipping Point”: <https://www.livewiremarkets.com/>  
 Chainalysis — Regulatory series & stablecoin pieces: <https://www.chainalysis.com/blog/>

# Glossary of Terms

- **AUM** — Assets under management.
- **AMLA (EU)** — European Anti-Money Laundering Authority under the EU AML package.
- **AML/CFT** — Anti-Money Laundering / Counter-Financing of Terrorism.
- **Anti-CBDC Act** — U.S. bill seeking to restrict a Federal Reserve-issued retail CBDC.
- **Basis (Futures)** — Difference between futures and spot price.
- **Basis Points (bps)** — One hundredth of a percent (0.01%).
- **BTC Dominance** — Bitcoin’s share of total crypto market cap.
- **CLARITY Act** — U.S. bill proposing clearer commodity/security lines for digital assets.
- **Collar** — Options overlay combining a protective put and a covered call to bound outcomes.
- **Covered Call** — Selling call options on a held asset to earn premium; caps upside beyond strike.
- **Drawdown** — Peak-to-trough decline over a period.
- **ETF (Exchange-Traded Fund)** — Fund trading on exchanges; spot ETFs hold the underlying asset.
- **ETP** — Exchange-traded product (umbrella term incl. ETFs/ETNs/ETCs).
- **Fear & Greed Index** — Composite sentiment indicator for crypto.
- **Gamma Effects** — Option-dealer hedging dynamics that can amplify price moves near strikes.
- **GENIUS Act** — U.S. law establishing a federal framework for payment stablecoins (reserves, disclosure, supervision).
- **Implied Volatility (IV)** — Volatility implied by option prices; forward-looking.
- **MiCA (EU)** — Markets in Crypto-Assets Regulation governing issuers and service providers.
- **Open Interest (OI)** — Total outstanding derivatives contracts.
- **Protective Put** — Option to sell at a strike price; limits downside.
- **Realized Volatility** — Volatility observed in historical returns.
- **Stablecoin** — Token pegged (typically) to fiat via reserves or algorithmic mechanisms.
- **Tokenization** — Issuing traditional assets (e.g., Treasuries, funds) as on-chain tokens.
- **TVL** — Total value locked in DeFi protocols.
- **UCC Article 12 (U.S.)** — Uniform commercial law updates governing “controllable electronic records” (incl. digital assets).
- **Travel Rule** — AML rule requiring originator/beneficiary information to travel with crypto transfers between VASPs.

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