AMBERDATA
DIGITAL ASSET SNAPSHOT

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AMBERDATA RESEARCH

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In this edition of the report, intensifying recession fears and surging Treasury yields have rattled crypto markets, with rumors of a U.S. government BTC sell-off compounding the pressure. Large-scale liquidations highlight a defensive pivot by investors, as the Fed's hawkish tone tempers hopes for rate cuts. Meanwhile, Ripple's RLUSD stablecoin marks a bold DeFi push, backed by U.S. dollars and Treasuries and integrated with Chainlink oracles.

On the market-analysis front, ETF flows for both Bitcoin and Ethereum have cooled—most notably BlackRock's sharp pullback—reflecting profit-taking and broader macro caution. Spot trading volumes and open interest are down from December peaks, underscoring a wait-and-see approach. Still, pockets of inflows hint at underlying optimism, suggesting that a dovish policy pivot—or favorable political shifts—could rapidly reignite bullish sentiment. Finally, our new crypto pairs trading blog showcases advanced trading strategies that remain pivotal amid near-term volatility.

News

Rising Yields Stoke Recession Fears

The 10-year U.S. Treasury yield has hit its highest level since April, a move that has rattled both equities and cryptocurrencies. Peter Chung of Presto warned that expectations for a robust, liquidity-driven bull run in 2025 might be too optimistic if the Federal Reserve continues to see upside risks to inflation, as outlined in its December meeting minutes. Adding to the unease, rumors persist that the U.S. government may sell off more of the bitcoin it has seized, a move that could further weigh on risk assets at a time when investors are already on edge.

From a market perspective, higher yields often draw capital away from tech stocks and crypto, creating waves of volatility. Analysts caution that if the Fed leans hawkish, hopes for rapid rate cuts could be dashed, potentially paving the way for a deeper pullback across risk assets. Still, many argue that any hint of dovishness from policymakers—combined with the anticipation of Donald Trump's crypto-friendly administration—might spark a rapid reversal in sentiment and price.

Liquidations and the Broad Market Retreat

Crypto markets have been caught in a storm of liquidations, with millions of dollars' worth of leveraged positions wiped out in back-to-back sell-offs. Bitcoin and Ethereum both experienced steep dips, reflecting how quickly investors have shifted into a defensive posture amid broader economic headwinds such as rising unemployment and persistent inflation. Observers say this risk-off environment is amplified by the Federal Reserve's caution on future rate cuts, which has discouraged bullish momentum in digital asset markets.

These large-scale liquidations underscore how deeply crypto is now integrated into mainstream finance. When macro signals turn sour, both traditional equities and digital assets feel the chill. Yet some believe that the crypto market's unique capacity for rapid rebounds remains intact: should macro conditions—or political catalysts like President Trump's policy announcements—provide a clearer path to liquidity, traders could jump back in almost as quickly as they exited.

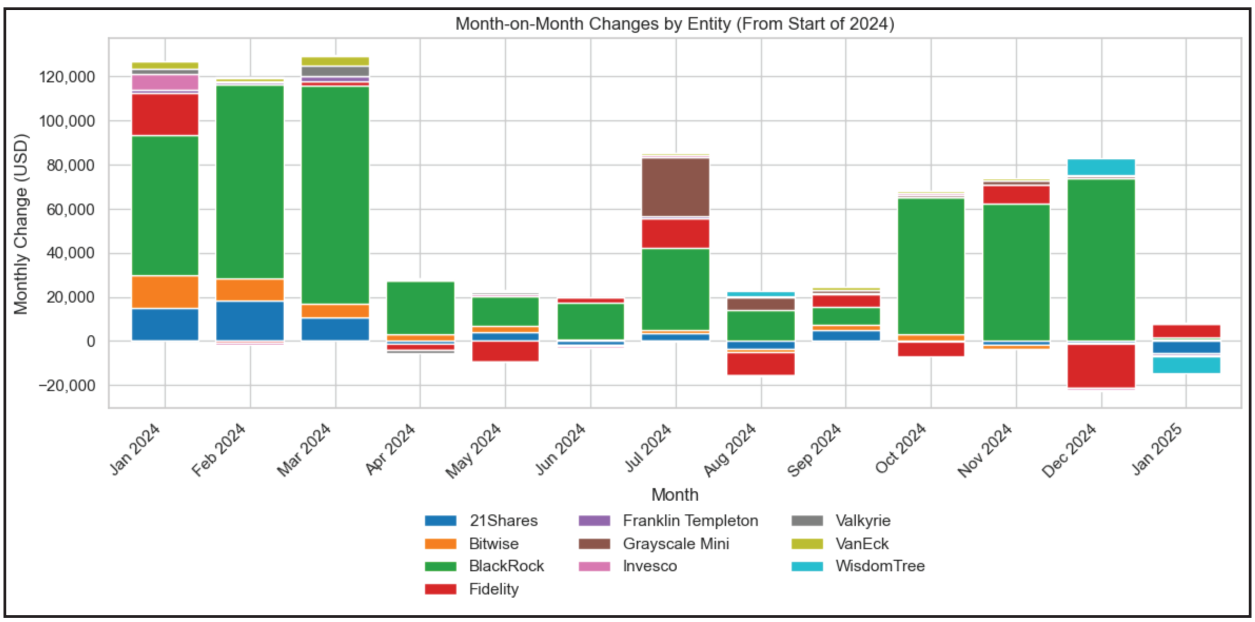
Ripple Makes a DeFi Push

Ripple's new RLUSD stablecoin is making waves as the company looks to break deeper into decentralized finance. By partnering with Chainlink for reliable price oracles, Ripple aims to make RLUSD a more attractive option for DEXs, lending platforms, and other DeFi protocols. As a dollar-pegged stable asset backed by U.S. dollars and Treasuries, RLUSD could gain significant traction if it becomes a go-to token for on-chain liquidity.

Market watchers note that Ripple's dual compatibility with both the XRP Ledger and Ethereum places RLUSD in a strategic spot for broader DeFi adoption. Stablecoins often serve as gateways for institutional capital to enter the crypto sphere—potentially unlocking fresh demand for RLUSD if major players embrace it. Meanwhile, Ripple's native XRP token has seen its own surge in market capitalization, reflecting the company's continued push to secure a central role in the evolving intersection of traditional finance and blockchain.

Market Analysis

Bitcoin ETF Flow Dynamics: Shifting Appetite Heading into the New Year



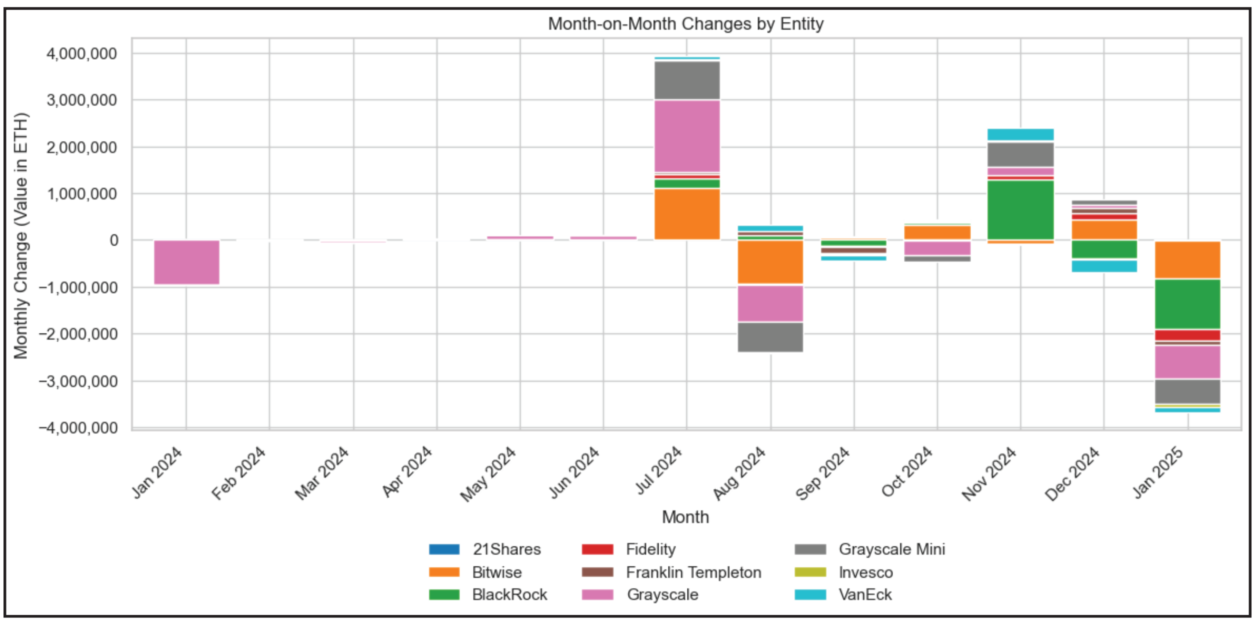
As Bitcoin's price slipped from around $105k to $95k, institutional and retail flows into Bitcoin ETFs have shown notable shifts. BlackRock, which added approximately +62,360 BTC in November and +73,850 BTC in December, drastically scaled back inflows to just +840 BTC in January—suggesting that at least some large players are pausing new allocations amid the recent price retreat. Meanwhile, 21Shares extended its net outflows from around -1,640 BTC in November and -590 BTC in December to -5,660 BTC in January, reflecting more pronounced risk-off behavior. Bitwise, however, swung from negative flows in November and December (roughly -1,750 BTC and -550 BTC) to a modest inflow of about +720 BTC this month, hinting that some investors might be bargain-hunting or anticipating near-term catalysts.

Fidelity's position also underscores the market's shifting sentiment. After adding +8,570 BTC in November, the firm offloaded roughly -19,910 BTC in December—only to reverse course and acquire +6,200 BTC in January. This pattern could indicate short-term caution followed by renewed conviction, possibly driven by the view that Bitcoin's dip to the mid-$90k range represents a more attractive entry point. Franklin Templeton, which had negligible changes in December, has now shed about -930 BTC. Although that figure is smaller than some peers, it still signals a turn toward caution relative to their previous (albeit modest) net inflows.

Much of this repositioning appears tied to macro uncertainties and a natural year-end rebalancing process, compounded by Bitcoin's pullback. The speed of that pullback may have prompted some investors to lock in profits, while others await further confirmation of direction before increasing exposure. At the same time, pockets of inflows—such as Bitwise's shift to +720 BTC—suggest that a subset of market participants see the dip as an opportunity.

Looking ahead, whether BTC stabilizes near $95k or stages a rebound could heavily influence the next wave of flows. Sustained inflows from major players like BlackRock would signal restored confidence, while continued outflows by 21Shares or Franklin Templeton might reinforce a risk-off narrative. In this environment, monitoring ETF allocations becomes crucial for gauging how institutions and retail investors alike navigate the volatility—particularly if Bitcoin's price consolidates or tests new levels in the coming weeks.

Ethereum ETF Flow Dynamics: January's Pronounced Outflows

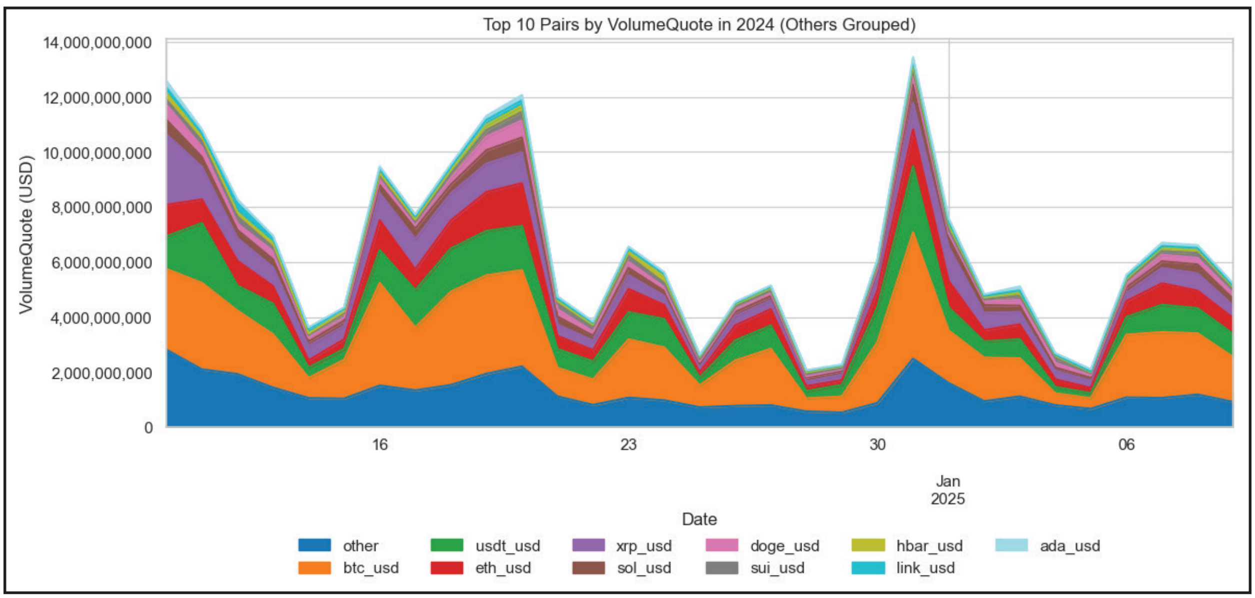


After a strong November that saw BlackRock add around 1,280,000 ETH and Grayscale products collectively up nearly 730,000 ETH, December was more mixed, with Bitwise gaining roughly 430,000 ETH but BlackRock shedding around 400,000 ETH. By contrast, January has already featured broad, heavy outflows across nearly all issuers. BlackRock alone has offloaded around 1,070,000 ETH, while Bitwise, Grayscale, and its "mini" product have each seen net redemptions in the -560,000 to -820,000 ETH range. Even Fidelity and Franklin Templeton, which had modest net inflows in December, are now seeing outflows near -250,000 ETH and -80,000 ETH, respectively.

This pivot toward net selling could be tied to a variety of factors, including heightened macroeconomic headwinds, regulatory speculation, or simply year-opening portfolio rebalancing. Large institutions and retail investors alike may be de-risking amid uncertain market signals, potentially taking profits from previous gains or reallocating capital to more conservative strategies. The abrupt drop in January suggests that sentiment has shifted sharply, possibly in response to concerns that Ethereum's price might be approaching a near-term peak—or, alternatively, that new catalysts for upside have yet to emerge.

Still, it's worth noting that these outflows also create opportunities for strategic re-entry if Ethereum fundamentals or broader market conditions show renewed strength. Watching whether capital rotates into different crypto products—or sits on the sidelines—will be key to gauging how investors are positioning for the coming months. If inflows return once volatility subsides, we could see a quick reversal in ETF flows, underscoring just how rapidly sentiment can shift in the Ethereum market.

Spot Exchange Trading Volumes Cool as BTC Retreats



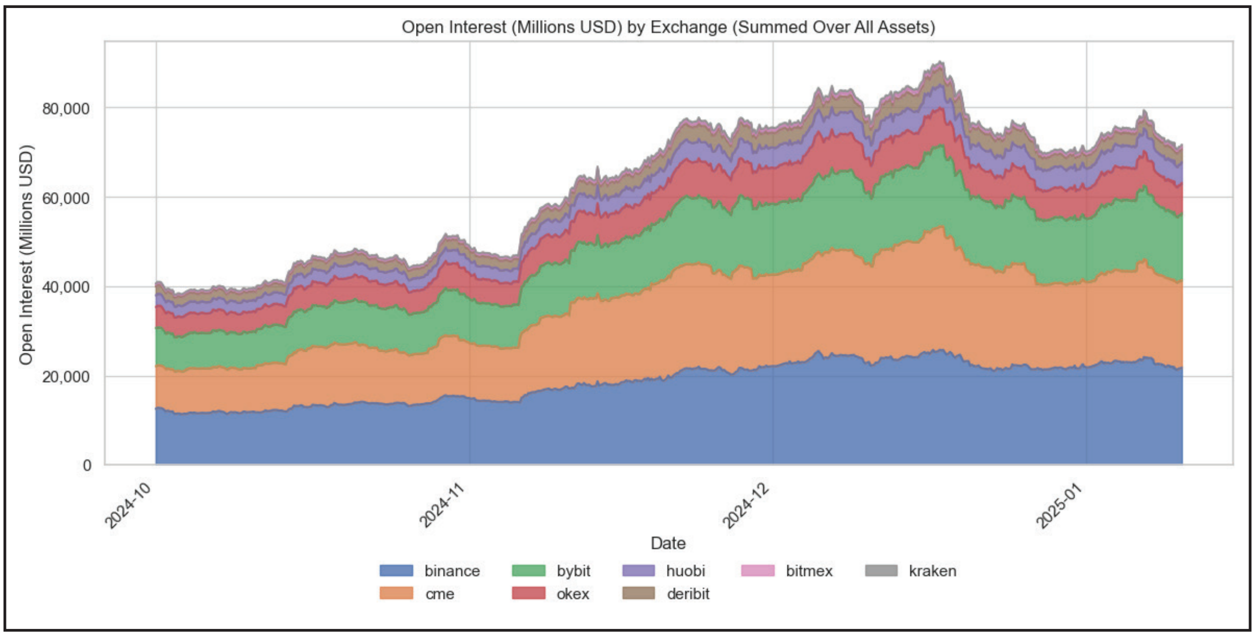
From mid-December onward, daily exchange-traded volumes across most tokens have been trending downward—a shift that aligns with Bitcoin's retreat from its peak above $105k down to around $95k. Early in the period (December 11–20), BTC, "other," and several key altcoins such as ETH, XRP, and SOL exhibited relatively higher trading volumes, suggesting robust market participation on the back of Bitcoin's strong price action. Notably, December 31 stands out as a peak day for overall volumes—BTC surged above $4.5Bn in traded volume, while "other" reached over $2.4B. This spike likely reflects a culmination of year-end positioning, profit-taking, and heightened speculation.

However, as January commenced, volumes tapered across the board. BTC volumes, for instance, dropped from that late-December high of around $4.58Bn to roughly $1.9Bn on January 1, reinforcing a narrative of post-holiday cooldown. ETH and large-cap altcoins followed a similar path; their trading volumes have contracted noticeably in early January. At the same time, some mid-cap tokens (e.g., SUI, DOGE) saw occasional bumps—possibly driven by isolated events or community-driven interest—but these upticks were relatively contained and short-lived.

The overarching decline in volumes appears to reflect a broader pullback in market sentiment as Bitcoin struggled to hold above the $100k mark. When BTC retraces, liquidity often concentrates in top assets, leaving altcoins even more susceptible to volume drops. Yet, the data also shows sporadic surges in individual tokens—like SOL and LINK—which can be indicative of opportunistic “dip buying” or specific announcements fueling temporary trading interest.

Overall, this reversion in trading volumes suggests a phase of consolidation and profit-taking after the market’s remarkable rally into late 2024. While the reduced activity could be interpreted as cautionary on the part of both retail and institutional participants, it may also set the stage for more disciplined accumulation strategies—particularly if BTC stabilizes in the mid-$90k range. Traders and investors are likely adopting a wait-and-see approach, scanning for the next catalyst that might drive a resurgence in volumes and, potentially, reignite bullish momentum across the crypto market.

Open Interest Declines from Late December Highs

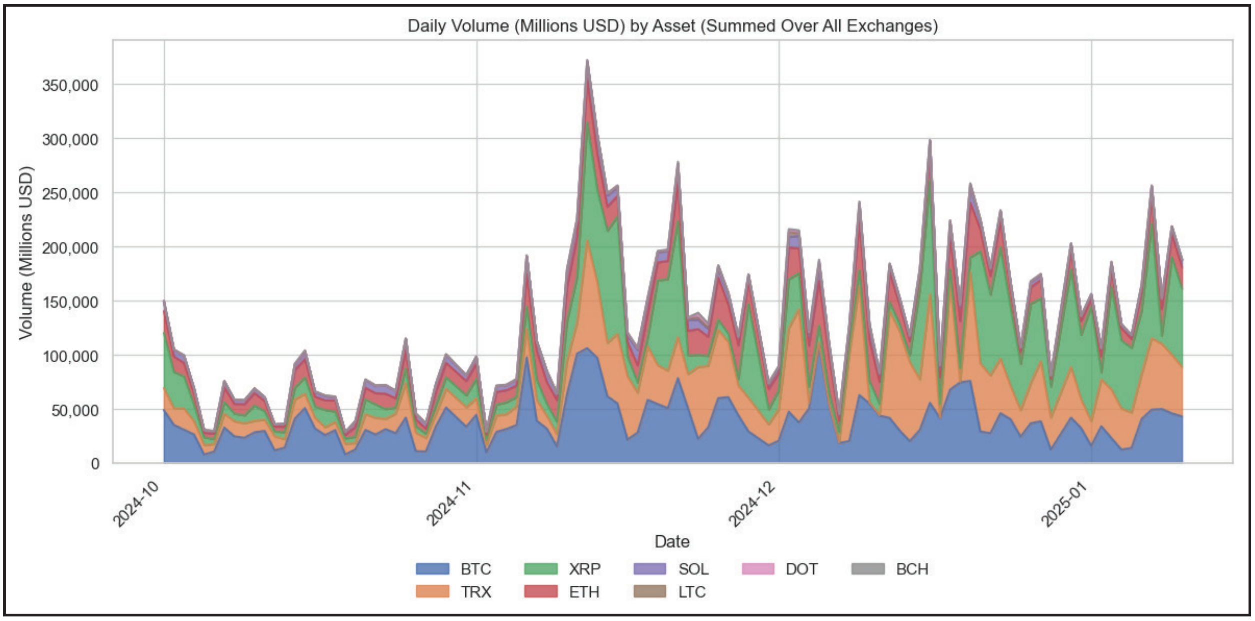


Over the last four weeks, total open interest (in USD billions) across major crypto derivatives platforms has generally trended downward from its mid-December peaks. For instance, OKEx fell from around $8.0Bn on December 15 to $6.6Bn by December 29, while Huobi declined from about $5.0Bn to $4.6Bn over the same period. Deribit followed suit, dropping from $3.6Bn to $2.8Bn in that timeframe, and both BitMEX and Kraken also sank below their December highs.

Although there was a brief rebound in early January—OKEx climbed back to approximately $7.1Bn on January 5—open interest dipped again by January 12, settling near $6.8Bn. Huobi and Deribit showed a similar pattern, with early-month gains giving way to renewed caution. These fluctuations coincide with Bitcoin’s struggle to hold above $100k and a broader risk-off shift among traders, reflected in lighter derivatives positioning.

Overall, this pullback suggests derivatives market participants have reduced their exposure amid BTC’s retreat to the mid-$90k range. While the short-lived bounce in early January indicated some renewed optimism, open interest remains below December levels, signaling a wait-and-see approach until a clearer directional catalyst emerges.

Futures & Perpetuals Volume Trend Stable, XRP's Notable Uptick



From late December into early January, total futures and perpetuals volumes across major crypto assets have generally trended lower, but with pockets of renewed activity in the past few days. In particular, Bitcoin's daily volumes tumbled from around $76Bn on December 20 to roughly $13Bn–$16Bn near year-end, before swinging back above $40Bn at various points in January—suggesting that traders have been navigating a period of holiday-driven lull followed by selective re-engagement. During this stretch, ETH, SOL, and LTC exhibited similar patterns of contraction, with only occasional spikes reflecting short bursts of market interest.

Amid these broader market ebbs and flows, XRP stands out for its notably higher volume swings compared to other altcoins. On several occasions—such as December 21, December 23, and January 1—XRP's daily volumes surged above $100Bn, underscoring a wave of trader participation that outpaced increases seen in TRX or DOT. While these jumps may partly reflect leveraged speculation or event-driven trading specific to XRP, they highlight the token's capacity to attract concentrated attention even when broader market sentiment appears subdued.

Interestingly, the last few days have shown a modest uptick in overall volumes, with Bitcoin crossing above $49Bn on January 7 and XRP again cresting $105Bn on the same day. These incremental rises could be an early signal that market participants are returning from a period of reduced activity, positioning for short-term momentum or hedging against potential volatility ahead. Should this momentum persist, it may pave the way for a more sustained recovery in volumes across the crypto landscape, offering traders and institutions fresh opportunities to capitalize on renewed liquidity.

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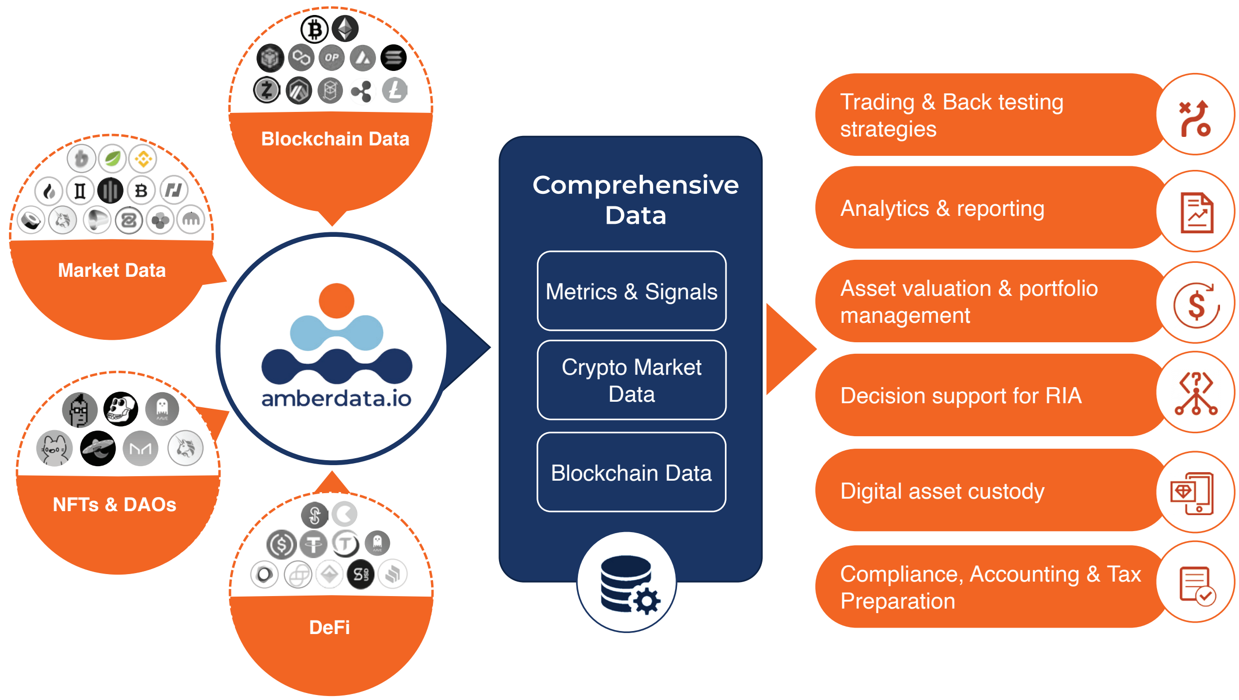

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