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MONTHLY UPDATE

APRIL 2025

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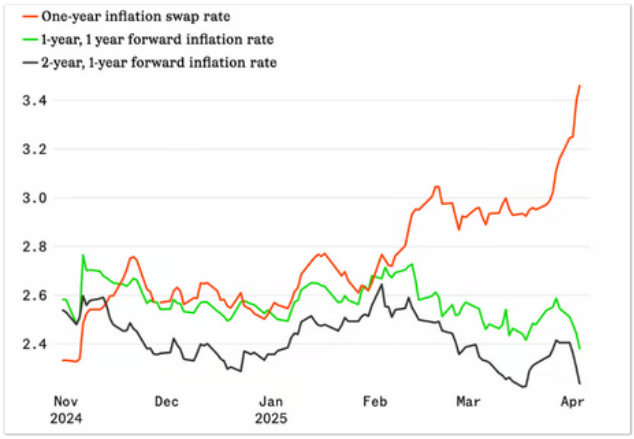
Trump's messaging, execution, and sporadic decision making is weighing heavily on markets. The damage has the potential to be lasting with many western economies signalling a potential shift away from Trump's version of America.

It has been interesting to watch western country voters lean left in the wake of Trump's series of unforced errors. Canadians and Europeans have rallied around incumbent leaders and parties who have pushed back on tariffs, offers to buy countries, and the political games being played via truth social.

Australia is no different, with a further move to the incumbent leftwing labour party despite unpopular policy initiatives like a plan to tax unrealized capital gains or large-scale immigration. In a world where most western governments are left leaning, Trump will have a tough time implementing his desires.

As a result, global growth will suffer and money printing will need to rise. Central banks are currently focused on inflation, but markets are looking through the short-term impacts (Chart 1) and are increasingly more concerned with lower growth.

Chart 1 – Inflation swap rates are seeing short term and transitory inflation (2024-2025)



Source: Bloomberg, Luke Kawa – Sherwood

Digital assets should do well with this backdrop, with prices in the second half of April sniffing out a potential turning point. If the US can complete trade deals or it relaxes its strategy, while central banks proactively step in to fill Trump's growth air pocket, duration assets will outperform.

While we have been calling (incorrectly) for lower inflation for a while, much of the data we see suggests that it is finally upon us. Everything from crude oil to rental markets seems to suggest that disinflation is real. Again, a very positive backdrop for digital asset markets.

We continue to look for and invest in a portfolio of digital assets with a premium product-market fit, great teams with solid track records, and valuations that we can defend. While it has been a volatile few months in digital asset markets, it is good to see things turn quickly with a changing backdrop.

In summary, macroeconomic data points are now poor enough for many to consider shifting their views on global rates moving forward. It is becoming blatantly obvious that central banks are offsides if the slowdown that is upon us is real. While the US Federal Reserve needs to navigate the short-term potential impact from tariffs, its dual mandate is becoming more relevant. For this reason, we believe we are finally at a turning point in the macro outlook such that duration assets like digital assets are finally the place to see outperformance.

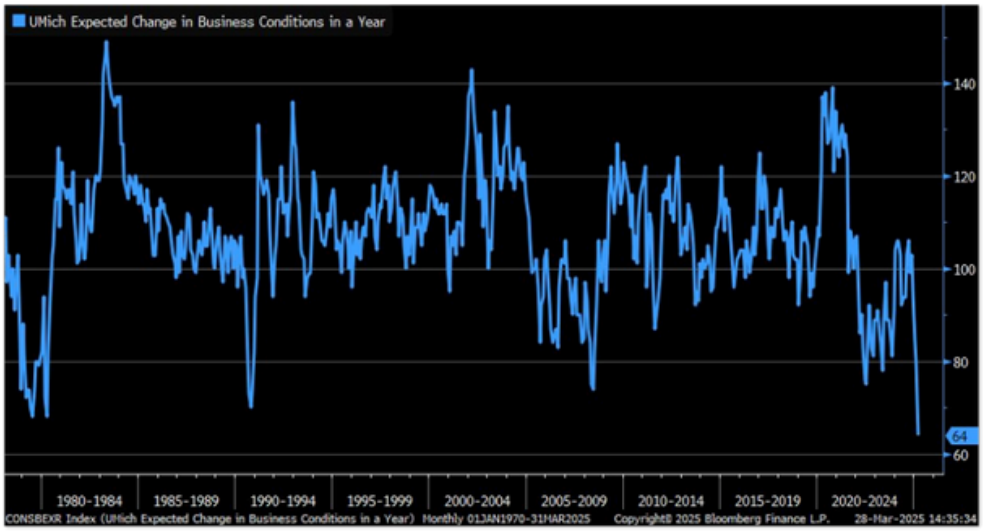
US consumers are under considerable pressure right now. Households are as concerned as they have ever been about their future financial situation. This is a Trump unforced error, as communication and execution of his Make America Great Strategy has been lacking (Chart 2).

Chart 2 – UMich Expected Change in Financial Situation in a Year (1980-2024)

Source: @LizAnnSonders

Consumer expectations for business conditions also tanked in March to lowest on record per the University of Michigan's sentiment survey (Chart 3).

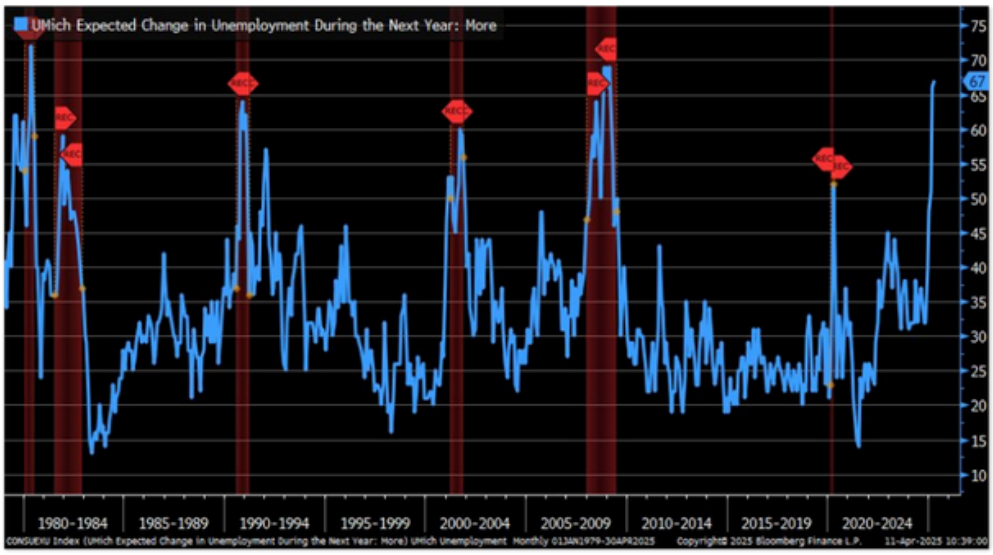
Chart 3 – UMich Expected Change in Business Conditions in a Year (1980-2024)



Source: Bloomberg, @LizAnnSonders

Consumers also feel negative about their employment situation, with 67% expecting a change in unemployment in the year ahead (which is the fifth consecutive increase and highest since 2009) (Chart 4).

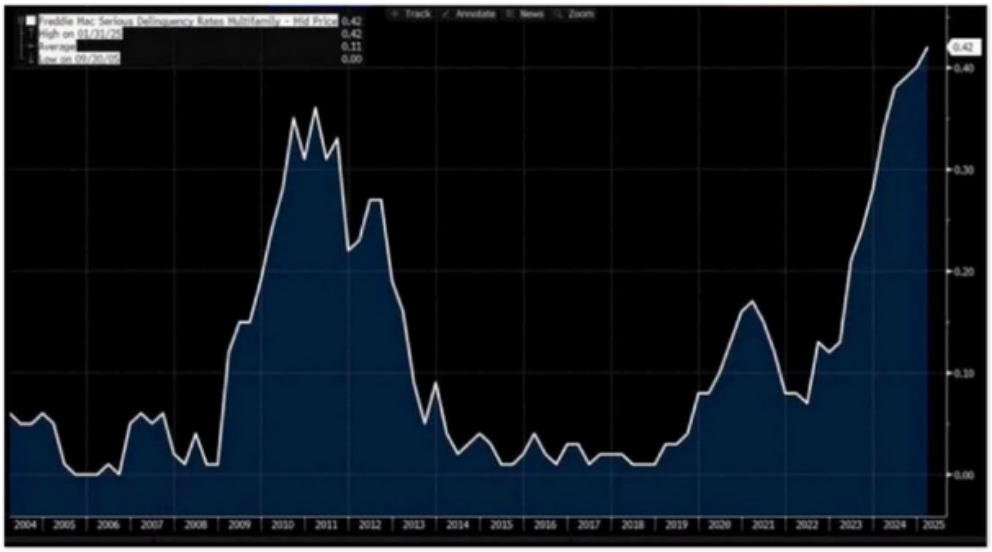
Chart 4 – UMich Expected Change in Unemployment During the New Year (1980-2024)



Source: @LizAnnSonders

Consumer sentiment is also being increasingly impacted by mortgage stress, as fixed term interest rate resets start to roll over, pushing 6.1 million Americans behind on their mortgage payments (the highest in 20+ years) (Chart 5).

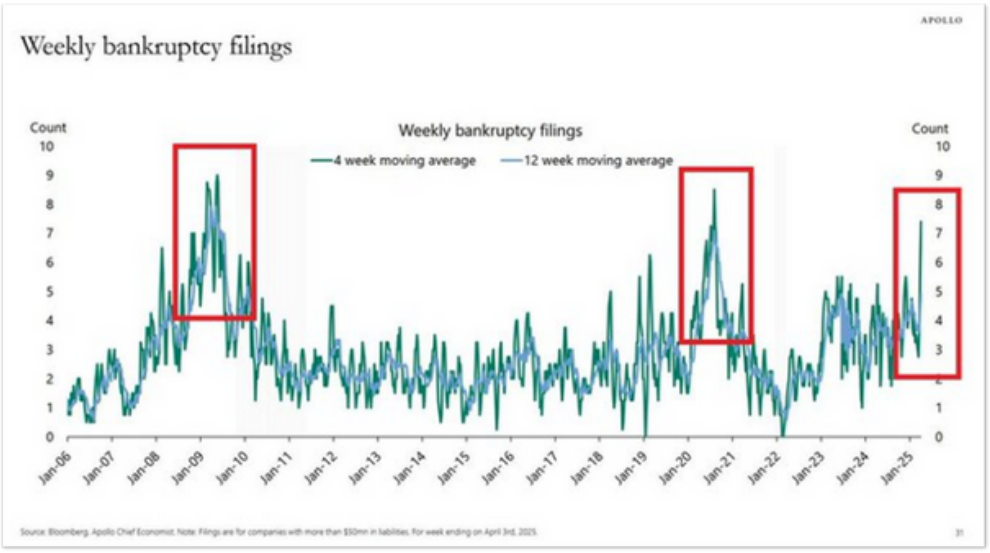
Chart 5 – Freddie Mac Seroius Delinquency Rates (2004-2025)



Source: @TaraBull808

Consumer expectations regarding employment are being dictated by rising US company bankruptcies, which are approaching the same levels as seen in Covid and the GFC (Chart 6).

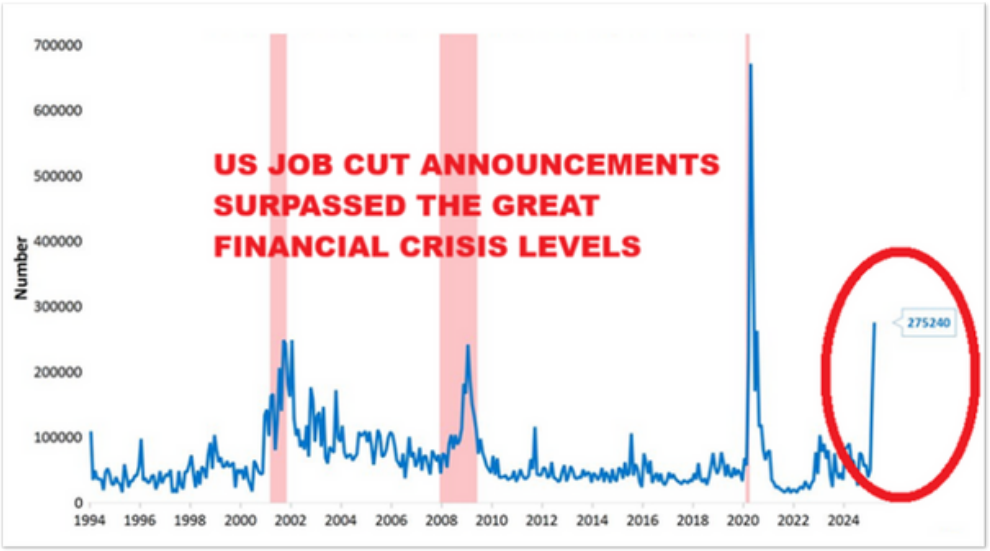
Chart 6 – Weekly bankruptcy Filings (2006-2025)



Source: @GlobalMktObserv

Business stress has resulted in rising US job cut announcements, reaching levels that have surpassed the financial crises (Chart 7).

Chart 7 – Challenger, Gray and Christmas Job Cuts By Industry (1994-2024)



Source: Doubleline, Challenger, Macrobond, @GlobalMktObserv

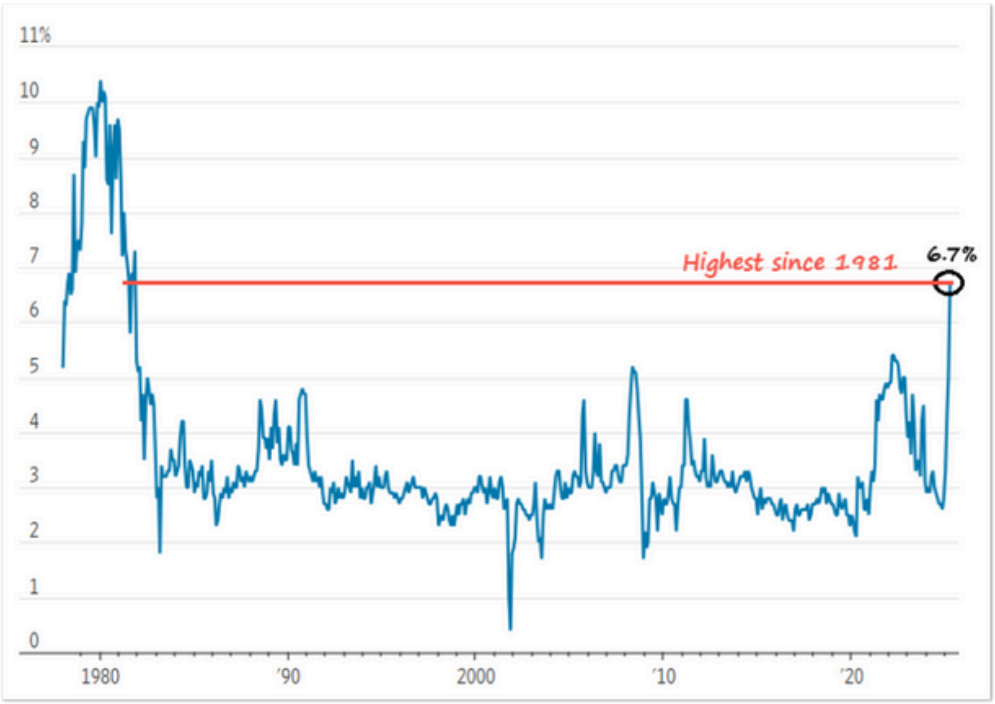
Bank of America's global fund manager survey expectations for a recession have risen to the fourth highest level in the past 20 years (Chart 8).

Chart 8 – Recession Expectations Rise to 4th Highest Level in Past 20 Years (2006-2026)

Source: BofA Global Fund Manager Survey, @MikeZaccardi

It is very likely that much of the negativity is driven by US inflation expectations, which have spiked to 6.7%, the highest level since 1981 (Chart 9).

Chart 9 – Twelve-month Inflation Expectations (1980-2020)



Source: University of Michigan, LSEG, @charliebilello

Higher inflation expectations are flowing through into an expectation of higher for longer Federal Reserve policy, despite US Super core CPI being down sharply (Chart 10).

Chart 10 – US Bloomberg BLS CPI Core Services Less Shelter YoY (2015-2025)

Source: @LizAnnSonders

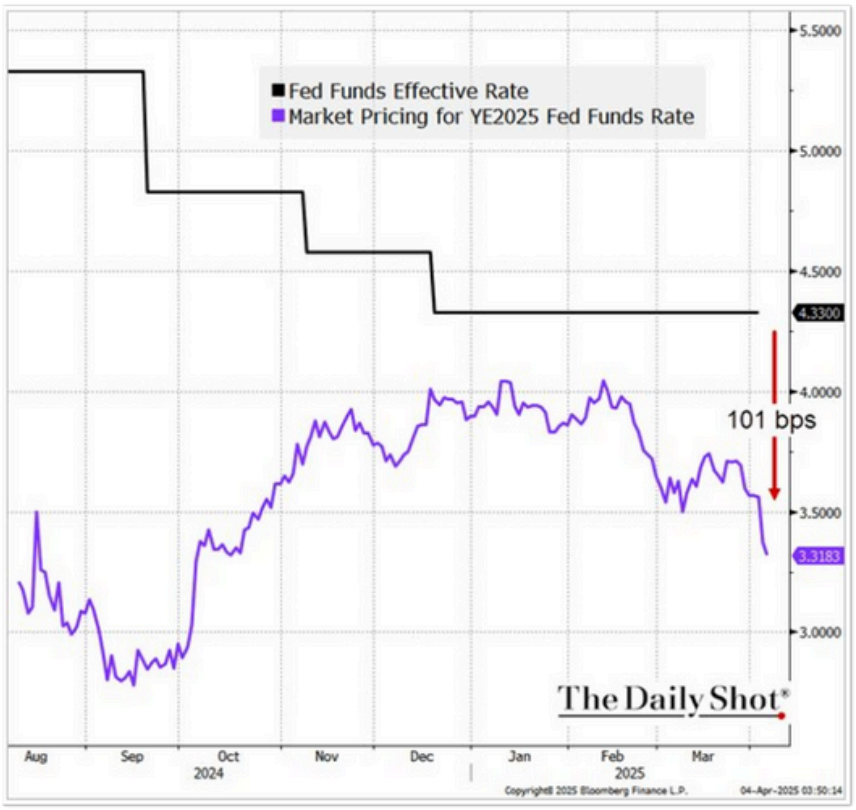
While everyone is panicked about higher inflation, we continue to believe lower inflation is on the horizon. The ISM inventory divided by orders ratio is supportive of a second quarter slowdown and a decline in input prices (Chart 11).

Chart 11 – Orders to Inventory ratio LEAD prices by 3 months (2000-2026)

Source: @AndreasSteno, Bloomberg, and Macrobond

While markets are pricing in four Fed rate cuts this year, we believe this accelerates quickly should lower inflation data be seen post the implementation of tariffs (Chart 12).

Chart 12 – Financial markets are expecting looser Federal Reserve policy (2024-2025)



Source: TheDailyShot.com, @SoberLook

It is worth pointing out that digital asset markets (including the ex-BTC/ETH markets) were at cycle highs at the start of 2024 when markets had priced in six fed rate cuts in 2024. The setup today is wildly different, and things turn quickly in the space. If we are right, then Chart 13 is a potential path we are on as we move through the rest of 2025.

Chart 13 – Global M2 money Supply Versus Bitcoin Prices (2024-2025)

Source: @ColinTCrypto

After three brutal months to start 2025, crypto has a heartbeat.

Figure 1 – Self explanatory

Source: Google

While the alt coin market has come alive since mid-April, largely on the back of a 90-day pause in tariffs, is money returning to alt coins? Sort of.

Two metrics we regularly monitor are USDT dominance, which measures the overall value of the largest stable coin, Tether, versus the rest of the crypto complex, and centralized exchange volumes.

Money has moved out of stables and into tokens after bottoming in mid-January at 3.75%, rising to 6.20% in mid-April, and is now sitting at 5.10% (Chart 14).

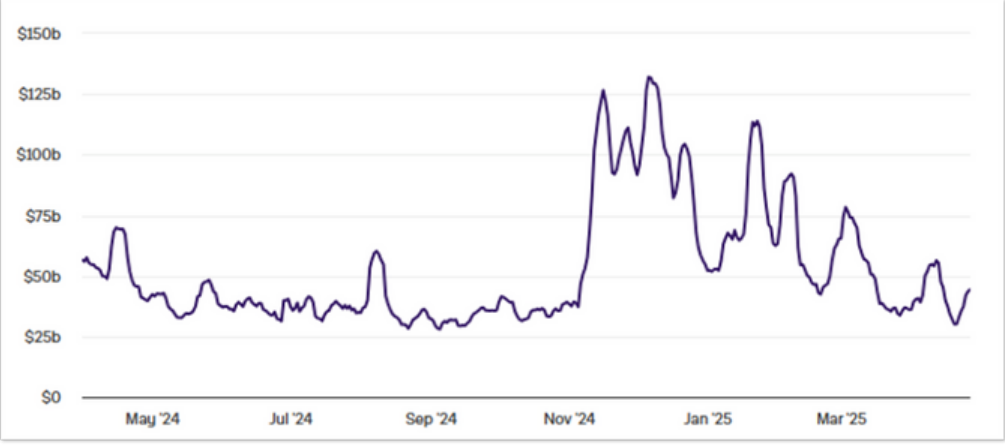
Chart 14 – USDT Dominance (1/1/2024 – 4/29/2025)

Source: Tradingview

This doesn't necessarily equal new money, but investors taking a more risk on approach. This is evidenced by sectors like memes and AI agents outperforming less riskier ones like decentralized physical infrastructure (DePIN) or real world assets (RWA).

In terms of exchange volume, it's off the mid-April lows of $30bn to $45bn but is still down significantly from the December 6, 2024 peak of $132bn.

Chart 15 – Centralized Exchange Volumes (LTM)



Source: theblock.co

Even with a jump in prices since mid-April, tokens are still down substantially in 2025. Figure 2 measures the top 20 alt coins by market cap, which are naturally less volatile than smaller cap tokens. The group of large cap tokens is down 24% on average in the first four months of 2025. Smaller cap tokens are down significantly more.

Figure 2 – Top 20 token performance (January 1, 2025 – April 29, 2025)

Rank	Token	Price (1/1/2025)	Price (4/29/2025)	Gain/(Loss)
1	Ethereum	3,332.40	1,799.64	(46.0%)
2	XRP	2.08	2.29	10.1%
3	BNB	700.98	605.84	(13.6%)
4	Solana	189.26	148.05	(21.8%)
5	Dogecoin	0.32	0.18	(43.2%)
6	Cardano	0.84	0.71	(16.4%)
7	TRON	0.25	0.25	(2.0%)
8	Sui	4.12	3.54	(14.0%)
9	Chainlink	20.00	15.11	(24.5%)
10	Avalanche	35.69	21.90	(38.6%)
11	Stellar	0.33	0.28	(14.4%)
12	Toncoin	5.49	3.28	(40.3%)
13	Shiba Inu	0.00	0.00	(34.8%)
14	Hedera	0.27	0.19	(29.1%)
15	Polkadot	6.63	4.29	(35.3%)
16	Hyperliquid	24.65	18.95	(23.1%)
17	Bitget Token	5.96	4.42	(25.9%)
18	Monero	193.39	266.97	38.0%
19	Pepe	0.20	0.06	(70.4%)
20	Aptos	8.70	5.65	(35.1%)
			Average	**(24.0%)**

Source: Coinmarketcap; Note: excludes Bitcoin, Bitcoin Cash and Litecoin and stablecoins

While there has been a selective recovery, Ethereum, the alt coin bellwether, remains down on the month. This is the fifth month in a row that Ethereum has lost value, marking the second longest losing streak since its launch 10 years ago.

Figure 3 – Ethereum monthly returns

ETH | Daily returns(%) | Weekly returns(%) | Monthly returns(%) | Quarterly returns(%)

Time	January	February	March	April	May	June	July	August	September	October	November	December
2025	-1.28%	-31.95%	-18.69%	-1.37%								
2024	-0.13%	+46.28%	+9.33%	-17.29%	+24.65%	-8.68%	-5.88%	-22.21%	+3.56%	-3.4%	+47.21%	-9.75%
2023	+32.44%	+1.26%	+13.46%	+2.71%	+0.16%	+3.29%	-3.99%	-11.3%	+1.46%	+8.69%	+13.01%	+11.31%
2022	-26.89%	+8.78%	+12.2%	-16.88%	-28.84%	-44.79%	+56.62%	-7.33%	-14.49%	+18.39%	-17.67%	-7.6%
2021	+78.51%	+8.41%	+34.74%	+44.29%	-2.31%	-15.9%	+11.14%	+35.62%	-12.55%	+42.92%	+8.04%	-20.61%
2020	+39.28%	+21.01%	-38.98%	+55.04%	+12.21%	-2.42%	+53.54%	+25.32%	-17.08%	+7.22%	+59.45%	+19.46%
2019	-20.23%	+27.22%	+4.05%	+18.58%	+56.65%	+8.86%	-24.77%	-21.31%	+5.72%	+0.53%	-16.67%	-15.09%
2018	+52.01%	-24%	-53.79%	+70.29%	-13.96%	-21.34%	-4.82%	-34.79%	-17.32%	-14.71%	-42.79%	+19.68%
2017	+31.92%	+48.09%	+214.11%	+67.77%	+161.43%	+26.19%	-27.29%	+92.86%	-21.65%	+0.08%	+42.32%	+70.54%
2016			+10.58%	-23.18%	+61.95%	-12.18%	-4.83%	-1.74%	+14.53%	-16.83%	-21.95%	-6.32%
Average	+20.63%	+11.68%	+18.70%	+20.00%	+30.22%	-7.44%	+5.52%	+6.12%	-6.42%	+4.77%	+7.88%	+6.85%
Median	+31.92%	+8.78%	+9.96%	+10.64%	+12.21%	-8.68%	-4.82%	-7.33%	-12.55%	+0.53%	+8.04%	-6.32%

Source: Coinglass

Many market participants believe there is no alt season until Ethereum reverses course, notably when compared to Bitcoin. In other words, when Bitcoin dominance begins to fall. That has yet to happen. Bitcoin dominance is sitting at its highest level since January 2021.

Chart 16 – Bitcoin Dominance

Source: Tradingview

Is this time different and a new bellwether emerges? Like Solana? Seems unlikely today given that the majority of project development is still on Ethereum or Ethereum Layer-2s and most tokens with actual utility have launched on Ethereum. And the fact is outside Bitcoin ETFs, Ethereum offers the only other spot ETF. It's also worth noting Ethereum still has a 3x larger market cap than Solana.

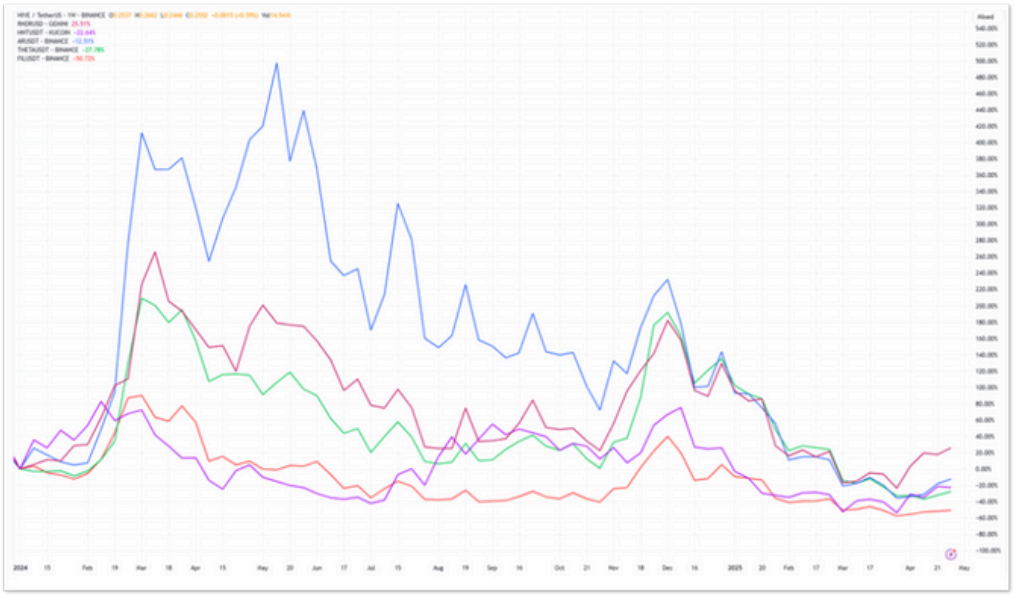
As noted above, many small caps have fared poorly in 2025. Take the AI agent sector. Larger caps like Virtuals Protocol (VIRTUAL), which reached $4.50 in early January, dropped to $0.40 in mid-April, recovering to $1.48 on April 29, but is still down 58% on the year.

Chart 17 – Leading AI Agent Token Price Performance (YTD 2025)

Source: Tradingview; Note: includes FAI (Green), CLANKER (Maroon), VIRTUAL (Blue), GRIFFAIN (Purple), AI16Z (Orange), ZEREBRO (Red)

The recovery has also been selective with memes leading the charge. Consider decentralized physical infrastructure. DePIN tokens, who garnered attention in early 2024 as a real-world use case, have yet to recover from the trouncing dating back to March 2024. We believe this presents an opportunity.

Chart 18 – Leading DePIN tokens price performance (January 1, 2024 – April 29, 2025)



Source: Tradingview; Note: includes RENDER (Maroon), AR (Blue), HNT (Purple), THETA (Green), FIL (Red)

The chart that continues to make its way around social media is Real Vision's Global M2 versus the Bitcoin Price with a lag. Same story and likely same outcome…with increased liquidity comes increased crypto prices. Pretty hard to ignore the correlations.

Chart 19 – Global M2 w/ 12-week lead (Black) vs Bitcoin (Red)

Source: GMI; RealVision.

It was also time for analysts and investors to pump the sectors' tyres as interest picked up.

Bernstein analysts claimed Bitcoin will soon hit new highs as corporate accumulation and ETF 'supply squeeze' intensifies while forecasting a cycle peak of $200,000 by the end of 2025, $500,000 by the end of 2029 and $1 million by the end of 2033, with intermittent one-year bear markets.

Standard Chartered analysts predicted a new Bitcoin all-time high of $120,000 in Q2 2025, fueled by strategic reallocation away from U.S. assets and maintaining a $200,000 year-end 2025 price target.

Meanwhile, Cathy Wood's Ark Invest upped their Bitcoin price bull case to $2.4 million by 2030.

Nothing wrong with a little hopium considering the current chaotic macro backdrop.

News we found of interest during the month of April is below:

- Decentralized wifi network Helium (HNT) is collaborating with AT&T to bring its community-built Wi-Fi network to the telecom subscribers with AT&T subscribers now 'automatically connecting' to nearby Helium hotspots through a new commercial agreement.
- CompoSecure, Baanx, and MetaMask announced the launch of the MetaMask metal payment card, which will debut worldwide in 2Q 2025. The card will let users pay directly from their self-custody MetaMask wallets without needing to preload, convert crypto into fiat, or rely on centralized exchanges with all transactions authorized via smart contracts in under five seconds on the Linea network.
- Fidelity launched a crypto-focused IRA letting investors trade in Bitcoin, Ether and Litecoin.
- Mastercard announced a partnership with partnering with cryptocurrency exchange OKX to release a card, Mastercard said it is working closely with stablecoin issuers Circle and Paxos to enable merchants to receive payments in stablecoins.
- PayPal and Coinbase announced a partnership to eliminate trading fees on PYUSD in a bid to boost adoption.
- The U.S. Federal Reserve withdrew its guidance on crypto and stablecoin activities that previously discouraged banks from participating.
- Crypto firms Circle and BitGo plan to apply for U.S. bank charters or licenses, with Coinbase and Paxos reportedly considering following suit, as the U.S. Congress considers legislation that would require stablecoin issuers to be licensed.
- Stripe announced that they are building a new stablecoin-based product using Bridge, the stablecoin services business they acquired in October 2024 for $1.1 billion.
- Ubisoft announced a partnership with blockchain-gaming studio Immutable (IMX) to release a new mobile title based on the popular "Might and Magic."

- Tether, Softbank and Cantor Fitzgerald launched a new firm called Twenty One Capital that is focused on buying Bitcoin.
- Lawmakers in Arizona passed a bill allowing the state treasurer and retirement system to invest up to 10% of available funds in digital assets, sending it to the governor's desk for approval.
- Following a multi-year legal dispute, the Federal Court of Australia ruled that Block Earner's crypto-backed "Earner" product did not violate local financial regulations, granting the company's appeal to dismiss charges brought by Australian Securities and Investments Commission (ASIC) and ordering the regulator to cover all legal expenses.

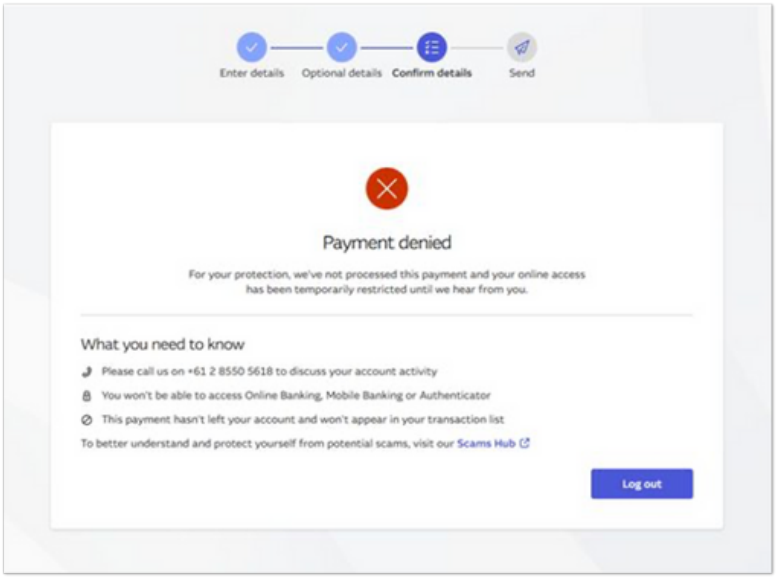
There was little movement on the regulatory front this month. One regulatory item we did think was worth highlighting was Oregon's Attorney General Dan Rayfield filing a securities enforcement action against Coinbase, mimicking federal charges that were brought under the Biden administration over a year ago but dropped in early 2025. What a waste of taxpayers' money and the courts' time.

On a related note, many Aussies have heard stories or experienced themselves of banks blocking or severely limiting fiat deposits to crypto accounts. We've both had it happen multiple times over the years. But figured it had improved recently given banks and politicians are supposedly embracing the special interest group. I (Mark) was wrong. It hasn't improved but has actually gotten worse.

Today I tried to deposit fiat from my personal bank account to our friends at Independent Reserve before adding it to our Vikara Capital fund. 😊

After the bank blocked the initial transaction and in turn locked my account for "security reasons" rendering all my accounts frozen, I received an email to contact the fraud department. I did and after nearly 45 minutes a customer service representative came on the line and we went through the litany of verifications and crypto specific disclosures and asked that I please review the Money Smart website. I complied like a good little sheep and thought it would then be approved. Again, I was wrong. I tried the same transaction several hours later and once again it was blocked and my account was frozen once again. This time an hour and 10 minutes on the phone. And we spin round and round. Need to try a third time before month end to make the NAV cut deadline. Fingers crossed.

Figure 4 – Want to invest in crypto, do not pass go



Source: personal bank account

Now I have deposited money to the Independent Reserve linked account on multiple occasions previously, not without dramas, but the point is that there is no fraud as evidenced by multiple prior transactions.

So what gives and how does this change? This is clearly intentional. But who's driving it? The big 4 + 1 banks? Politicians? Both? Likely the latter.

The fact is that this type of experience is terrible for those of us trying to build a crypto business but would undoubtedly leave a poor taste in the mouths of potential market participants. Some who will just say it's all too hard. Maybe that's the goal after all.

Last but not least, we had the opportunity to have a discussion with our friend Dan Schmerin, founder of Metaversal on their Reimagine Ownership Podcast this month. It was a fun and hopefully insightful conversation. We'll share it once it has been published.

Contact Us

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Vikara, in Sanskrit, describes the process of change. Its definition is constantly evolving, changing with economic cycles, technology, and geopolitics. It is a transformation of thought or logic, a modification in the direction of travel, an alteration in action or participation. It is one thing to want change, but another to drive it. We believe in a world where commerce doesn't need intermediaries. Where people are paid directly for content, time, and effort. Where privacy, data and free speech is given, not something to opt-in for.

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