# Crypto Update: Another Bull Cycle Heating Up

*By BFI Capital Group*

***Over the last few years, we have seen deep uncertainties and fluctuations in global currency markets. Geopolitical developments, ongoing risks and conflicts, as well as extremely worrying economic and monetary trends have been driving investors to seek refuge in alternative assets. Gold has benefited massively from this generalized turbulence, but cryptocurrencies have also emerged as a compelling contender, with Bitcoin in particular seeing impressive gains and capturing the attention of retail and institutional investors alike.***

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## *The rise and rise of Bitcoin*

Bitcoin, the poster child of the crypto sector and the world's largest crypto asset by market capitalization, has been on a tear so far this year. It has climbed nearly 32% and even though its price chart is famously volatile historically, if one zooms out and looks at its trajectory since mid-2022, it pretty much looks like a straight line "to the moon", as crypto investors like to say.

This latest surge to record highs certainly seems to have a lot of fuel behind it, or as Ben Kurland, CEO at crypto research and trading platform DYOR, told CNBC: "Momentum this strong rarely burns out instantly, but it also tends to draw in latecomers who can fuel volatility. Right now, the story is less about euphoria and more about validation. Crypto is graduating from 'alternative' to 'essential' in the global portfolio mix."

The impressive rise this year has largely been attributed to a number of long-sought regulatory victories for the entire crypto sector following President Donald Trump's return to the White House. Trump has repeatedly called himself the "crypto president" and has made several promises to bring crypto even more into the mainstream since his campaign trail. In fact, both he and his family have made a series of ventures into the sector themselves over the past year, from launching their own coins to publicly promoting crypto strategies.

The biggest boon to Bitcoin though came in the beginning of August, when the US President signed an order directing regulators to expand access to alternative investments in 401(k) plans. This executive order is aimed at making it easier for bitcoin, crypto in general, and other alternative assets such as private equity and real estate to be included in 401(k) retirement accounts. With 401(k)'s holding a combined $12.2 trillion, it opens up previously untouched pools of funding for firms in those fields.

Nevertheless, the good news for the digital asset sector doesn't stop there. Just a month ago, President Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act into law, which was the first major federal stablecoin legislation in the nation's history and which finally brings some regulatory clarity to the rapidly growing industry. According to the World Economic Forum, "stablecoins have quickly become one of the most closely watched topics among global financial institutions and governments. Their usage and impact are growing rapidly, increasing 28% since this time last year, with transaction volumes surpassing that of Visa and Mastercard combined in 2024. However, fewer than 10 major economies around the world have adopted stablecoin-specific legislation”.

In a nutshell, the GENIUS Act limits stablecoin issuance to insured depository institutions, e.g., banks, credit unions, subsidiaries of banks and nonbank financial institutions that receive approval from the Federal Reserve. The Act also demands that issuers must hold 1:1 reserves for any stablecoins issued, with the reserves to be held in physical currency, US treasury bills, repurchase agreements, and other low-risk assets approved by regulators. Perhaps most importantly, the Act also makes it obligatory for issuers to comply with the Bank Secrecy Act and to adhere to the existing rules against money laundering (AML) and the financing of terrorism (CFT). The US President has claimed that this bill “is going to make America the UNDISPUTED Leader in Digital Assets” and even though the Act concerns stablecoins alone, it did have a positive impact on Bitcoin and other crypto assets too, since it was seen by many as setting a precedent for broader crypto regulation and legitimization.

Indeed, within the same week in July, Donald Trump also signed the CLARITY Act outlining the jurisdiction between the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) and whether digital assets fall under the classification of securities, commodities, or stablecoins. And he issued the Anti-CBDC Surveillance State Act which prohibits the Federal Reserve from issuing or implementing a CBDC. All these legislative and regulatory steps are certainly painting a bullish picture for all digital assets, and the market is obviously liking what it is seeing.

### *The bigger picture*

Putting aside recent developments, it is very important to keep in mind the bigger investment case for Bitcoin and for crypto in general. Since its inception, Bitcoin, much like physical gold, has been seen as hedge against government overreach, against the inherent weaknesses of not just the USD, but all fiat currencies, and against the many dangers that come with centralized systems, both financial and monetary.

In this light, it can be argued that there has never been a better time for investors and savers to protect themselves against all these risks and we can safely assume that despite the institutional adoption and the “bandwagon” crowd that jumps on every trend, there are many individual crypto investors that recognize these fundamental advantages too.

Even though the sector has grown by leaps and bounds over the past decade, not only in terms of market size but also in terms of mainstream trust and mass adoption, it is important to remember that the crypto industry is still in its adolescence (if not nascence) if comparing it to traditional asset classes and especially compared to precious metals. It is therefore to be expected that volatility will persist for quite some time, thereby making it a less than an ideal core investment for those seeking long-term value preservation or for ordinary savers. Gold and silver are clearly better suited for those goals.

However, crypto does hold great promise for the future and it should not be underestimated. As regulatory clarity grows and as fiat currencies continue to erode and lose their value over time, decentralized currencies could provide much-needed solutions, perhaps sooner than many may think.

**BFI Capital Group Inc.**
Bahnhofstrasse 29
CH-6300 Zug
Switzerland
Tel. +41 41 712 2710
Fax +41 41 712 2711
info@bficapital.com

**www.bficapital.com**