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## Crypto Market Sees \$1B in Bullish Losses Amid M2 Spike, Trump's Call for Rate Cuts

July 25, 2025

– Categories: *Crypto*



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The cryptocurrency market has suffered a significant setback this week, with over \$1 billion in bullish positions liquidated. This market disruption comes as the United States (US) M2 money supply hits an all-time high and President Donald Trump renews his push for interest rate cuts. The combined effect of inflationary concerns and a cooling market has triggered widespread liquidations and stalled expected momentum in the altcoin space.

Data from analytics platform CoinGlass revealed that in the last three days, more than \$1.23 billion in long positions bets anticipating price increases were wiped out, while bearish

short positions accounted for just \$280 million in losses. In the past 24 hours alone, liquidations totaled \$727 million, with \$581 million of that coming from bullish trades. The total cryptocurrency market capitalization currently stands at roughly \$3.75 trillion, down by nearly 3% this week.

On a broader economic front, the US M2 money supply, an economic measure that includes cash, checking deposits, savings, and other near-liquid assets, climbed to a record \$22.02 trillion as of June. Since the Federal Reserve tapered quantitative easing in May 2022, liquidity has been steadily increasing. While such a rise typically supports risk assets like Bitcoin (BTC), it also signals potential inflationary pressures. With the current inflation rate at 2.7%, above the Federal Reserve's long-term target of 2%, there are growing concerns over the weakening purchasing power of the US Dollar (USD).

In this context, Bitcoin, the largest digital asset by market capitalization at \$2.3 trillion, is increasingly seen as a hedge against monetary instability. Several institutional investors and corporations have continued to increase their holdings of Bitcoin, framing it as "digital gold" amid economic uncertainty. President Donald Trump's visit to the Federal Reserve Building on Thursday added further weight to the discussion. During the visit, which included Chairman Jerome Powell and Senator Tim Scott, Trump commented on the extensive renovation costs but took the opportunity to call for immediate interest rate cuts. "Our country is doing very well and can afford just about anything," he remarked, while urging the Fed to "LOWER INTEREST RATES!"

The Federal Open Market Committee (FOMC) has projected two rate cuts in 2025, totaling 50 basis points. Lower interest rates tend to encourage risk-taking and investment in speculative assets by increasing available liquidity. If implemented, these cuts could serve as a tailwind for the digital asset space, particularly for Bitcoin and other major cryptocurrencies.

Despite the market's recent pullback, the combination of increasing liquidity, elevated inflation, and Trump's advocacy for looser monetary policy suggests a potential pivot in investor sentiment. The crypto market may yet rebound, especially if economic conditions continue to favor alternative stores of value.