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Crypto Markets Reel from £922M Liquidations

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Global cryptocurrency markets experienced sharp volatility on 1 August, with liquidations totaling £922 million following hawkish macroeconomic signals. The sudden market movement reduced total crypto open interest from £88 billion to £79 billion, marking a significant drop in market leverage.

Altcoins took the heaviest losses during the sell-off, as traders exited higher-risk positions in favor of more established assets. Bitcoin's market dominance climbed to 62.5%, reflecting a widespread shift toward perceived quality and stability. Analysts note that

Bitcoin's resilience during such corrections often leads to increased allocation from institutional and retail participants seeking safer exposure within the sector.

Corporate treasury strategies also continued to evolve, with publicly listed companies such as MicroStrategy (MSTR) increasing their cryptocurrency holdings. In addition to Bitcoin, firms are incorporating assets like Ethereum and XRP into their balance sheets. This approach currently operates in a relatively light regulatory environment, as these holdings are classified as intangible assets under existing accounting frameworks, avoiding certain reporting obligations that may be applied to other financial instruments.

Over-the-counter (OTC) trading desks reported subdued activity despite the market turbulence. Market participants cited ongoing volatility and uncertainty as reasons for maintaining a cautious stance, with flows remaining modest compared to previous high-volume trading periods.

The recent market shift comes amid a busy global economic calendar that may further influence crypto prices in the coming days:

- Thursday, 7 Aug 2025, 9:30 AM (SGT) Australia Balance of Trade (Consensus: A\$3.25 billion)
- Thursday, 7 Aug 2025, 11:00 AM (SGT) China Balance of Trade (Consensus: \$103.4 billion)
- Saturday, 9 Aug 2025, 9:30 AM (SGT) China Inflation Rate YoY (Consensus: -0.1%)
- Tuesday, 12 Aug 2025, 12:30 PM (SGT) Australia RBA Interest Rate Decision (Consensus: 3.6%)

Analysts suggest that upcoming trade and inflation data from China could have notable implications for both global risk assets and cryptocurrency markets, given the country's influence on commodity flows and investor sentiment. Meanwhile, the Reserve Bank of Australia's interest rate decision will be closely monitored for signs of tightening or easing, which could impact regional liquidity conditions.

Bitcoin's growing share of the market reflects investor preference for assets with deeper liquidity and established infrastructure during times of uncertainty. While altcoins often see larger price swings, their lack of comparable adoption and institutional presence makes them more vulnerable to sharp sell-offs in periods of macroeconomic stress.

The combination of macroeconomic uncertainty, shifting investor risk appetite, and evolving corporate adoption strategies underscores the increasingly complex dynamics driving cryptocurrency markets. With regulatory developments, monetary policy shifts, and corporate balance sheet decisions all playing a role, traders and institutions alike face a challenging environment to navigate.

As market leverage resets and capital reallocates toward perceived safe havens within the digital asset space, upcoming economic data releases may determine whether this consolidation phase continues or gives way to renewed volatility.