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## Crypto Stocks React to GENIUS Act as Earnings Season Nears

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Crypto stocks are undergoing noticeable shifts following the passage of the Generating Evolving and Novel Innovations for the U.S. (GENIUS) Act, with analysts issuing mixed outlooks ahead of major second-quarter earnings releases from key industry players.

The GENIUS Act, a newly signed law focused on stablecoins and digital innovation, has triggered a recalibration in market sentiment. Compass Point Research downgraded Circle’s

stock (CRCL) from a neutral stance to a sell rating, citing overvaluation concerns and growing pressure from traditional banking institutions and financial technology (fintech) competitors. According to analysts Ed Engel and Abdullah Dilawar, the firm's stock had already experienced a pre-emptive rally, with a predicted "sell-the-news" downturn now materialising. Their revised target price for CRCL dropped from \$205 to \$130, reflecting reduced long-term expectations in market share and profitability margins.

Circle's estimated \$53 billion market cap had suggested a sustained 25% share of the stablecoin space with 30% earnings before interest, taxes, depreciation, and amortisation (EBITDA) margins. However, the new projection assumes more conservative figures, 15% market share and 20% EBITDA. With Circle scheduled to report second-quarter earnings on August 12, investors are expected to watch closely for any signs of strength or strategic shifts in light of the legislative changes.

Meanwhile, Galaxy Digital (GLXY) has received more favourable attention. Jefferies initiated coverage of the company with a buy rating and a \$35 price target. The firm praised Galaxy for its integrated digital asset services, noting it is well-positioned to capitalise on institutional demand. Jefferies analysts believe the GENIUS Act may open new doors in stablecoin-related services, including custodial partnerships and potential issuance roles. They also noted that the forthcoming CLARITY Act could further broaden Galaxy's revenue base by encouraging institutional adoption.

In addition to its financial services, Galaxy derives a substantial portion of its enterprise value from its data infrastructure. The company owns the Helios mining facility, acquired from Argo Blockchain in 2022, and currently hosts CoreWeave's artificial intelligence and high-performance computing operations there.

As the industry awaits earnings from other major players, Coinbase (COIN) is also in focus. Compass Point recently raised its price target from \$195 to \$330. Despite the improved outlook, analysts maintained a neutral stance, citing competitive headwinds from decentralised platforms and U.S.-based exchange-traded funds (ETFs). Coinbase is expected to report second-quarter earnings on July 31.

With regulatory frameworks taking shape and companies preparing to disclose earnings, the digital asset market is bracing for a volatile but potentially transformative quarter. Institutional players and seasoned investors alike are keeping a watchful eye on the evolving landscape to determine where long-term value will emerge.

