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Bitcoin Plummets on Powell's Hawkish Stance

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– Categories: *Crypto*



Bitcoin prices dropped below \$116,000 on Wednesday following Federal Reserve Chair Jerome Powell's press conference, where he reinforced a cautious approach to future interest rate policy. The decline, which amounted to approximately 2 to 3 percent from recent levels above \$119,000, came amid renewed market volatility across digital asset classes.

During the Federal Open Market Committee (FOMC) press briefing, Powell emphasized the persistence of inflation, particularly in the services sector. His remarks signaled that interest rates may remain elevated for longer than previously expected. This reinforced investor concerns about tighter financial conditions and weighed on high-risk assets, including cryptocurrencies.

Following the comments, the U.S. dollar index strengthened by 1.2 percent, a development that tends to pressure dollar-denominated assets like Bitcoin. Traders reacted swiftly, with CoinGlass data showing more than \$580 million in total leveraged liquidations across the crypto market over a 24-hour period. Of that, roughly \$140 million came from Bitcoin long positions. This surge in liquidations contributed to accelerated price declines across several major tokens, including Ethereum and Solana.

Despite the downturn, Bitcoin's trading volume remained high, with overall crypto spot and derivatives markets experiencing elevated activity. While exact figures for Bitcoin-specific volume vary, Binance and other major exchanges reported significant increases in transaction activity on key trading pairs. However, previously mentioned numbers such as a \$42 billion Bitcoin trading volume were not substantiated by current exchange data.

There is also no confirmed data to support claims that Bitcoin's 90-day correlation to traditional risk assets has reached 0.78. Analysts agree that Bitcoin has become increasingly sensitive to macroeconomic policy, especially as more institutional capital has entered the space since 2020, but no recent figures matching that correlation level have been independently verified.

Similarly, reports suggesting a surge in put option demand at the \$110,000 support level or that market makers widened spreads temporarily remain unverified. While the market did experience some volatility, there is no reliable order book data to confirm changes in spread behavior or derivatives flow tied to that price level.

The price action this week highlights the broader trend of cryptocurrencies reacting more directly to traditional economic policy signals. Although Bitcoin's long-term growth outlook remains favorable among many investors, the current correction reflects its growing integration into global financial markets. As central banks continue to weigh inflation risks against growth, digital assets like Bitcoin may face continued sensitivity to macro policy shifts.



Investors are advised to monitor economic indicators and Federal Reserve guidance closely in the coming weeks to assess the sustainability of the current trend.