OpenVoiceNews Australia

Transparent. Unbiased. Yours.

Fed Holds Rates Steady Amid Internal Dissent

July 30, 2025
— Categories: Crypto

Bitcoin prices fell sharply on Wednesday, dropping below $116,000 after Federal Reserve Chair Jerome Powell delivered remarks signaling that interest rates may remain elevated for longer than markets anticipated. The downturn, which marked a 7 percent intraday decline, erased gains from the previous week and reflected broader market recalibrations following the central bank's latest policy update.

The Federal Open Market Committee (FOMC) voted to keep interest rates unchanged at 5.25 to 5.50 percent. However, Powell's press conference highlighted continued concern over persistent inflation, particularly within the services sector. He stated that the Fed is looking for more evidence that inflation is sustainably on track toward its 2 percent target before it considers cutting rates. This cautious tone surprised some market participants, triggering volatility across asset classes, including cryptocurrencies.

Bitcoin's price drop coincided with a broader selloff in digital assets. According to data from Coinglass, over $500 million in leveraged crypto positions were liquidated during the session, indicating heightened stress in the derivatives market. The majority of liquidations occurred on long positions, as traders were caught off-guard by the shift in sentiment.

The U.S. Dollar Index, which tracks the dollar's performance against a basket of major currencies, rose by approximately 1.2 percent following Powell's comments. A stronger dollar tends to pressure dollar-denominated assets like Bitcoin, making them more expensive for international buyers.

Analysts from Bloomberg and CoinDesk noted that Bitcoin's price movements increasingly mirror those of traditional risk assets, such as stocks. Data from Kaiko, a crypto market analytics firm, showed Bitcoin's 90-day correlation with the S&P 500 reached 0.78, the highest level since early 2024. This elevated correlation suggests that institutional investors now view Bitcoin as part of a broader macro portfolio rather than a standalone speculative asset.

Trading volume on major crypto exchanges surged to $42 billion during the selloff, driven in part by algorithmic trading strategies that amplified downward momentum. While liquidity temporarily thinned during peak volatility, market depth recovered later in the day. Market makers widened bid-ask spreads but remained active, signaling that institutional participation remains robust despite the downturn.

Options markets also showed signs of defensive positioning. Demand for put options increased at the $110,000 strike price, indicating that some traders are preparing for further downside risks.