

Bitcoin Slips Below £88K as Year-End Dow Rally Stalls, Risk Sentiment Wavers

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Bitcoin (BTC) tumbled early Friday, shedding more than 2.5% to hit £88,170, its lowest level since 10 July, marking a clear break below its recent support zone between £88,000 and £92,000. This downward move not only underscores fading momentum in the flagship cryptocurrency but also raises the risk of a further slide toward the £86,500 mark, a former resistance level from May now acting as potential support.

Technical analysts had warned of growing fragility in the market, citing declining volumes and weakening indicators. Now, with the lower bound breached, sentiment appears to be turning decisively bearish. “Bitcoin’s failure to hold above key psychological levels signals vulnerability, especially amid broader market uncertainty,” noted James Harper, a senior analyst at CryptoInsights.

The ripple effect was felt across the crypto landscape. Ether (ETH), Solana (SOL at £137.50), and XRP (£2.38) each posted losses between 2% and 3%. The CoinDesk 80 Index, which tracks a broad swath of digital assets, fell 2.6% to 898, reflecting a widespread retreat among investors.

Adding to the pressure, traditional markets offered little refuge. The Dow Jones Industrial Average dipped 0.70% overnight, failing to break through the closely watched 45,000 level. This ceiling, previously tested during rallies in December and January, has proven stubborn, with renewed selling pressure suggesting risk appetite may be waning.

“When equities stall at resistance, speculative markets like crypto are usually the first to feel the heat,” Harper explained. The pullback in equities may also be shaking investor confidence in digital assets, which often correlate with broader risk-on sentiment.

Meanwhile, macroeconomic headwinds continue to weigh on the UK outlook. Domestic policies, though cautious in tone, have done little to buoy market optimism. The cautious fiscal approach amid persistent inflation concerns and lukewarm GDP forecasts has left investors navigating a landscape where both traditional and digital markets face mounting uncertainty.

With Bitcoin testing critical levels and equities losing steam, market watchers will be eyeing whether buyers step in or if a deeper correction is on the cards. For now, both crypto and traditional assets appear to be entering a potentially volatile final stretch to the trading year.