

OpenVoiceNews Pakistan

Transparent. Unbiased. Yours.

Stablecoin Minting Surges but Movement Stalls: Is Crypto Liquidity Fading?

July 29, 2025

– Categories: *Crypto*



Despite a surge in stablecoin minting, with market capitalization reaching \$235 billion, their sluggish movement signals potential liquidity concerns in the crypto market. This article explores the trend and the need for practical solutions to maintain market vitality.

Stablecoins, cryptocurrencies pegged to assets like the U.S. dollar, have seen explosive growth, with Tether (USDT) minting \$3 billion in July 2025 alone, per OneSafe Blog. Yet, posts on X, like @lavneetwtf, highlight a drop in velocity, noting stablecoins are being held rather than spent, locked in yield farms, or sidelined by lower decentralized finance (DeFi)

activity. The Gallup survey from June 2025 found that only 14% of U.S. adults own crypto, with 60% uninterested, citing high risk, which dampens market engagement. This stagnation, coupled with a stablecoin market cap growth of just 0.56% in early 2025, per Glassnode, suggests liquidity isn't flowing as freely as minting volumes imply.

The issue stems partly from structural inefficiencies. Stablecoins like USDT and USD Coin (USDC) dominate, holding 90% of the market, but their liquidity is fragmented across chains like Ethereum and TRON, as @xrhay_ noted on X. This limits DeFi protocols' access to fluid capital. Regulatory hurdles, such as Europe's Markets in Crypto-Assets (MiCA) rules banning algorithmic stablecoins, further constrain innovation, per Investopedia. Centralized exchanges and market makers prioritize profitable assets, leaving non-USD stablecoins underutilized, as Michael Egorov of Curve Finance told CoinDesk. Federal regulations, often slow and overly cautious, exacerbate these bottlenecks, stifling market dynamism.

To counter this, local and private-sector solutions are critical. States like Wyoming have pioneered crypto-friendly laws, and firms like Stripe, with its \$1.1 billion acquisition of Bridge, are building cross-chain liquidity solutions. Expanding collateral options beyond U.S. Treasuries, as suggested by a16z crypto, could diversify stablecoin backing and boost confidence. The crypto market needs streamlined, community-driven approaches, think decentralized clearinghouses or tokenized assets, to ensure liquidity keeps pace with minting. Without action, stablecoins risk becoming dormant reserves, undermining crypto's promise as a vibrant financial ecosystem.