

2025 crypto midyear outlook

Factors to watch in the second half of 2025.



Key takeaways

Bitcoin broke out of its multi-month slump and made a new all-time high.

Ethereum's performance, stablecoin adoption, and new developments on the regulatory front are among the key factors to watch in the second half of 2025.

Crypto investors should keep in mind the possibility that the current crypto bull market may be entering its final phase.

After making a new all-time high at \$109,300 in late January, bitcoin weathered a rough several months. In early April, its price had fallen over 30% from that all-time high, plunging to \$74,400. But in May, it recovered its losses and made a new all-time high during a powerful rally that has crypto investors hopeful again.

How long might the bullish sentiment last? Let's explore this, and several other key topics to watch as we head into the second half of the year.

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Where might bitcoin's price be headed next?

Over the last few months, tariff tensions and geopolitical uncertainty have weighed heavily on the crypto markets, dragging the bull market into a multi-month pullback.

But now, with bitcoin having reached a new all-time high and altcoins showing bullish momentum, many crypto investors may be feeling more optimistic than they had been just a couple months ago. Nevertheless, amidst the excitement, Chris Kuiper, Vice President of Research, Fidelity

Digital Assets®, thinks it's possible the current cycle may be entering either its final phase, or a new era of longer and less extreme cycles.

"Fidelity Digital Assets research shows bitcoin is still likely in a bull market," says Kuiper. "However, our research on price phases also shows that we may be in the final phase of the bull market—what we call the 'acceleration phase.' This phase has historically been characterized by increased volatility and a final price surge. But as always, past performance is no guarantee of future results, and the current cycle may play out differently than the past."

As has often been the case, macro environmental factors—including Fed and government monetary policy—could continue to be among the major influences on bitcoin and crypto prices. However, Kuiper also believes another influential factor may emerge heading into the second half of 2025: corporate adoption.

"I personally thought, at the beginning of this year, that nation-state adoption and national strategic reserve implementation were going to be the most influential factors on crypto prices," he says. "However, I now believe we may see more impact from corporate adoption, as the number of public companies adopting a bitcoin treasury strategy has gone from only 1 to over 75 in a very short period of time, with many more announcing similar plans."

Additionally, it may be worth keeping an eye on news regarding strategic crypto reserves. While the announcement of the much-anticipated US strategic bitcoin reserve came and went without much impact on bitcoin's price, recent news suggests more countries are considering establishing crypto reserves. If this happens, it may increase demand on a larger scale and provide another potential catalyst for bitcoin's price.

Will stablecoin adoption continue to climb?

In the first half of 2025, advancing stablecoin regulations was a priority for the Trump administration. [Stablecoin](#) supporters both within and outside the administration think this class of cryptocurrencies will play a key role in the future of finance.

"Fidelity Labs believes stablecoins have the potential to be the backbone of not just domestic but also global transfer of money," says Parth Gargava, Managing Director, Fidelity Labs. "Right now, when you try to move money, it takes around 3 days for a simple bank transfer. You might be paying 6% in remittance fees. With stablecoins, you get that huge efficiency boost, as transactions can be completed in minutes." Though it's also worth noting that using stablecoins comes with its [own set of risks](#).

Gargava notes that the transaction volume for stablecoins in 2024 was greater than that of Visa and Mastercard combined (a statistic reported by crypto exchange CEX.IO), and thinks the use cases may continue to grow.

"Think about large institutions that use stablecoins for wholesale settlements. I think you'll see some of that trickle into retail applications as well for day-to-day transactions," says Gargava. "I believe eventually, many more retail merchants will potentially be able to settle transactions in stablecoins."

Of course, much of this potential hinges on whether key stablecoin legislation passes. The GENIUS Act, which establishes clear regulatory guidelines for stablecoins, is currently still being debated in the Senate.

What's going on with ethereum?

So far throughout this cycle, the second-largest cryptocurrency by market cap has lagged relative to bitcoin and many other altcoins. While bitcoin has notched new all-time highs throughout this cycle, [ethereum](#) has yet to break its November 2021 all-time high of \$4,867. In mid-May, its price was trading roughly around \$2,500.

Nevertheless, the overall sentiment may be changing. Later in May, ethereum suddenly found momentum and has since outperformed bitcoin in terms of percentage gain. "As we've seen over the past month, ethereum moves quickly in both directions. It just recently reclaimed its 2024 lows after a dramatic downswing to start the year, and its realized volatility has been in a consistent uptrend since mid-2024," says Fidelity Digital Assets Research Analyst Max Wadington. "I think it's very possible we could see continued strength into the back half of 2025."

Wadington also believes growing interest in stablecoins could also impact price, as the Ethereum network has been a prominent hub for stablecoin operations. "We've seen a slew of news from corporations looking to integrate with Ethereum, specifically through stablecoins, which could benefit Ethereum and other platforms," says Wadington. "With that said, the GENIUS Act's approval will be key to realizing this potential."

Another hot topic among crypto investors is whether ethereum's price may have topped for this cycle. Despite positive momentum from the [Pectra](#) upgrade and excitement around stablecoins, Wadington advocates a level-headed perspective.

"Making a new high this cycle would require price to go up roughly 60% from \$2,500, roughly the average price as of mid-May. While this certainly isn't out of the question, asking for another 60% move after just reclaiming its 2024 lows seems optimistic. Other blockchains are likely to benefit from stablecoin trends too, which could divide the total upside across multiple networks, instead of just Ethereum."

Updates on the regulatory front

The development that has made the most progress has been the aforementioned GENIUS Act, which would establish clear regulatory guidelines for stablecoins. While it wasn't approved when the Senate held its first vote in early May, a second vote is expected in the near future. Investors should keep a close eye on its progress, as its fate may have implications for future crypto bills.

Also in early May, the House Financial Services Committee and the House Committee on Agriculture introduced a new discussion draft on a digital asset market structure bill. The bill would provide a clearer regulatory framework and define jurisdictional lines between the SEC and CFTC for digital assets.

Once the draft is finalized, it will need to be approved in both the House and Senate before it becomes law. However, given it’s still in draft form, we’re likely still months away from any kind of formal progress.

Elsewhere, new SEC chair Paul Atkins delivered a speech in May that reiterated intentions to establish a clear regulatory framework for digital assets. Atkins tagged the goal as a “key priority” for his chairmanship and outlined an agenda for the SEC’s role. The intention to create new rules tailored for digital assets marks a departure from the previous SEC chair’s philosophy, which often used existing securities laws to regulate the crypto industry.

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