



crypto.com

Market Update

December 2025

Research and Insights

Crypto.com Research and Insights Team

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Executive Summary

- **Overall Market Performance:** December saw mixed performance across asset classes, with gains in gold and emerging markets offset by weakness in crypto and select real assets. US equities were broadly flat for the month with the S&P 500 edging down slightly by -0.1%. Gold gained 2.2%. BTC declined -2.7%, while ETH fell -0.7%.
- **G20 Macro Environment:** December saw continued emphasis on monetary policy uncertainty and the trajectory of interest rate cuts among major central banks. Global trade continued to grow in the second half of 2025 while the US delayed tariff increases on certain imports.
- **Crypto Market Dynamics:** All DeFi categories decreased in December. BTC ETFs drew US\$1.1 billion in net outflows, ETH ETFs drew \$616 million in net outflows, XRP ETFs saw \$500 million in net inflows and SOL ETFs
- **Crypto Regulatory Developments:** The US Commodity Futures Trading Commission (CFTC) approved spot crypto trading directly on CFTC-registered exchanges. The European Union's crypto tax reporting directive, DAC8, took effect on 1 January 2026. The European Central Bank (ECB) completed technical preparations for a digital euro. The UK Treasury is expected to implement crypto rules, effective from 2027, that would bring crypto firms under the supervision of the Financial Conduct Authority (FCA).
- **Equity Market Trends:** The US stock market saw mixed price changes in December (S&P 500 -0.1%, Dow Jones +0.7%), driven by Federal Reserve (Fed) rate cuts and thin holiday trading volumes. European indices gained, lifted by banks and cyclicals. Asian equity markets closed out December with broadly positive momentum, except for Hong Kong and India.
- **New Developments in Crypto and TradFi:** Yorkville Acquisition Corp. (Nasdaq: MCGA) confidentially submitted a draft registration statement on Form S-4 with the US Securities and Exchange Commission (SEC) as part of its proposed business combination with affiliates of Trump Media & Technology Group Corp. (DJT) and Crypto.com. Crypto.com's CEO joined the CFTC CEO Innovation Council. Meanwhile, JPMorgan is considering expanding crypto trading services for institutional clients.
- **Outlook on Key Projects and Tokens:** Cronos Labs introduced Cronos One, a unified onboarding hub. Ethereum activated the Fusaka upgrade on its mainnet on 3 December. Tether is considering tokenising its stocks to enhance investor liquidity. Uniswap passed its UNification governance proposal, which involves activating protocol fees and burning UNI tokens.

1. Overview

December saw mixed performance across asset classes, with gains in gold and emerging markets offset by weakness in crypto, real estate, and commodities. US equities were broadly flat for the month: the S&P 500 edged down slightly by -0.1%, while the Nasdaq Composite declined -0.5%. Gold continued to outperform, rising +2.2% in December and reinforcing its role as a key beneficiary of macro uncertainty.

Crypto assets lagged traditional markets. BTC declined -2.7%, while ETH fell -0.7%, capping a challenging quarter for digital assets. Overall market sentiment continued to be shaped by uncertainty around the Fed's rate outlook, valuation concerns across risk assets, and evolving macroeconomic data heading into year-end.

Assets	Dec	Q1	Q2	Q3	Q4	YTD
BTC	-2.7%	-11.9%	28.4%	9.2%	-18.3%	-4.5%
ETH	-0.7%	-45.9%	12.0%	66.5%	-32.3%	-11.6%
S&P 500	-0.1%	-4.6%	4.2%	12.7%	6.0%	16.4%
Nasdaq Composite	-0.5%	-10.4%	8.1%	17.8%	8.3%	20.4%
MSCI World Index	0.7%	-2.1%	6.8%	11.5%	6.1%	19.5%
MSCI Emerging Markets	2.7%	2.3%	11.4%	16.3%	10.9%	30.5%
Gold	2.2%	17.4%	15.8%	17.1%	21.7%	61.5%
FTSE EPRA Nareit Global Real Estate Index	-2.2%	-3.1%	-10.4%	0.2%	-0.5%	-4.5%
Bloomberg Commodity Index	-0.7%	7.7%	-1.3%	4.6%	6.7%	11.1%
Bloomberg Global Aggregate Bond Index	-0.1%	-0.7%	1.2%	0.6%	1.7%	1.5%

1.1 Macro of the G20 Economies

December saw continued emphasis on monetary policy uncertainty and the trajectory of interest rate cuts among major central banks. Central bank policies diverged. Global trade continued to grow in the second half of 2025, while the US delayed tariff increases on certain imports.

Inflation and Monetary Policy

The **US Fed** reduced its policy rate by 25 basis points while signalling a slower pace ahead, with the dot plot of officials' rate cut expectations showing just one cut in 2026 and another in 2027. US GDP grew by 4.3% in the third quarter, well above the 3.2% expected by economists polled by Dow Jones. **Europe**, **Australia**, and **Canada** kept interest rates unchanged, while the **UK** cut interest

rates by 25 basis points to 3.75%. **Japan** raised interest rates by 25 basis points to 0.75%, and its government approved a record ¥122.3 trillion (US\$783 billion) budget, earmarking bond issuance of ¥29.5 trillion.

Trade and External Pressures

Global trade continued to grow in the second half of 2025 and is expected to grow 7% year-on-year, exceeding \$35 trillion for the first time, according to UNCTAD's [Global Trade Update](#) in December. Tariff policy remained a key influence on markets: the US delayed tariff increases on certain imports, including furniture and cabinets, and postponed potential semiconductor tariffs on China until 2027, reflecting ongoing negotiations and strategic recalibration.

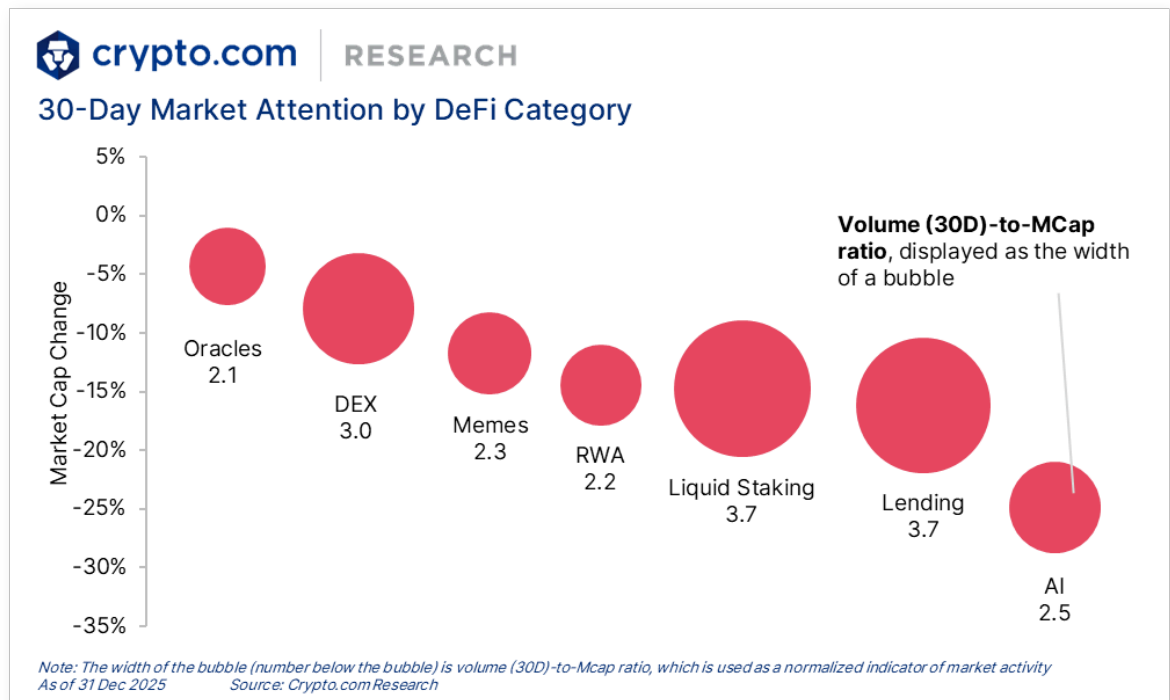
Outlook

The Organisation for Economic Co-operation and Development (OECD) [projected](#) global GDP growth of 3.2% in 2025, stating that the economy has proven more resilient than expected, supported by macroeconomic policies and AI-related investments. However, downside risks remain, including labour market weakness, trade tariffs, and the potential repricing of financial markets.

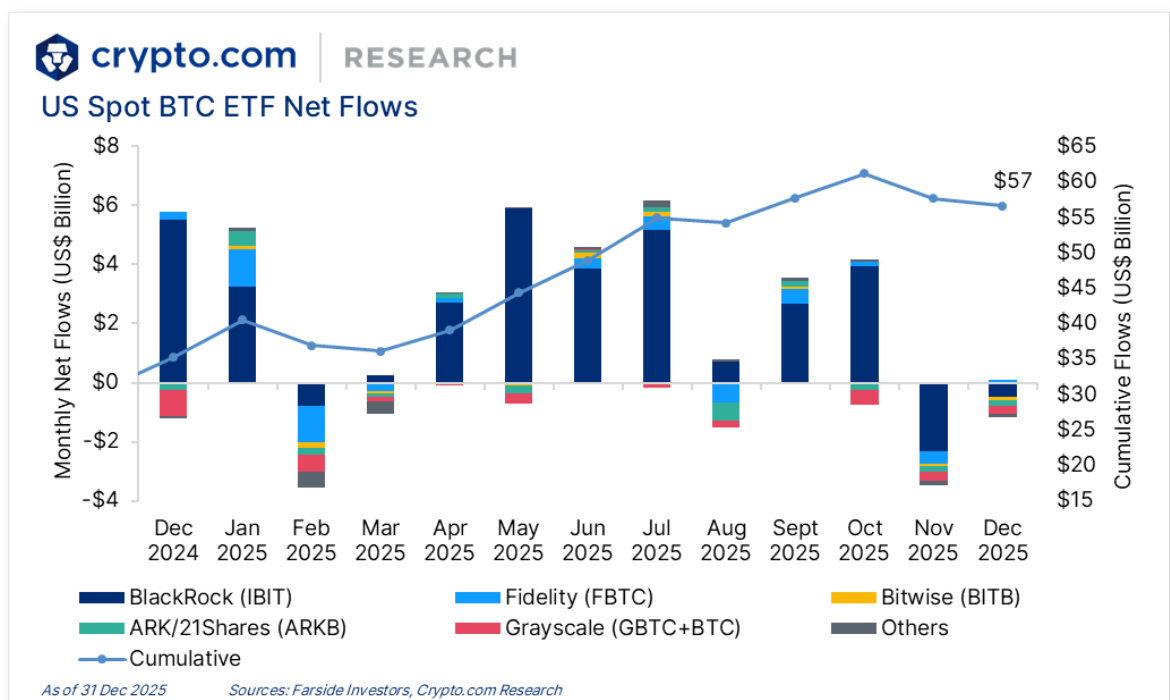
1.2 Crypto Market

All DeFi categories decreased in December. AI and Lending categories led the market capitalisation (MC) decline.

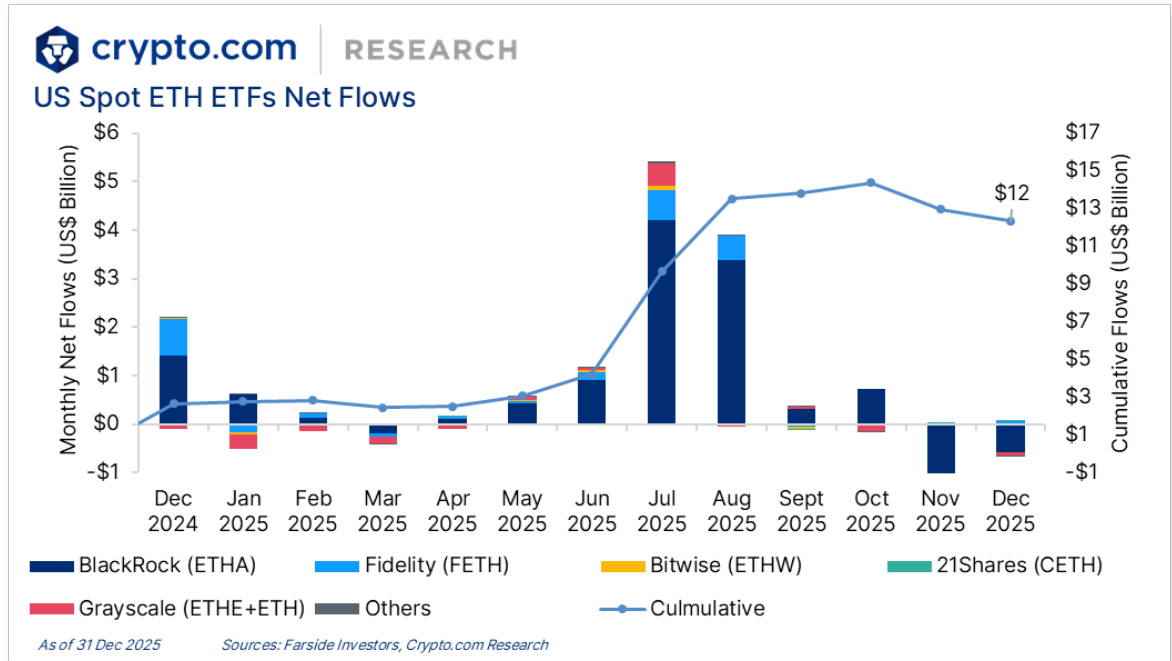
The AI decline was led by Fetch.ai and Internet Computer, both dropping 29%. This downturn happened amid growing discussion about whether the AI industry is becoming overheated. The Lending decline was led by Euler (-29%) and Morpho (-23%), coinciding with a broader risk-off sentiment in crypto.



US spot BTC ETFs recorded a net outflow of \$1.1 billion in December, lower than the \$3.4 billion in November. Additionally, assets under management (AUM) for BTC and ETH ETFs increased by 0.8% and 3.3%, respectively, in December.



In December, spot ETH ETFs saw a net outflow of \$616 million, lower than the \$1.4 billion in November.



1.3 Crypto Regulation Updates

Country	Crypto Regulatory Updates
United States	<ul style="list-style-type: none"> • Depository Trust & Clearing Corporation (DTCC) was authorised to launch a blockchain-based securities service. It is expected to roll out in 2026 on an approved blockchain for three years, and cover assets including Russell 1000, major index ETFs, and US Treasury bills. • The US Commodity Futures Trading Commission (CFTC) approved spot crypto trading directly on CFTC-registered exchanges, following engagement with the US SEC and President's Working Group on Digital Asset Markets. • SEC Chair Paul Atkins announced that an 'innovation exemption' for crypto firms is expected to be released in the next month. This will allow an easier path for companies to launch on-chain products. • The US Securities and Exchange Commission (SEC) released staff statements related to brokers' crypto custody and alternative trading systems (ATSS) for crypto. This includes guidance on how firms should hold the assets and protect private keys. • The Federal Deposit Insurance Corporation (FDIC) proposed a first official rule for stablecoin issuers under the GENIUS Act to govern the application process for stablecoin issuers. • The US SEC's Office of Investor Education and Assistance issued crypto asset custody guidance for retail investors, outlining wallet types, custody methods, and crypto storage. • The Office of the Comptroller of the Currency (OCC) clarified that national banks may facilitate riskless principal crypto transactions without holding the assets on their balance sheets, expanding the range of activities that national banks may offer.
China	<ul style="list-style-type: none"> • Hong Kong regulators are targeting completion of proposals to regulate virtual asset dealers and custodians in 2026. This follows a consultation held from June to August to gather comments on establishing the licensing framework. • Hong Kong's government opened consultation on crypto tax reporting under the international Crypto-Asset Reporting Framework (CARF). This aims to promote international tax cooperation and reduce tax evasion.
European Union	<ul style="list-style-type: none"> • The EU's crypto tax reporting directive, DAC8, took effect on 1 January 2026, and will require digital asset service providers to report information on users and transactions to national tax authorities, which will be shared across EU member states. • The European Central Bank (ECB) finished technical preparations for a digital euro and will await decisions from the

	<p>European Council and European Parliament. It also plans to make on-chain settlement in central bank money possible in 2026.</p> <ul style="list-style-type: none"> • The European Commission is considering transferring individual countries' crypto oversight to the European Securities and Markets Authority (ESMA). The proposal would centralise supervision and address discrepancies.
Japan	<ul style="list-style-type: none"> • Japan's Financial Services Agency (FSA) plans to shift crypto oversight from the Payment Services Act (PSA) to the Financial Instruments and Exchange Act (FIEA). This will strengthen disclosure requirements for initial exchange offerings and token sales. • Japan's government plans to introduce a flat 20% tax on crypto gains starting in 2026, replacing the current progressive tax structure on traditional securities.
United Kingdom	<ul style="list-style-type: none"> • The UK Treasury is expected to implement crypto rules, effective from 2027, that would bring crypto firms under the supervision of the Financial Conduct Authority (FCA). • UK's Financial Conduct Authority (FCA) put pound-denominated stablecoin payments on its 2026 growth agenda. This includes setting up a regulatory sandbox for companies to pilot stablecoin solutions. • The UK passed a bill recognising digital assets as property. The law confirms that digital assets have the same legal status as property, enabling clearer treatment for protection, inheritance, and recovery claims. • The UK is evaluating a ban on crypto donations to political parties. Reform UK was the first party to accept crypto donations in the year.
Argentina	<ul style="list-style-type: none"> • Central Bank of Argentina is considering lifting the ban on banks to offer crypto services by April 2026.

1.4 Equity Market

US equities ended December with muted and mixed returns, reflecting a combination of year-end positioning and evolving Fed expectations. S&P 500 and Dow Jones hit record highs as the 'Santa rally' reached Wall Street, though the former retraced to end the month slightly lower, while Dow Jones advanced modestly. Nasdaq Composite lagged slightly, pressured by technology and growth-oriented stocks. Investors balanced optimism from resilient earnings with caution over valuations and monetary policy signals.

S&P 500	-0.05%
Dow Jones	+0.73%
Nasdaq Composite	-0.53%

Key Drivers of the US Stock Market:

- Fed Rate Cut:** Markets closely monitored Fed messaging following its December decision to cut rates by 25 basis points, with the dot plot of officials' rate cut expectations showing just one cut in 2026 and another in 2027.
- Earnings Expectations:** Data analytics firm [LSEG](#) expects S&P 500 companies to boost earnings by up to 15.5% in 2026, up from 13.2% in 2025. This earnings-led optimism contributed to overall market resilience despite mixed sector performance.
- Year-End and Seasonal Effects:** Thin holiday trading amplified moves in both directions. Mid-to-late December saw modest gains in some sectors, reflecting seasonal 'Santa rally' dynamics, while volatility remained contained.
- Sector Rotation:** Utilities was the worst-performing sector in the month (-5.1%). Financials (+3.1%) and Materials (+2.2%) led the monthly gains.

Europe

European equity markets saw more positive momentum through the month, with all major indices seeing gains in December. UK's FTSE ended the year with the best annual gains since 2009, while the STOXX 600 recorded its best annual run since 2021.

Europe	EURO STOXX 50	+2.17%
Europe	STOXX Europe 600	+2.73%
UK	FTSE	+2.17%

Germany	DAX	+2.74%
France	CAC	+0.33%

Primary Market Drivers:

European markets were lifted by banks and cyclicals, supported by stable monetary policy and resilient earnings. The European Central Bank kept interest rates unchanged in the month. Eurosystem staff macroeconomic projections suggested the region's economy remained resilient, with real GDP growth expected to be 1.2% in 2026 and 1.4% in 2027, revised up over the projection period compared to September 2025. Inflation is also projected to decrease to 1.9% in 2026, below the medium-term target of 2%.

Sector Rotation: Banks and Materials sectors were among the notable outperformers in the month, contributing to broad market strength. Rising precious metal prices benefited mining companies and helped lift cyclicals.

Asia

Asian equity markets closed out December with broadly positive momentum, except for Hong Kong and India, supported by hopes for policy support and continued regional outperformance of semiconductor stocks.

China	CSI 300	+2.28%
Hong Kong	HSI	-0.88%
India	Sensex	-0.57%
	Nifty 50	-0.28%
Japan	Nikkei 225	+0.17%
South Korea	KOSPI	+7.32%
Singapore	STI	+2.70%
Australia	ASX 200	+1.74%

China

Chinese markets increased in December, supported by President Xi pledge to continue [fiscal expansion](#) and monetary easing in 2026. The Chinese yuan appreciated to its highest level against the US dollar since 2023, reaching 7.0 CNY per USD. Material stocks outperformed for the year, reflecting global commodity strength.

Japan

Japan's Nikkei 225 also edged slightly higher, ending the year above 50,000 for the first time. Japan's government [approved](#) a record ¥122.3 trillion (US\$783

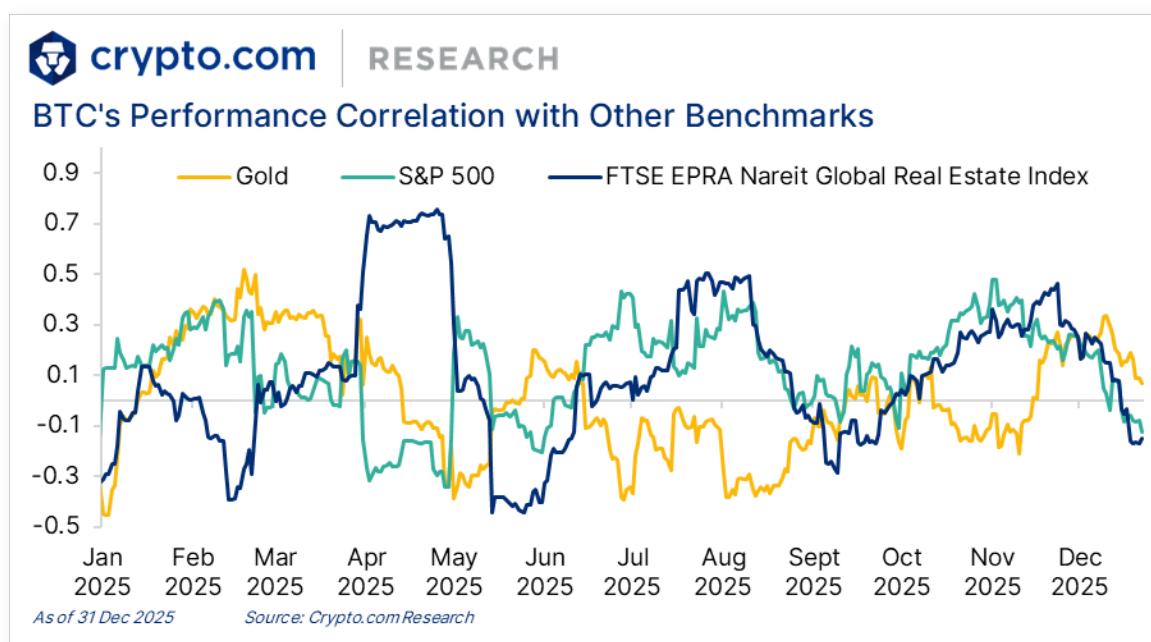
billion) budget, earmarking bond issuance of ¥29.5 trillion. The Bank of Japan raised interest rates by 25 basis points to 0.75%.

South Korea

South Korea's KOSPI outperformed sharply, ending the year with the strongest performance among major equity benchmarks. This was supported by continued inflows into semiconductor and defence stocks.

1.5 Performance Correlation

BTC's rolling 30-day return correlation turned negative with S&P 500 and FTSE EPRA Nareit Global Real Estate Index, and decreased with Gold.



2. New Developments

2.1 Crypto.com News

- **Yorkville Acquisition Corp. (Nasdaq: MCGA)** confidentially [submitted a draft registration statement on Form S-4](#) with the US SEC as part of its proposed business combination with affiliates of **Trump Media & Technology Group Corp. (DJT)** and **Crypto.com**. This combination aims to establish Trump Media Group CRO Strategy, Inc., a digital asset treasury company focused on acquiring CRO, the native token of the

Cronos ecosystem.

- The **US CFTC** added industry executives, including crypto-sector CEOs such as Crypto.com's CEO, to its [CEO Innovation Council](#).
- **Crypto.com** and **21Shares** partnered to [bring investment products tracking the CRO token](#) to market. These include a CRO private trust and an ETF, marking a significant step in broadening regulated access to the Cronos ecosystem.
- **Cronos Labs** introduced [Cronos One, a unified onboarding hub](#). The platform consolidates bridging, topping up the Crypto.com Card directly from a non-custodial wallet, and completing on-chain verification. Additionally, Cronos Labs names Ryan Wyatt as CEO, and will be bringing on a Chief Product Officer and a Head of Business Development and Partnerships.
- **Crypto.com** strengthened its [fiat payment capabilities](#) with **DBS Bank**, Southeast Asia's largest bank by assets. Crypto.com users in Singapore can now deposit SGD and USD, facilitated by DBS.
- **Crypto.com** partnered with **DMCC**, the international business district that drives the flow of global trade through Dubai, to [advance commodities tokenisation](#). Crypto.com entered into other partnerships in UAE, including with [e& money](#) to explore trade execution, **LuLu Financial Holdings (LuLuFin)** to [develop regulated digital asset capabilities](#), and **Sirius International Holding** to explore an [integration of ADI Chain](#).
- **Crypto.com | Derivatives North America (CDNA)** collaborated with **ERShares** and **Signal Markets** to launch a [global prediction market intelligence platform](#).
- **Fanatics** partnered with **Crypto.com** to [launch Fanatics Market](#), a prediction market platform that allows users to trade contracts across sports, finance, economics, and politics.

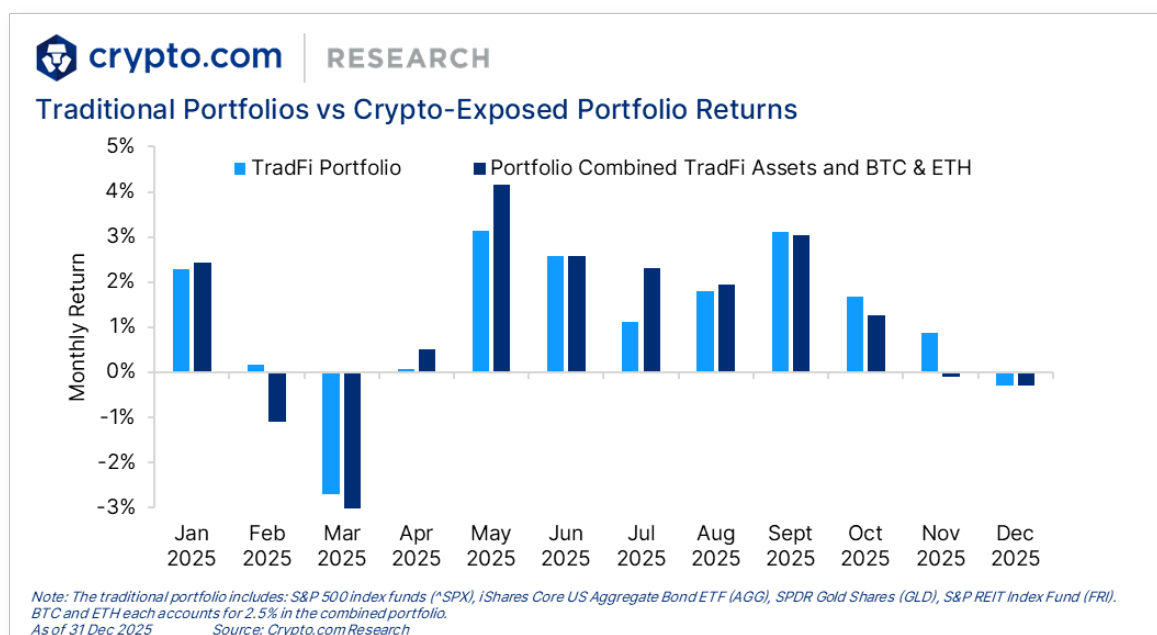
2.2 TradFi

Assets Allocation

The following assets were used to construct the TradFi portfolio, and returns were compared with adding BTC and ETH:

Asset Class	Selected Asset	Rationale	Weight
Equities	S&P 500 Index Funds	Broad market exposure and	47.50%

		potential for long-term growth	
Bonds	US Treasury Bonds (iShares Core US Aggregate Bond ETF)	Stability and regular income	28.50%
Commodities	Gold	Hedge against inflation and economic uncertainty	9.50%
Alternatives	Real Estate (S&P REIT Index Fund)	Income generation and diversification	9.50%
Crypto	BTC and ETH	The largest coins by market cap, with relatively less volatility	BTC: 2.50% ETH: 2.50%



JPMorgan is considering expanding [crypto trading services for institutional clients](#), which may include spot and derivatives trading.

Bank of America [allows](#) advisers to recommend crypto allocations of between 1% and 4% to its wealth management clients across Merrill, Bank of America Private Bank, and Merrill Edge.

BlackRock [stated](#) that stablecoin adoption is widening and that stablecoins are evolving into a bridge between digital and traditional finance.

3. Outlook

3.1 Projects and Tokens

Cronos (CRO)

Cronos Labs introduced [Cronos One, a unified onboarding hub](#). The platform consolidates bridging, topping up the Crypto.com Card directly from a non-custodial wallet, and completing on-chain verification.

Bitcoin (BTC)

Historically, bitcoin's average monthly returns in January have been modest, at around +3.7% since 2013. US Fed policy signals, alongside key US economic data releases, remain key indicators to watch during the month.

Ethereum (ETH)

Ethereum activated the Fusaka upgrade on its mainnet on 3 December. Ethereum Foundation [announced](#) a new technical roadmap for zkEVM, shifting the focus from speed to security. The roadmap includes a 128-bit security target by 2026 to align standards with cryptographic standardisation bodies.

USDT (USDT)

Tether is considering [tokenising its stocks](#) to enhance investor liquidity. A shareholder was reportedly interested in selling at least \$1 billion of equity at a \$280 billion valuation.

USDC (USDC)

Circle partnered with Intuit to [integrate](#) USDC into Intuit products such as TurboTax and QuickBooks to add stablecoin capabilities across tax refunds and payouts on the platform. Circle received a [Financial Services Permission licence](#) from Abu Dhabi Global Market (ADGM). Circle also obtained [conditional approval](#) from the US OCC to establish a national trust bank.

Uniswap (UNI)

Uniswap's UNIfication governance proposal, which involves activating protocol fees and burning UNI tokens, [passed](#) with more than 125 million votes in favour.



3.2 Token Unlock Calendar

Date	Name	Symbol	No. of Tokens	USD Amount	% of Market Cap
2 Jan	Ethena	ENA	94M	\$20M	1.20%
7 Jan	Axie Infinity	AXS	2M	\$2M	1.20%
8 Jan	Stable	STABLE	889M	\$13M	5.10%
12 Jan	Aptos	APT	11M	\$20M	1.50%
15 Jan	StarkNet	STRK	128M	\$10M	2.60%
16 Jan	Arbitrum	ARB	94M	\$18M	1.60%
16 Jan	Zebec Network	ZBCN	1020M	\$2M	1.10%
17 Jan	ZKsync	ZK	173M	\$5M	2.00%
17 Jan	Pudgy Penguins	PENGU	704M	\$6M	1.10%
18 Jan	Ondo Finance	ONDO	1939M	\$729M	61.40%
20 Jan	LayerZero	ZRO	25M	\$31M	12.20%
20 Jan	Kaito	KAITO	8M	\$4M	3.50%
23 Jan	Zora	ZORA	141M	\$5M	3.10%
23 Jan	Meteora	MET	7M	\$2M	1.40%
25 Jan	Humanity	H	131M	\$26M	7.20%
25 Jan	Plasma	XPL	89M	\$15M	4.90%
28 Jan	Grass	GRASS	32M	\$9M	7.00%
28 Jan	Jupiter	JUP	53M	\$10M	1.70%
30 Jan	Kamino	KMNO	229M	\$13M	6.40%
31 Jan	Optimism	OP	32M	\$9M	1.70%

Source: [icodrops](#)



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