

BTC

Report Q4, 2025

# State of Bitcoin Q4 2025

From Peak Optimism to Forced Deleveraging in a Risk-Off Macro Environment



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# Executive Summary: Bitcoin in Q4 2025

## Executive Summary: Bitcoin in Q4 2025

Q4 2025 marked a dramatic reversal for Bitcoin, delivering a **-23% return**—the second-worst quarterly performance in Bitcoin's history, surpassed only by Q4 2018's -42%. After reaching an all-time high of **\$126,000 in October**, Bitcoin fell sharply to a low of **\$80,700 on November 22**—a drawdown of over 35% from the peak—before stabilizing around **\$93,000-\$94,000** by year-end, where it trades today.

### Bitcoin Price Performance 2025



Source: CoinGecko, Teroxx Research

This outcome defied Bitcoin's historical seasonal pattern, where Q4 has typically been its strongest period with an average return of 77%. The quarter was characterized by risk-off sentiment, overleveraged position liquidations, fading hopes of macro easing, and AI overvaluation fears that triggered forced selling across crypto markets.

Despite the challenging quarter, on-chain metrics suggest Bitcoin remains far from oversold territory. The **MVRV Z-Score currently sits at 1.20**—a neutral reading well above bear market lows (below 1) but significantly below the overheated levels of 3.7+ seen at previous cycle peaks. This indicates the market experienced a healthy correction rather than a structural breakdown.

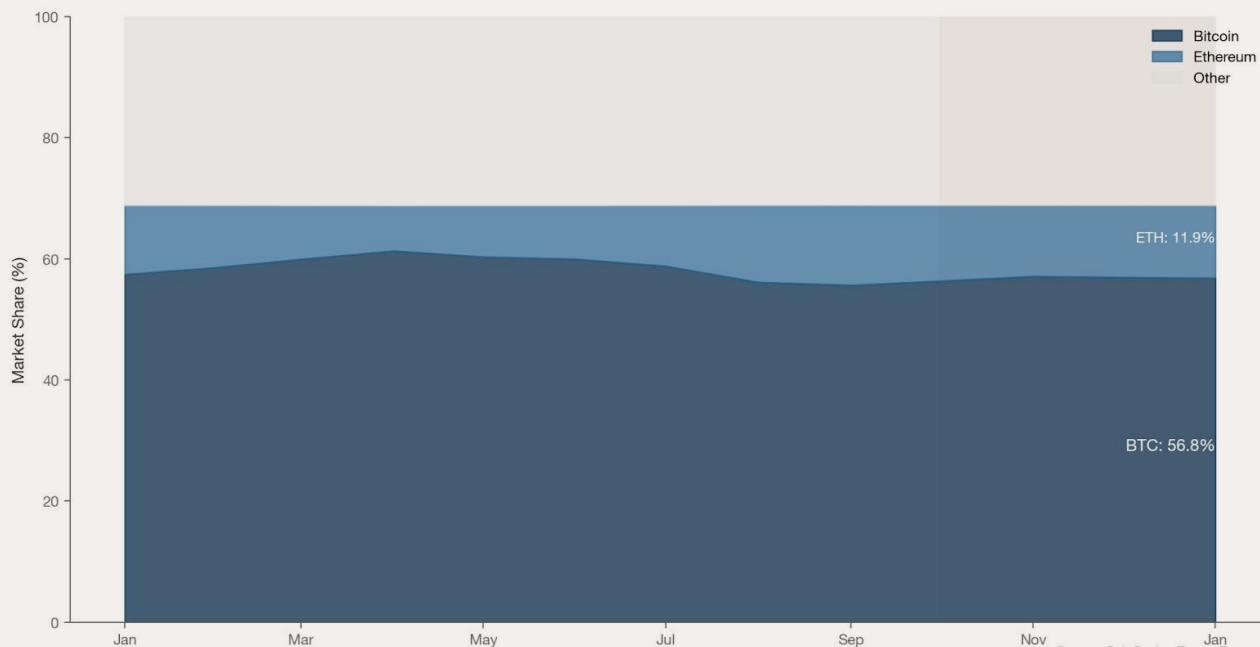
## ↗ Bitcoin Quarterly Returns (%)

Time	Q1	Q2	Q3	Q4
2026	+4.54%			
2025	-11.82%	+29.74%	+6.31%	-23.07%
2024	+68.68%	-11.92%	+0.96%	+47.73%
2023	+71.77%	+7.19%	-11.54%	+56.9%
2022	-1.46%	-56.20%	-2.57%	-14.75%
2021	+103.17%	-40.36%	+25.01%	+5.45%
2020	-10.83%	+42.33%	+17.97%	+168.02%
2019	+8.74%	+159.36%	-22.86%	-13.54%
2018	-49.70%	-7.71%	+3.61%	-42.16%
2017	+11.89%	+123.86%	+80.41%	+215.07%
2016	-3.06%	+62.06%	-9.41%	+58.17%
2015	-24.14%	+7.57%	-10.05%	+81.24%
2014	-37.42%	+40.43%	-39.74%	-16.70%
2013	+539.96%	-3.97%	+40.60%	+479.59%
Average	+47.88%	+27.11%	+6.05%	+77.07%
Median	+1.54%	+7.57%	+0.96%	+47.73%

Source: Coinglass, Teroxx Research

**Bitcoin dominance** currently stands at **56.8%**, with Ethereum at **11.9%** and the total crypto market cap at **\$3.15 trillion**. Bitcoin showed resilience compared to altcoins, with Ethereum declining -28% in Q4. The ETH/BTC ratio fell to approximately 0.035, reflecting Bitcoin's relative outperformance during the correction.

### Bitcoin Dominance Q4 2025



Source: CoinGecko, Teroxx Research

Looking forward to 2026, Bitcoin has started the year with renewed momentum—up approximately **8%** since **January 1st**—driven by strong ETF inflows exceeding **\$1 billion** in the first two trading days. The combination of reset valuations (MVRV Z-Score at 1.20), abating whale distribution, and renewed institutional demand suggests Q4's correction may have set the stage for the next leg higher.

# Key Metrics

# Key Metrics



## Key Metrics (As of January 7, 2026)

Metric	Value
Price	\$94,100
Market Cap	\$1.83 trillion
Total Crypto Market Cap	\$3.15 trillion
Q4 2025 Return	-23.07%
2025 Full-Year Return	-6% (vs. 2024 close of ~\$100K)
Bitcoin Dominance	58.15%
ETH Dominance	12.28%
MVRV Z-Score	1.20
Hashrate	958–984 EH/s
Daily Active Addresses	~488,000

Source: CoinDesk, Coinglass, Bitcoin Magazine Pro, CoinMarketCap API, Teroxx Research

# Liquidity Analysis

# Liquidity Analysis

Bitcoin exhibits a **0.60-0.90 correlation with global liquidity**, with price movements typically lagging by **8-12 weeks**. Understanding the liquidity backdrop is essential for contextualizing Q4's correction.

## Global Macro Liquidity

**Global M2** currently stands at **~\$123 trillion** (or **~\$185 trillion** including all major central banks). After bottoming in late 2022, M2 is growing at **3-4% YoY**—supportive for asset prices. The U.S. contributes **\$21.5T** (+3.2% YoY), China **\$43T** (+7.0%), Eurozone **\$16.5T** (+2.1%), and Japan **\$10T** (+2.5%).

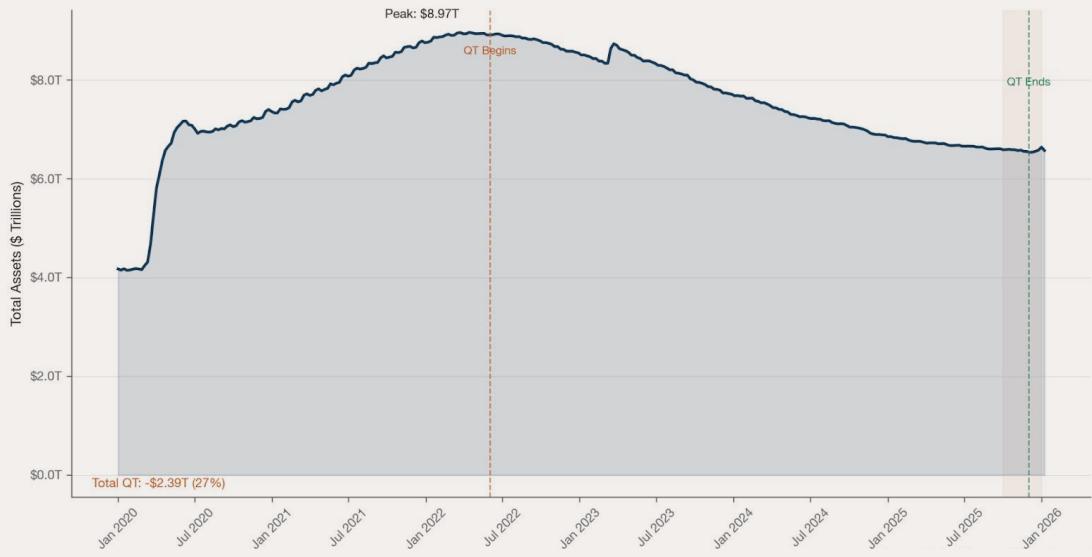
### ฿ Global M2 Money Supply vs Bitcoin Price (10-week lag)



Source: FRED, Teroxx Research

The Fed **ended quantitative tightening on December 1, 2025**—a significant inflection point. The balance sheet now sits at **\$6.5 trillion**, down from its **\$8.96T** peak (-27%). The Fed's new **Reserve Management Purchases** program (~\$400B annually) represents a form of stealth liquidity injection.

## 📊 Fed Balance Sheet and QT Progress



Source: Federal Reserve, Teroxx Research

The **US Dollar Index (DXY)** trades within a **97-100 range**, with the market projecting weakness to ~94 in H1 2026 as the Fed cuts rates—potentially favorable for Bitcoin.

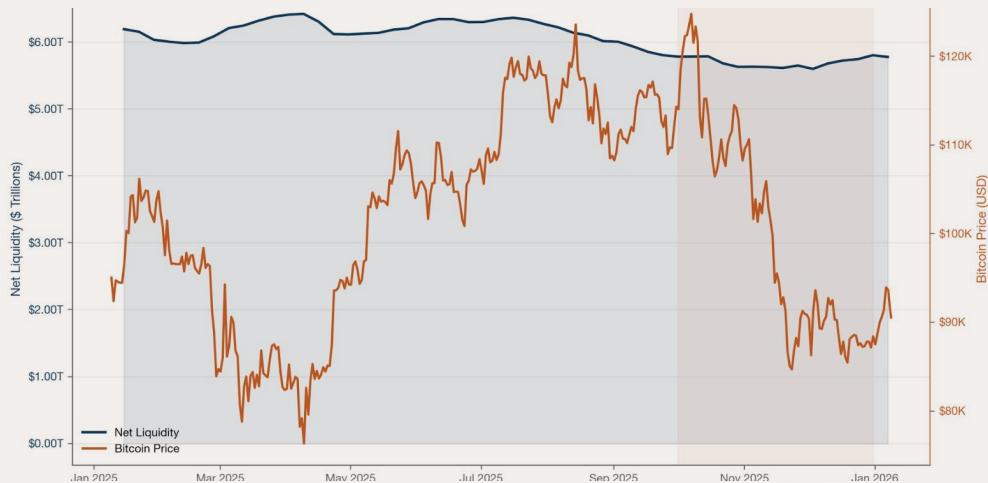
## ₿ US Dollar Index (DXY) vs Bitcoin Price



Source: FRED, Teroxx Research

**Net Liquidity** (Fed Assets minus TGA and Reverse Repo) shows year-end stress has dissipated, with conditions entering 2026 relatively loose.

### Fed Net Liquidity vs Bitcoin Price



Source: FRED, Teroxx Research

### Crypto-Native Liquidity

**Stablecoin market cap** reached a new all-time high of **\$317.9 billion** (January 6, 2026)—up 46% in 2025. USDT leads at \$187B (61%), followed by USDC at \$75.7B (24%). USDC's +78% growth signals institutional preference for regulated stablecoins

### (\$) Stablecoin Market Cap Growth



Source: DefiLlama, Teroxx Research

**Bitcoin exchange reserves** have fallen to **2.751 million BTC**—the lowest since 2018. With ~38,500 BTC in net outflows recorded January 1, 2026, this creates conditions for a supply squeeze should demand surge.

## 2026 Liquidity Outlook

The **65-month global liquidity cycle** is in its late phase, with the peak revised to H1 2026. Liquidity peaked at ~\$185T in early November 2025, then contracted by ~\$1.8T by year-end. While levels remain high, **momentum has decelerated**—and Bitcoin responds more to the rate of change than absolute levels.



### Factors with Impact to Bitcoin Price

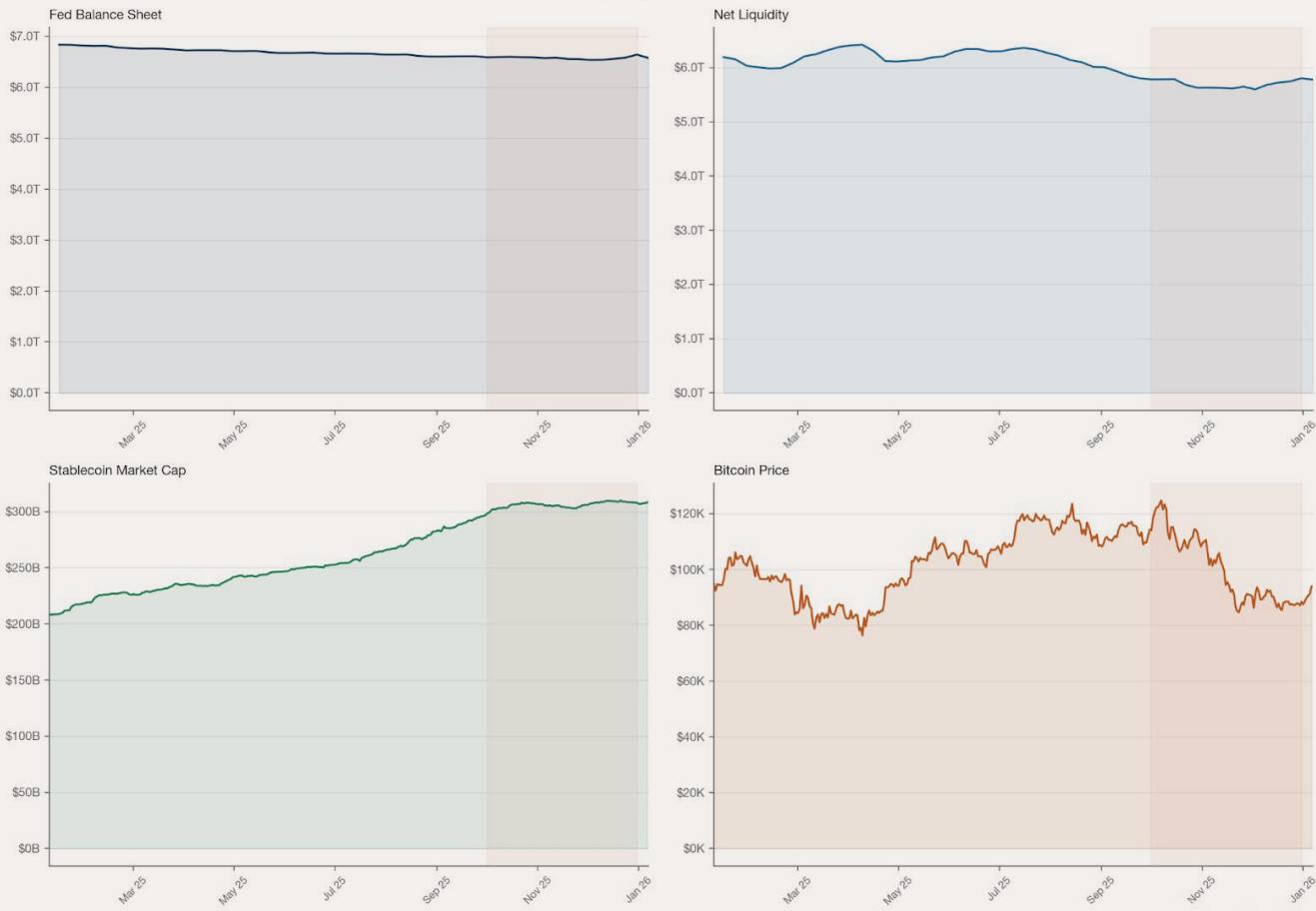
Factor	Impact	Timeframe
QT Ended	Bullish	Immediate
DXY Weakening (projected)	Bullish	H1 2026
Stablecoin ATH (\$318B)	Bullish	Now
Exchange Reserves (7-year low)	Bullish	Now
Liquidity Cycle Late Stage	Cautious	H1 2026
Debt Maturity Wall	Bearish	2026-2027

Source: Teroxx Research

## Teroxx View

The liquidity backdrop entering 2026 is supportive but not euphoric. The end of QT and record stablecoin supply provide tailwinds, while low exchange reserves create supply squeeze conditions. Our cycle analysis suggests a potential correction before the final leg higher, with an "echo rally" possible in H2 2026. Bull case targets range from \$200K (base) to \$500K+ (aggressive) by end of 2026, contingent on central banks accelerating easing.

## ↗ Liquidity Dashboard - Key Liquidity Metrics With Bitcoin Price Overlay



Source: FRED, DefiLlama, Teroxx Research

# Financial Analysis

# Financial Analysis

## Quarterly Performance

Q4 2025's -23% return broke a decade-long pattern of strong fourth-quarter performance. The quarter began promisingly with Bitcoin hitting **\$126,000** in October, but sentiment shifted dramatically as:

- Macro easing expectations faded.
- AI sector overvaluation fears emerged.
- Overleveraged crypto positions unwound.
- Forced selling cascaded through DeFi and centralized markets.

Transaction fees continued their post-halving decline, representing just **~1% of total miner revenue** in Q4 2025. With the block reward at 450 BTC per day, the network's daily security budget at current prices is approximately **\$42.3 million**.

# Bitcoin in the Traditional Finance Context

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## 2025 Performance Comparison

Gold dominated 2025 with a +65% return—its best year since 1979—reaching a record \$4,550/oz in December and currently trading near \$4,468/oz. This stark outperformance versus Bitcoin's -6% decline highlights gold's safe-haven appeal during periods of geopolitical uncertainty and U.S.-China trade tensions.



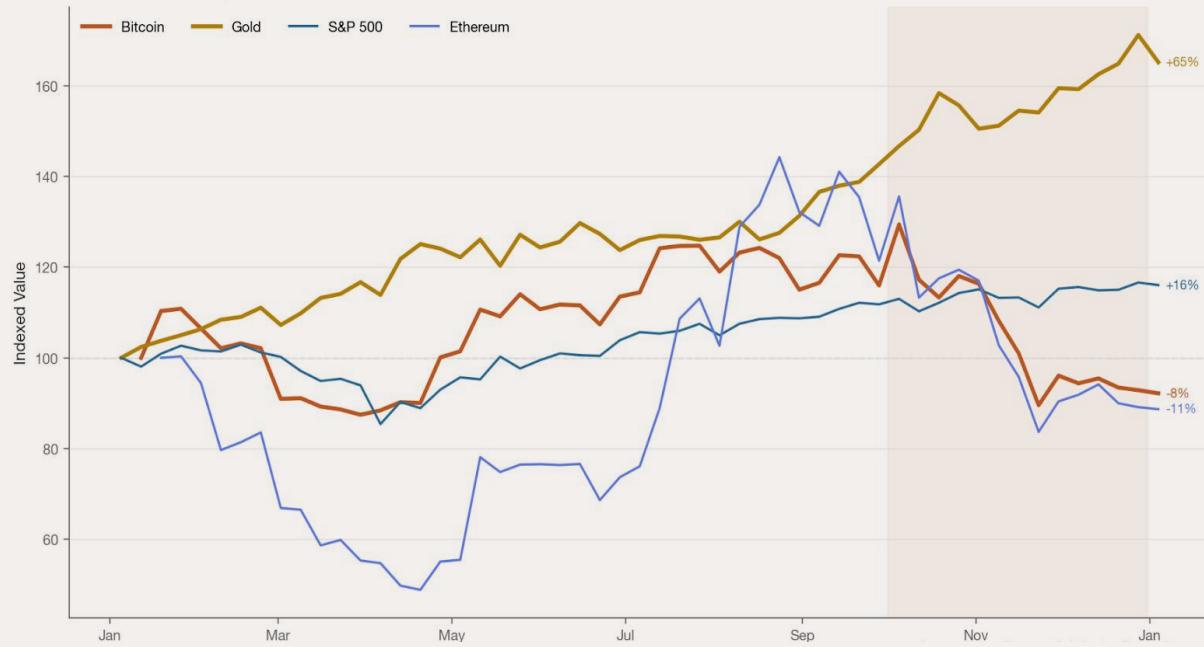
### Asset Return 2025

Asset	2025 Return
Gold	+65%
Silver	+35%
NASDAQ	+20%
S&P 500	+16%
Bitcoin	-6%
Ethereum	-28%

Source: Teroxx Research

*Note: Bitcoin's first negative year since 2022, significantly underperforming all major asset classes.*

## 2025 Asset Performance Comparison



Source: Yahoo Finance, CoinGecko, Teroxx Research

## Correlation Dynamics

Bitcoin's correlation with the S&P 500 remained moderate at approximately **0.40**, confirming its continued linkage to risk assets. The Bitcoin-Gold correlation stayed near zero (0.08), supporting the portfolio diversification thesis for holding both assets.

### Current Index Levels (January 6, 2026):

- **S&P 500:** 6,944 (record high)
- **NASDAQ:** 23,547
- **Dow Jones:** 49,462 (first close above 49,000)

Sources: CNBC, Yahoo Finance

# Institutional Adoption

# Institutional Adoption

## ETFs

Spot Bitcoin ETFs experienced significant outflows during Q4's correction—including over \$320M in net outflows during the New Year's period—but started 2026 with renewed strength.



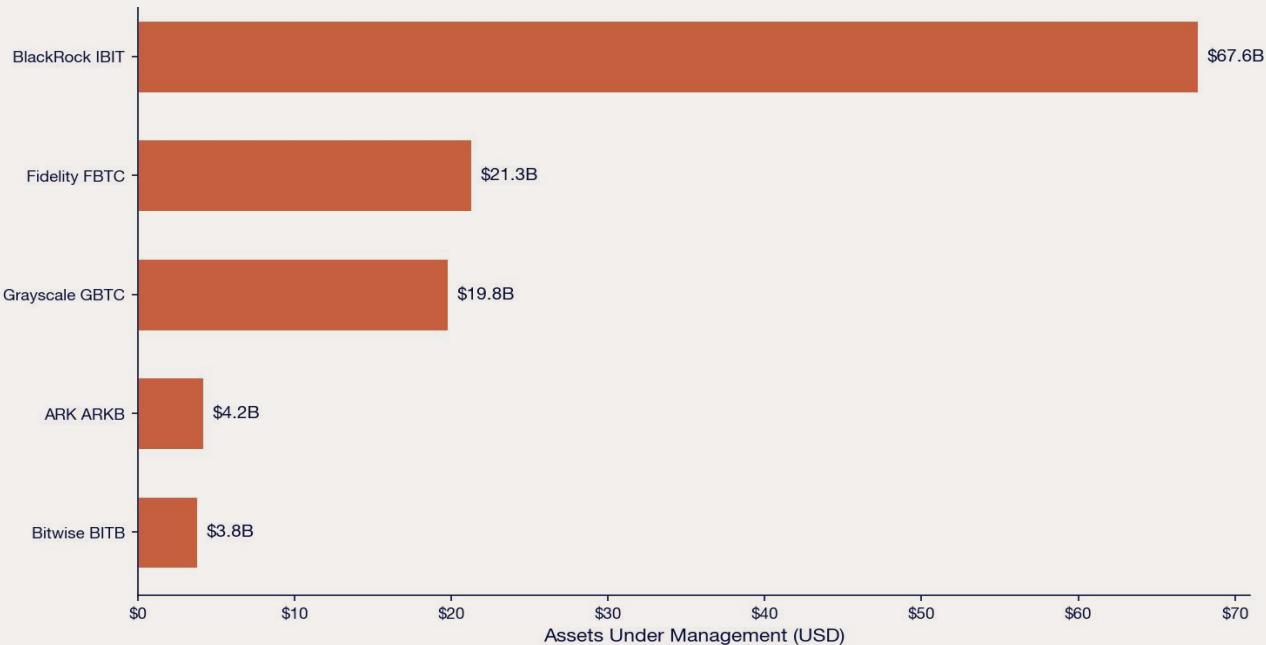
### Spot Bitcoin ETFs: Metrics in Q4, 2025

Metric	Value
BlackRock IBIT AUM	\$67.6 billion
IBIT BTC Holdings	~771,000 BTC (3.9% of supply)
2025 Total Net Inflows	\$21.8 billion
January 2nd Inflows	\$287 million (IBIT-led)
January 5th Inflows	~\$400 million
~\$400 million	\$2+ trillion (since Jan 2024)

Source: Teroxx Research

The sharp reversal from outflows to nearly \$700M in inflows within the first week of January signals institutional re-risking as Q1 2026 began, suggesting the two-month de-leveraging period has concluded.

### 📊 Spot Bitcoin ETF AUM Comparison



Source: The Block, Coinglass, Teroxx Research

### Digital Asset Treasury Companies

Corporate treasury adoption reached new milestones in Q4 2025. Strategy Inc. (formerly MicroStrategy) now holds 673,783 BTC valued at ~\$63 billion, representing 3.2% of the total supply.

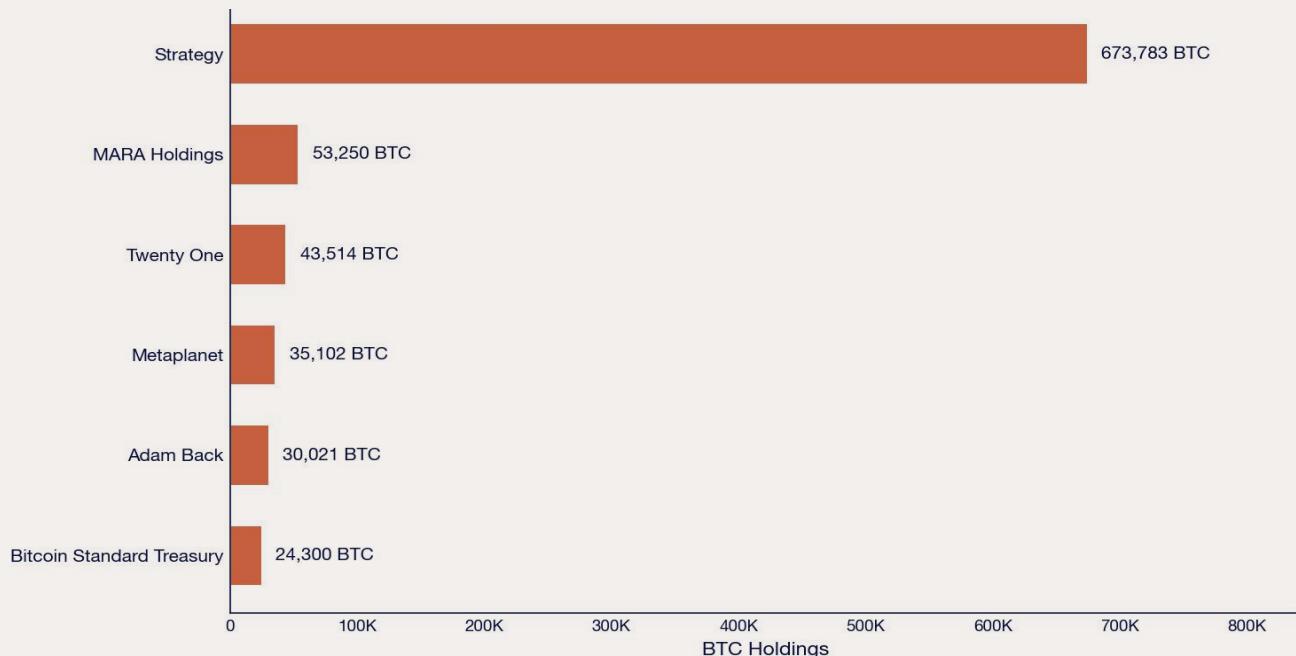
### 📊 Top Corporate Holders

Company	BTC Holdings
Strategy Inc.	673,783
MARA Holdings	53,250
Twenty One	43,514
Metaplanet	35,102
Adam Back	30,021
Bitcoin Standard Treasury	24,300

Source: Teroxx Research

The sharp reversal from outflows to nearly \$700M in inflows within the first week of January signals institutional re-risking as Q1 2026 began, suggesting the two-month de-leveraging period has concluded.

### Top Corporate Bitcoin Holders



Source: BitcoinTreasuries.net, Teroxx Research

**Total Corporate Holdings:** Public companies now control approximately **4.07% of Bitcoin's supply**, with 192 companies having adopted Bitcoin treasury strategies. Including ETFs and funds (7% of supply), institutional entities collectively hold over **11% of circulating Bitcoin**.

# Network Analysis

# Network Analysis

## On-Chain Holder Dynamics

On-chain data reveals a constructive shift in holder behavior entering 2026:

- **Whale Activity (1,000–10,000 BTC holders):** Distribution from large holders is "abating" as January begins, indicating reduced sell pressure from this cohort. This marks a notable change from the aggressive distribution seen during Q4's price decline.
- **Retail Accumulation (<1 BTC holders):** Smaller investors have been steadily accumulating since mid-November 2025, taking advantage of price pullbacks during the consolidation period. This persistent demand from retail participants helped establish a floor during the correction.

## Derivatives Positioning

Derivatives markets reflect "cautious bullishness" without excessive leverage:

- **Options Market (Deribit, Jan 30 expiry):** Call open interest is clustered around the **\$100,000 strike** price. Downside protection via puts is positioned at **\$70,000-\$90,000** levels.
- **Futures Market:** Notional open interest rebuilt to near December highs by early January. Funding rates recovered from late-December negative territory, and leverage has reset to healthier levels following Q4's forced liquidations.

## Mining and Security

Bitcoin's hashrate experienced its first sustained decline in 2025 during Q4.

### Mining and Security

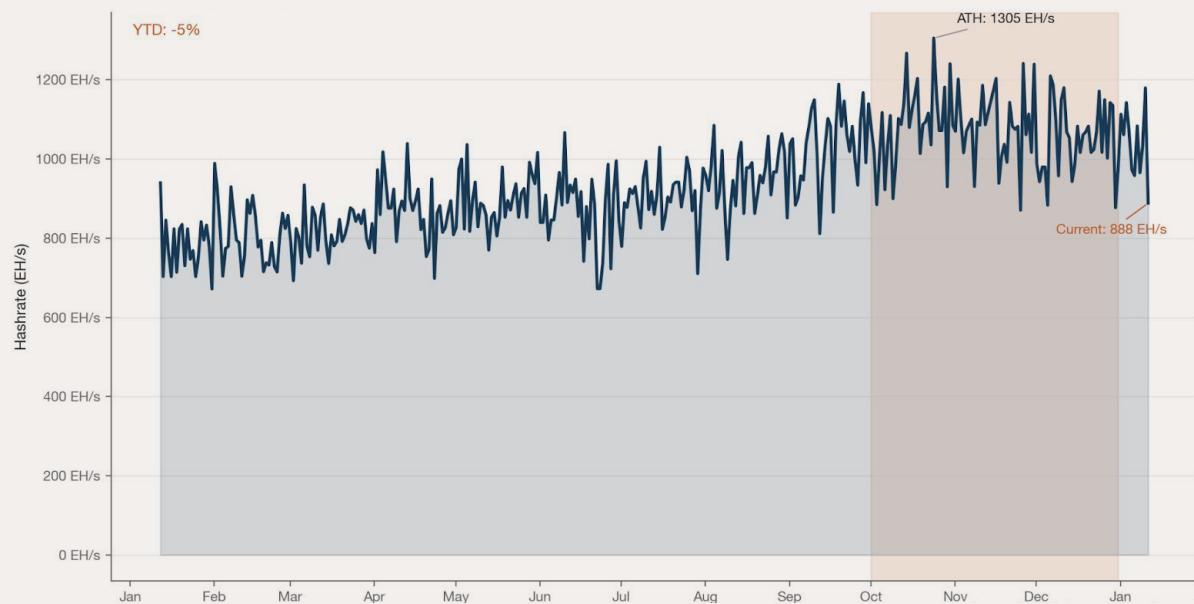
Metric	Value
Current Hashrate	958–984 EH/s
December 2025 Average	1,045 EH/s (-3% MoM)
2025 All-Time High	1,188.7 EH/s (September)
Mining Difficulty	148.26 T

Source: Teroxx Research, Blockchain.com

Mining earned an average of **\$38,700 per EH/s** in daily block reward revenue in December 2025—down 7% from November and **32% year-over-year**, the lowest level on record. This reflects both the halving's impact and compressed Bitcoin prices during Q4's correction.



### Bitcoin Network Hashrate 2025



Source: CoinWarz, Teroxx Research

# Closing Summary

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Q4 2025 will be remembered as a rare disappointment in Bitcoin's typically bullish fourth-quarter history. The 35% drawdown from October's \$126,000 high to November's \$80,700 low tested investor conviction, but several factors suggest this correction was healthy rather than concerning:

- 1. Valuation Reset:** The MVRV Z-Score at 1.20 indicates Bitcoin is fairly valued—neither overheated nor in capitulation territory.
- 2. Institutional Resilience:** ETF inflows rebounded sharply in early January 2026, with nearly \$700M entering in the first week after \$320M+ in New Year outflows.
- 3. Corporate Conviction:** Strategy and other treasury holders continued accumulating through the correction, with corporate holdings reaching 4%+ of supply.
- 4. On-Chain Health:** Whale distribution is abating while retail accumulation accelerated—a constructive divergence.
- 5. Derivatives Reset:** Options positioning shows "cautious bullishness" with calls at \$100K and leverage reset to healthier levels.
- 6. Network Security:** Despite miner profitability pressures, hashrate remains near all-time highs above 950 EH/s.

The 2026 outlook appears constructive. Bitcoin has rallied 8% since January 1st, institutional infrastructure continues maturing, and the combination of reset valuations and renewed inflows points to potential recovery in H1 2026. Gold's exceptional 2025 performance (+65%) alongside Bitcoin's -6% decline underscores the importance of portfolio diversification across uncorrelated stores of value.

As Bitcoin's market structure evolves—with ETFs providing regulated access, corporate treasuries accumulating, and 11%+ of supply held by institutions—the asset class has demonstrated the depth to absorb significant volatility without structural breakdown. Q4's correction appears to be a natural consolidation phase that has reset valuations and positioning for the next leg of the cycle.

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