

## Market commentary – September 2025

September closed green and a positive September often historically precedes stronger fourth quarters!

Bitcoin (BTC) gained 5.4%, bucking the month's usual seasonal slump, while Ethereum (ETH) fell 5.7%. The CCI 30 (top 30 tokens by market cap) inched up 1.3% as total crypto market cap moved between \$3.6 – \$4.0tn and closed the month near \$4.0tn, with BTC dominance picking-up to about 59%.

### What happened?

In September, the Fed delivered a quarter-point cut with a target of 4.00% - 4.25%, describing slowing growth and mixed labor data, an incremental tailwind for risk assets. Despite positive news, digital assets sold off as \$4bn in BTC/ETH futures were liquidated, the biggest weekly wipeout of 2025. Deleveraging cut open interest around 10-15% from September highs but created a cascade of liquidations in the final week of the month. BTC finished firm, ETH held key levels and market breadth improved mid-month before a late de-risking, so overall, a resilient September setting up the usual Q4 rotation narrative.

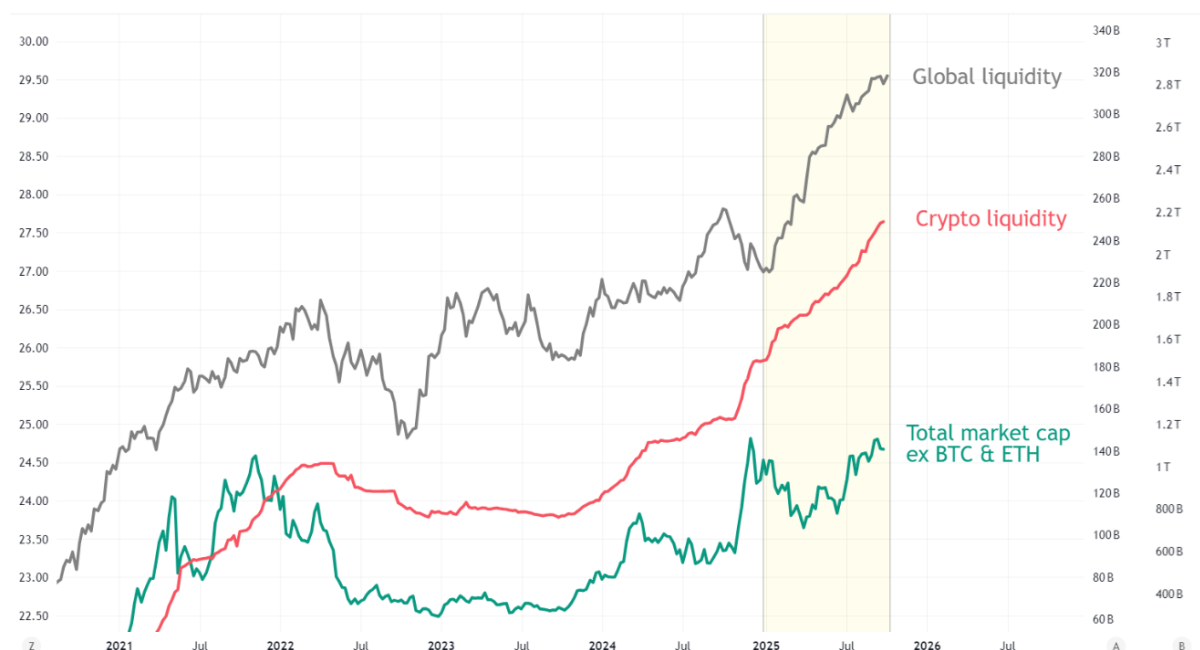
### Expecting a strong Q4 : liquidity is destiny

Global M2, a proxy for “global liquidity,” has accelerated through 2025, and stablecoin supply, which can be seen as “fuel” already parked inside crypto, has also climbed in step with the upturn in global M2. This means that on-chain “cash” has been rebuilding for 12-18 months, not drained. In the meantime, the broader market has recovered but has lagged both global and crypto liquidity.

Interestingly, in prior cycles, inflections in global liquidity have lined up with major crypto cycle turns (not perfectly, but consistently). Digital assets tend to respond with a lag of a few months as fiat rails react and positioning resets. After a long period of relative underperformance, many quality Altcoins sit below prior cycle highs on a liquidity backdrop that is already improving, which is fertile ground for mean reversion once flows rotate.

The chart below captures this sequence. As global liquidity goes up, stablecoins go up and then Altcoins finally follow with a lag. With both the grey and red lines already trending higher, the set-up argues that the green line should catch up over the next few months. Q4's typical risk-on seasonality (especially late in a maturing bull cycle) adds a tailwind.

## Liquidity indicators vs Altcoins



Note: Global M2 (green line, proxy for global liquidity), USDT & USDC stablecoins' market cap (a proxy for crypto liquidity) and the total market cap ex BTC & ETH (a proxy for Altcoins)

Source: TradingView, BAM

## Altcoins news

In September, the SEC shortened and simplified approvals for several crypto exchanged traded funds (ETF). That triggered a wave of filings and set expectations for Solana (SOL) spot ETFs in early October. On-chain risk appetite also improved, with DeFi TVL rebounded to approx. \$170bn (its highest since April 2022) while activity on Decentralized Exchanges (DEXs) continued to gain momentum.

Within large caps, SOL outperformed on ETF optimism and whale buys, XRP faded on “sell-the-news” post-ETF and BNB notched fresh mid-month ATHs before cooling. Two major projects were also launched during the month. Plasma (XPL), a new DeFi platform focused on aggregating stablecoin liquidity and leveraged trading, drew rapid Total Value Locked (\$5.5bn). And Aster, a new perpetual DEX backed by Binance founder, Changpeng Zhao, generated around \$10m/24h revenues, surpassing Circle and Hyperliquid, second only to Tether, and posted a day with \$36b perp volume.

- [Federal Reserve issues FOMC statement](#)
- [Bitcoin's rare September gains defy history: Data predicts 50% Q4 rally to \\$170K](#)
- [DeFi TVL Rebounds to \\$170B, Erasing Terra-Era Bear Market Losses](#)
- [Solana Outperforms Bitcoin; Possibly Poised to Follow Ether's Recent 200% Rally, Says Analyst](#)
- [BNB Hits \\$1,000 All-Time High as Binance Nears DOJ Deal, Rumors of CZ's Return Grow](#)
- [Plasma: 5.5 billion TVL and already memecoins](#)
- [What Is Aster \(ASTER\)? Complete Guide to the Decentralized Perpetual Exchange](#)
- [Visa Direct Taps Stablecoins to Unlock Faster Funding for Businesses](#)

## Historical crypto market crash on October 10, 2025

On October 10, 2025, President Trump announced a 100 % tariff on “any and all critical software” imports from China, which sparked global market panic with \$19B liquidations affecting 1.6M traders globally and many investors/funds being wiped-out due to forced liquidations by centralized exchanges such as Binance and Coinbase.

We are pleased to report to our investors that BSF did not incur any permanent loss related to this historical market liquidation, thanks to our fund of funds diversified approach. On the positive side, large liquidation events often mark local bottoms, especially when leveraged positions get wiped out in bulk. It will take time to repair investors’ psychology, so we are not expecting a V-shaped recovery either. Overall, we remain optimistic that Q4 will end up being a positive quarter for digital assets.

## Conclusion

September delivered a policy tailwind from the Fed with lower rates, and possible further rate cuts, with volatile but recovering investment flows into the asset class. If BTC’s dominance continues to soften and market breadth expands as we expect, Q4 could reward diversified exposure into big-cap Altcoins, a market environment which has been historically the sweet spot of BSF’s strategy. Against this backdrop, the BSF portfolio remains positioned to capture the next leg - balancing BTC/ETH core with select mid/small-cap themes, such as DeFi, AI, and RWA.

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