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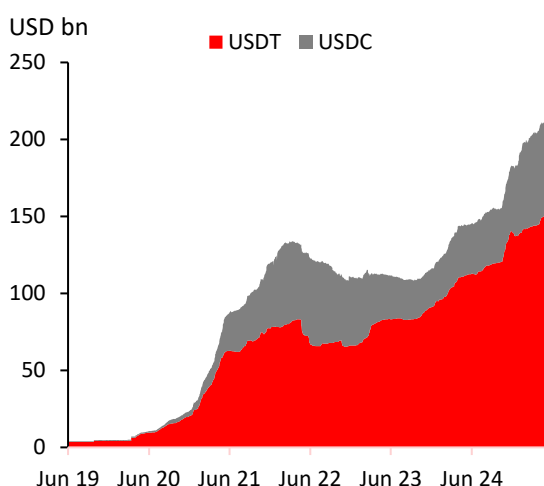
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- US Senate has advanced a stablecoin bill, which gives legal clarity for users and issuers of stablecoins
- Ethereum's Pectra upgrade enhanced its scalability and staking efficiency, supporting Ether demand
- Texas is one step away from launching its Strategic Bitcoin Reserve, with the bill now awaiting Governor Abbott's signature

**Major stablecoins market cap up 70% in three years, accounting for c.6% of crypto market**

Stablecoins Market Capitalization



Source: Coinmetrics, DBS

**The stablecoin bill has advanced in the Senate on 20 May, paving the way for a final vote with potential enactment by August.** The bill aims to establish a robust regulatory framework for stablecoins, covering licensing, reserve requirements, and consumer protection etc. Improved legal clarity is expected to boost institutional adoption of stablecoins. Meanwhile in crypto markets, better global risk sentiment led to higher prices across both BTC and ETH, with the former reaching an all-time-high of USD111k on 22 May.

**Ether prices rallied over 40% in the five days following the Pectra upgrade on 7 May,** which implemented major improvements such as doubling Layer 2 data capacity for faster and cheaper transactions, as well as raising validator staking limits from 32 to 2048 ETH to streamline staking operations. The changes aim to boost adoption, attract developers, set the stage for future network innovations, and strengthen its position against faster networks like Solana.

**In the US, Texas is close to establishing its Strategic Bitcoin Reserve,** with legislation having passed both the House and Senate, and with Governor Abbott also signalling support for the bill. Texas will be the second US state after New Hampshire to permit state buying of BTC. Potential inflows to BTC from Texas could be sizeable, with the Texas Economic Stabilization Fund holding USD21bn as of 2024. Given that Texas is the second largest state by GDP, its imminent establishment of a Bitcoin reserve marks a significant precedent that could be followed by other US states.

## Asset market returns and correlations

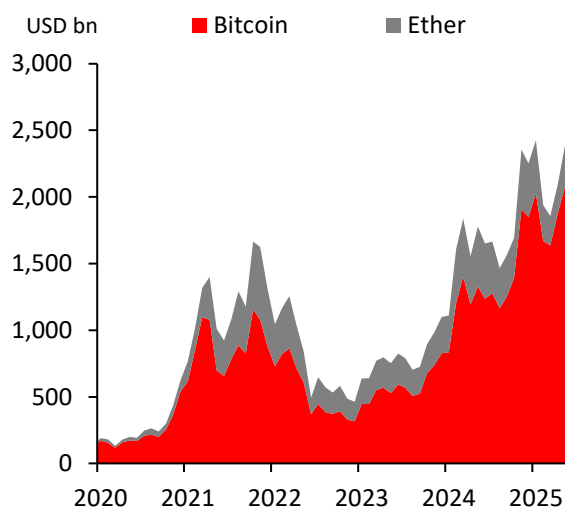
## Market prices, capitalization, and returns

Market metrics (in USD)	Bitcoin	Ether	S&P500	Gold
Price*	104,709	2,533	5,912	3,289
Market capitalization (trn)	2.1	0.3	52.1	22.1
Monthly return (%)	11.1%	41.1%	6.2%	0.0%
Year-to-date return (%)	12.1%	-24.0%	0.5%	25.3%
1Y return (%)	55.4%	-32.6%	12.0%	41.3%
5Y return (%)	1009.9%	994.2%	94.2%	90.1%

Source: Bloomberg, Coinmetrics, DBS

\*As of 31 May 25

## Cryptocurrencies Market Capitalization

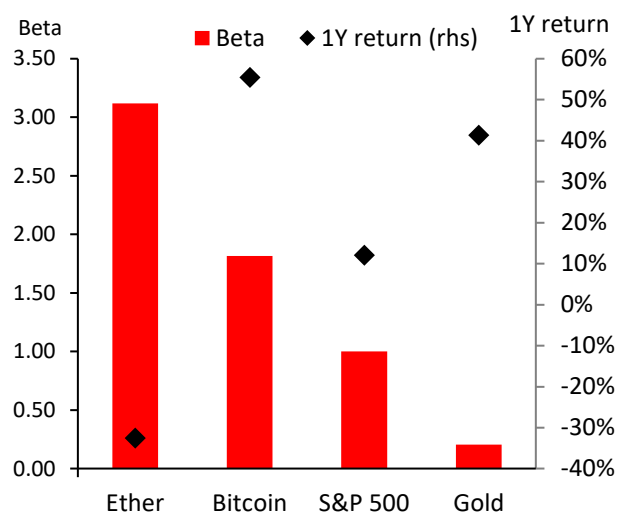


Source: Coinmetrics, DBS

## Crypto 5Y return correlations

	Bitcoin	Ether	S&P500	Gold
Bitcoin		0.77	0.52	0.08
Ethereum	0.77		0.64	0.03
S&P500	0.52	0.64		0.13
Gold	0.08	0.03	0.13	

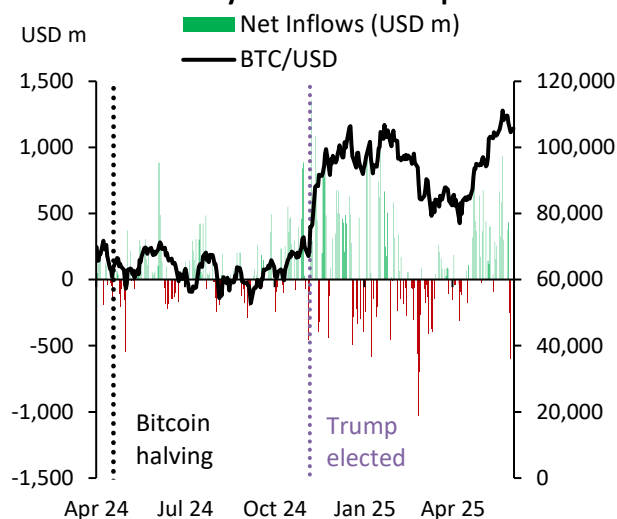
## 5Y CAPM betas vs 1Y spot return (%)



Source: Coinmetrics, Bloomberg, DBS

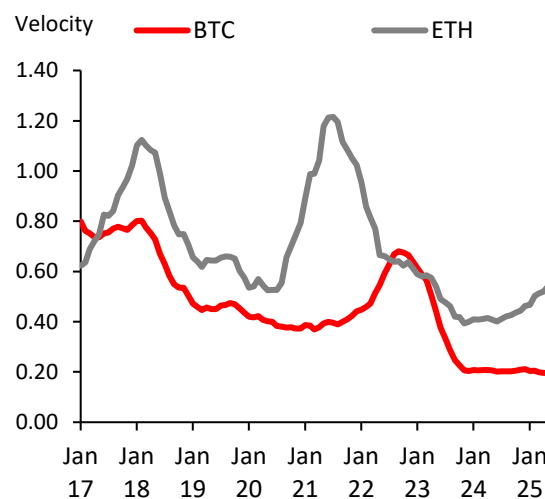
## ETF inflows and crypto network metrics

## BTC: US ETF daily net inflows and price



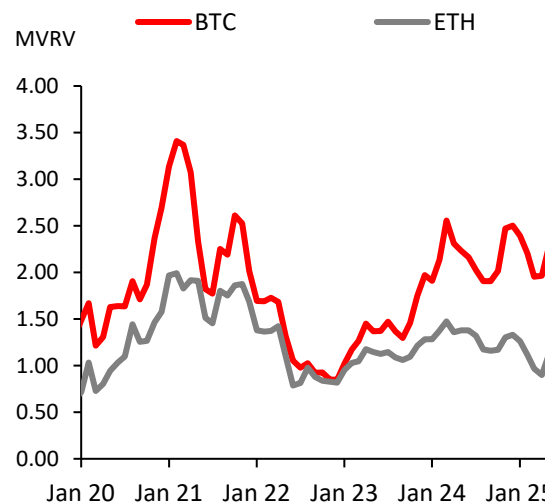
Source: Bloomberg, DBS

## Cryptocurrency Velocity (12m average)



Source: Coinmetrics, DBS

## Market value to Realized value ratio



Source: Coinmetrics, DBS

## Group Research

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**Sources:** Data for all charts and tables are from CEIC, Bloomberg and DBS Group Research (forecasts and transformations)

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