

2025 Market Forecast

Prepared by Blockware Intelligence



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Key Predictions

Disclaimer: All of the statements below are strictly theoretical predictions. Although data-driven, these hypotheses should not be interpreted as investment advice. Own your own trade.

Macro

- US Government Continues Operating With a \$1 Trillion+ Budget Deficit
- Fed Reserve Cuts Rates by 50 to 100 Basis Points
- US Dollar Liquidity Rises Leading to an Increase in Asset Prices (Stock Market All Time Highs)
- Core CPI Remains Above 3% and Potentially Rises Higher
- Headline CPI Declines in Q4 as Trump Policies Lead to More Energy Production

Bitcoin

- The United States Creates a Strategic Bitcoin Reserve
- A dozen or more US Companies Add Bitcoin to their Balance Sheet
- Total Bitcoin Hashrate Exceeds 1 ZH/s
- Bitcoin Price Growth Outpaces Hashrate Growth → Mining Profitability Rises
- ASIC Prices Rise

United States Deficit Spending

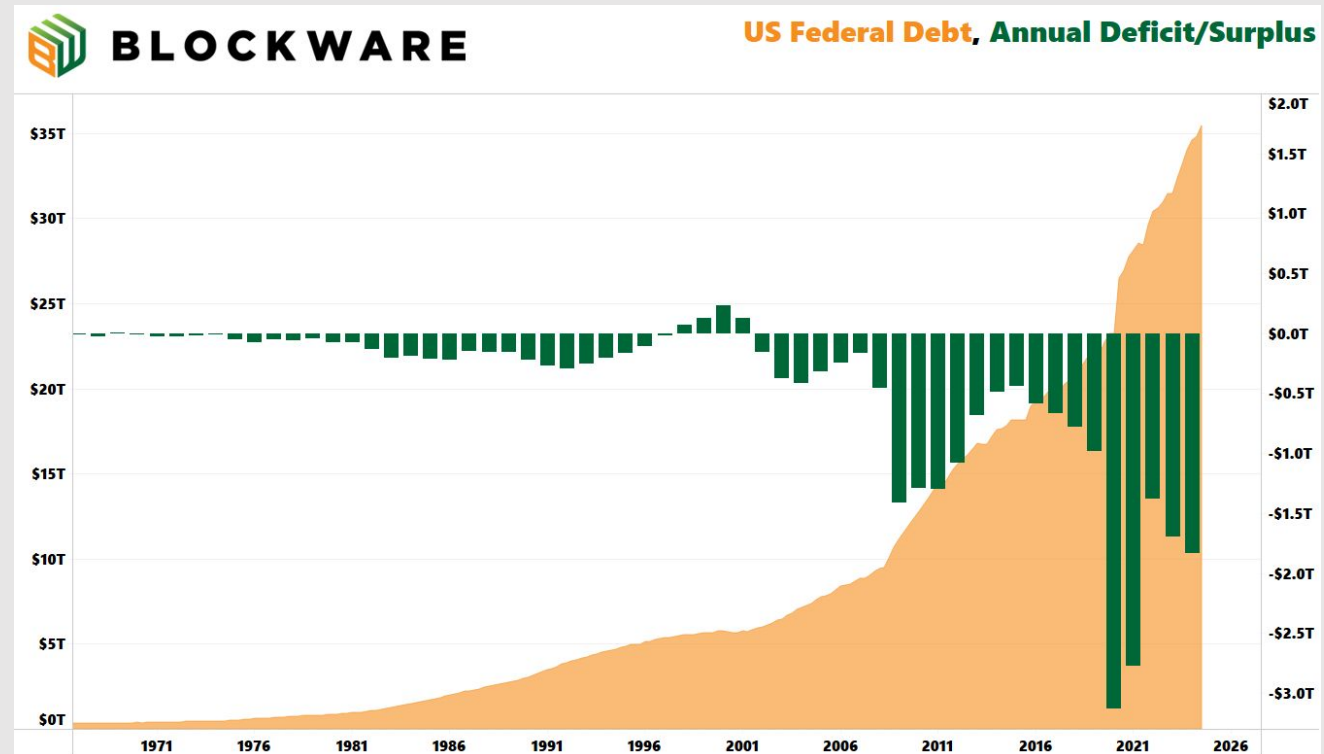
“There’s no stopping this train”

Despite the optimism and enthusiasm surrounding the creation of DOGE – spearheaded by Elon Musk & Vivek Ramaswamy – the summation of entitlement programs, military spending, and interest payments on existing debt will result in the 24th consecutive year of a federal budget deficit.

Since 2021, the total US Public Debt has grown by ~7 to 8% per year. Our base case is that debt continues to grow at a similar rate. Spending cuts enacted by DOGE will only result in a marginal decrease to the deficit. And moreover, such cuts could be offset by higher interest payments.

This is bad news if you hold US Treasuries, but great news if you hold Bitcoin. Mounting sovereign debt burdens are the primary driving force behind long-term Bitcoin adoption and price appreciation – and even the most entrenched members of the traditional finance world recognize this.

To quote Lyn Alden: *“There’s no stopping this train.”*



US Dollar Liquidity Increases

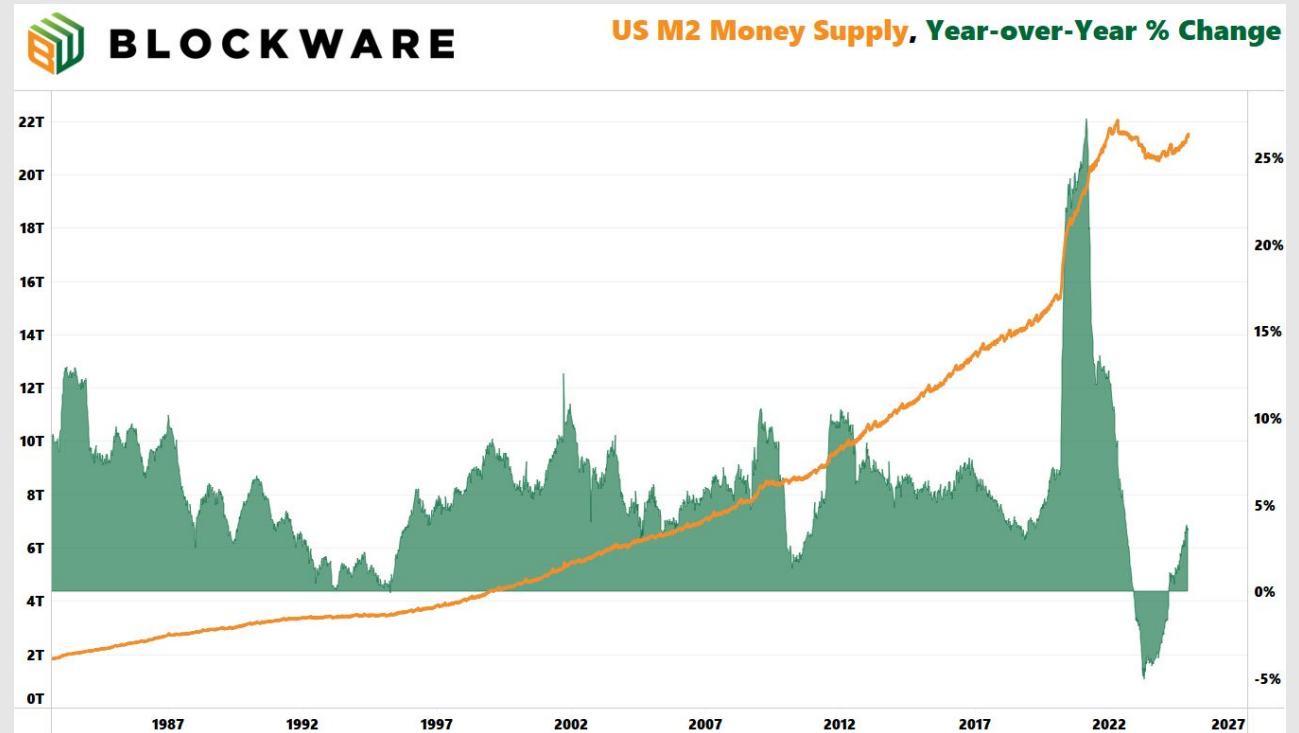
Rising Supply of Dollars Pushes All Major Asset Classes to New Highs

As monetary conditions continue to ease and federal deficits persist, the supply of US Dollars is going to continue its decades-long uptrend.

As discussed at length in our Q4 Market Update, there is a strong directional correlation between the M2 Money Supply (both Global and USD) and the price of Bitcoin.

Of course, in the short-term the price of Bitcoin is heavily influenced by narratives, marginal buy/sell pressure, and leverage wipeouts. However, over the medium and long term the supply of fiat currency increasing will result in the price Bitcoin and other hard assets increasing.

In 2024 the M2 Money Supply has grown by ~3.6%. We expect 2025 will be another year of positive M2 growth; leading to new all-time highs for Bitcoin and US Stock Indices.



After positive year-over-year growth in 2024, we expect the US M2 Money Supply to continue its upward trend – providing underlying bullish conditions for all assets priced in dollars (stocks, real estate, Bitcoin, etc.)

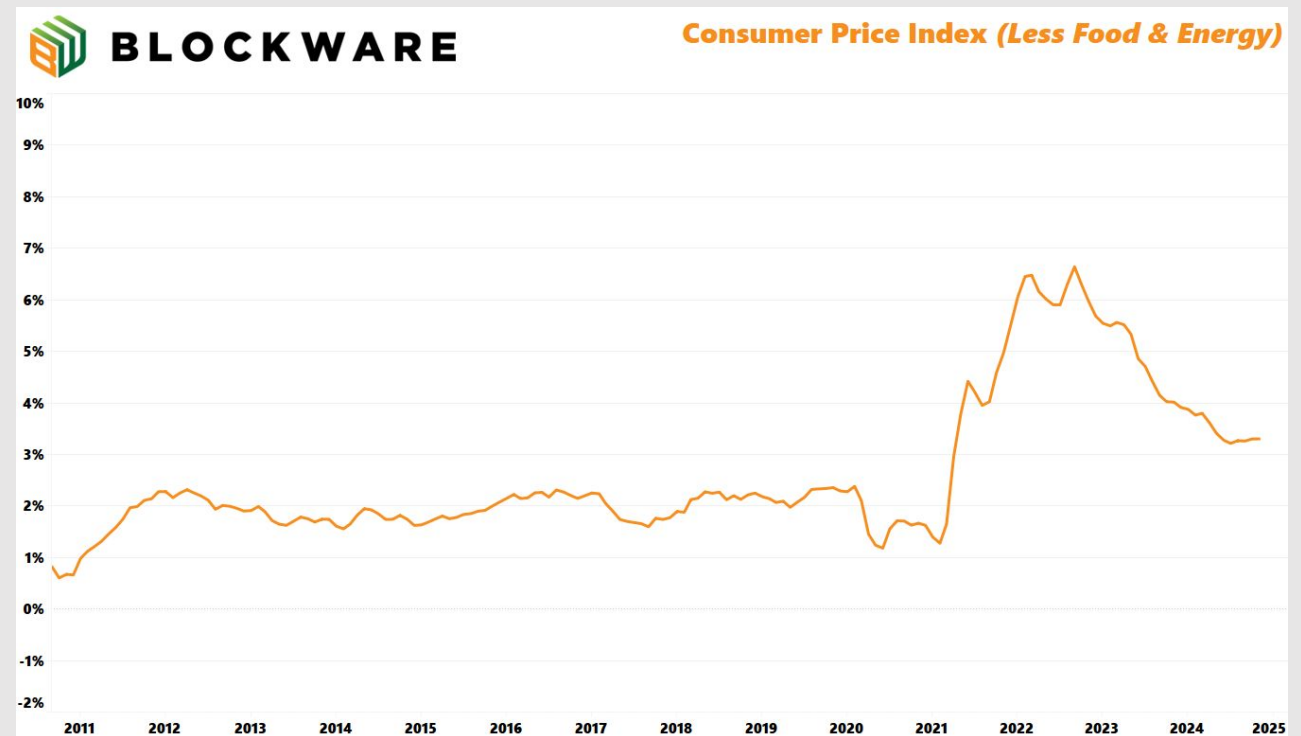
Core CPI Remains Above 3%

'Disinflation' is Over and Inflation Acceleration is on the Horizon

From late 2022 through the first half of 2024, 'disinflation' was the primary trend of the economy. Prices were rising, but not at the same rate as in 2021. Over the last six months this trend has broken and the inflation rate has stayed consistent.

Given rising USD Liquidity discussed in the previous slide, we expect that Core CPI Inflation (excluding food & energy) will remain above 3%, and possibly drift higher. We're focusing on Core CPI specifically here because it is useful for analyzing the impact of *monetary and fiscal policy* on prices – food and energy prices are volatile and can be impacted by regulatory changes affecting their production.

Core CPI stubbornly remaining above 3% is very telling: the Fed's fight against inflation is NOT over. We expect Core CPI to remain elevated throughout 2025.



Core CPI will remain elevated in 2025, reinforcing the idea that the Federal Reserve has not won their battle against inflation. High inflation will persist as it will ease the US's debt burden in real terms.

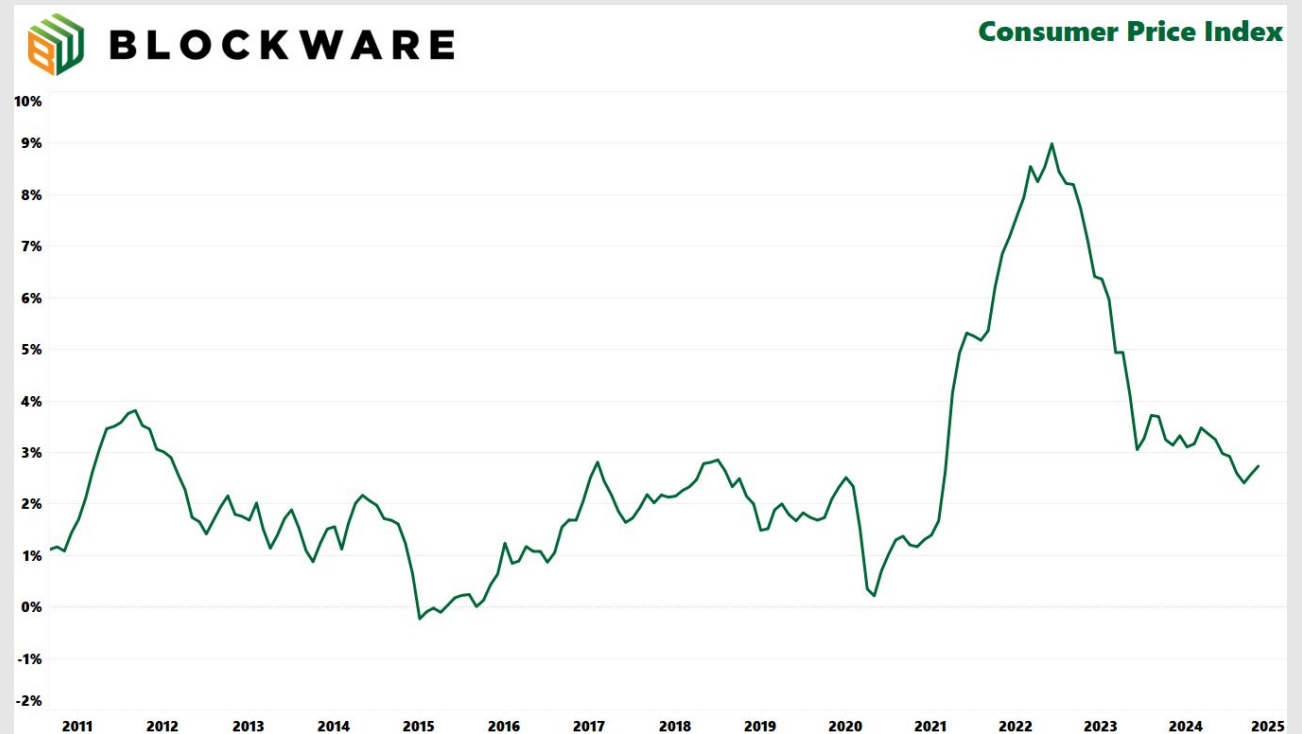
Headline CPI Will Decline in Q4

Increased Energy Production will Lower 'Goods' Inflation

The Trump Administration's commitment to increasing energy production will provide a boost to the economy – resulting in productivity growth as well as a decrease in the inflation rate of energy & food prices. However, ramping up energy production is not as simple as signing a few executive orders – his policies will take time to manifest economically.

Once energy production actually begins to increase, headline CPI will begin to fall as the energy component declines. This will give the Federal Reserve justification to continue cutting interest rates. Moreover, should rising inflation become a more pressing issue in the first half of the year, it's possible that President Trump taps the Strategic Petroleum Reserve (SPR) while we wait for production to ramp up.

The signal here is that, even if Headline CPI falls (which would be a great thing!), don't be fooled: asset inflation will persist due to rising liquidity.



Headline CPI is no longer disinflating and has stagnated in the latter half of 2024. We expect headline CPI may fall in late 2025 as Trump's Pro-Energy policies begin to result in more energy production. However, prices will remain at historically high levels.

The United States Creates a Strategic Bitcoin Reserve

This Will Mark a Historic Moment in History

In some manner or another, President Trump will follow through on his commitment to a 'Strategic Bitcoin Reserve' (SBR) for the United States of America.

Our base case is that this likely takes place in the form of an executive order which will convert the United States' existing BTC holdings into an SBR. This is unbelievably bullish as it signals to the rest of the world that Bitcoin is not going anywhere, and the most powerful country in the world finds it prudent to hold some. A domino effect will ensue in which other countries acquire their own SBR's.

An even more bullish scenario – one where the Trump administration spearheads direction Bitcoin purchases – is not off the table either. However, this would not take place immediately and it is not our base case.



The United States will create a 'strategic Bitcoin reserve' in 2025. However, the manner in which that takes place is to be determined. Whether it comes through an executive order or through the legislative process – or if it constitutes more BTC purchases or just securing the existing holdings – it is bullish for the Bitcoin price in all scenarios.

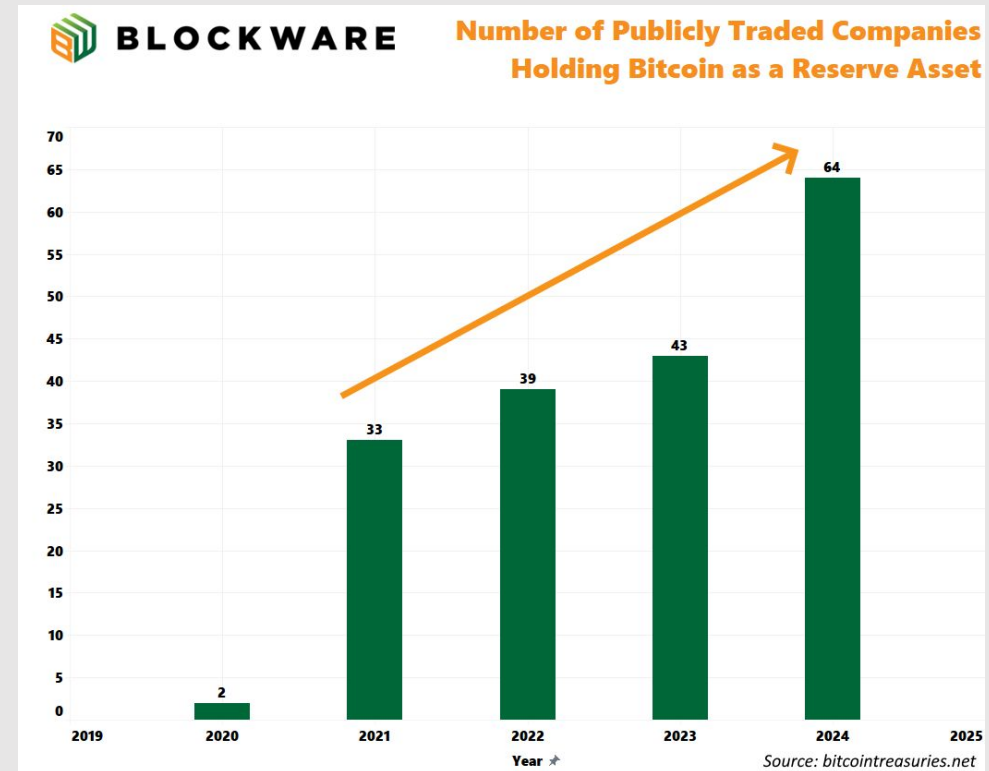
12+ US Companies Add BTC to their Balance Sheet

Strategic Bitcoin Reserves are Not Limited to Nation-States

Corporate Bitcoin adoption is an accelerating trend. The undeniable success of MicroStrategy and its copycats has signaled to the rest of the corporate world that the market is foaming at the mouth for companies with Bitcoin exposure.

The creation of Bitcoin ETF's earlier this year and the continued promotion from the world's most sophisticated capital allocators has eliminated the 'career risk' that was once present for Bitcoin supporters. No longer does a CFO have to worry about getting fired for the mere suggestion of a Bitcoin position. Moreover, the recent FASB accounting rule change allows companies to mark Bitcoin price appreciation on their balance sheet – making BTC holdings a much more palatable concept for stakeholders.

All of these factors are coming together to create an environment in which many more companies add Bitcoin to their balance sheets. This is bullish for the industry and for the Bitcoin price.



Many public companies will come out of the woodworks to add Bitcoin to their balance sheets in 2025. Not all of them will do so as aggressively as MicroStrategy, but they will get some exposure nonetheless. This is bullish for the price of Bitcoin and long-term, mainstream adoption.

Total Bitcoin Hashrate Exceeds 1 ZH/s

Growth of the Mining Industry & Further Decentralization

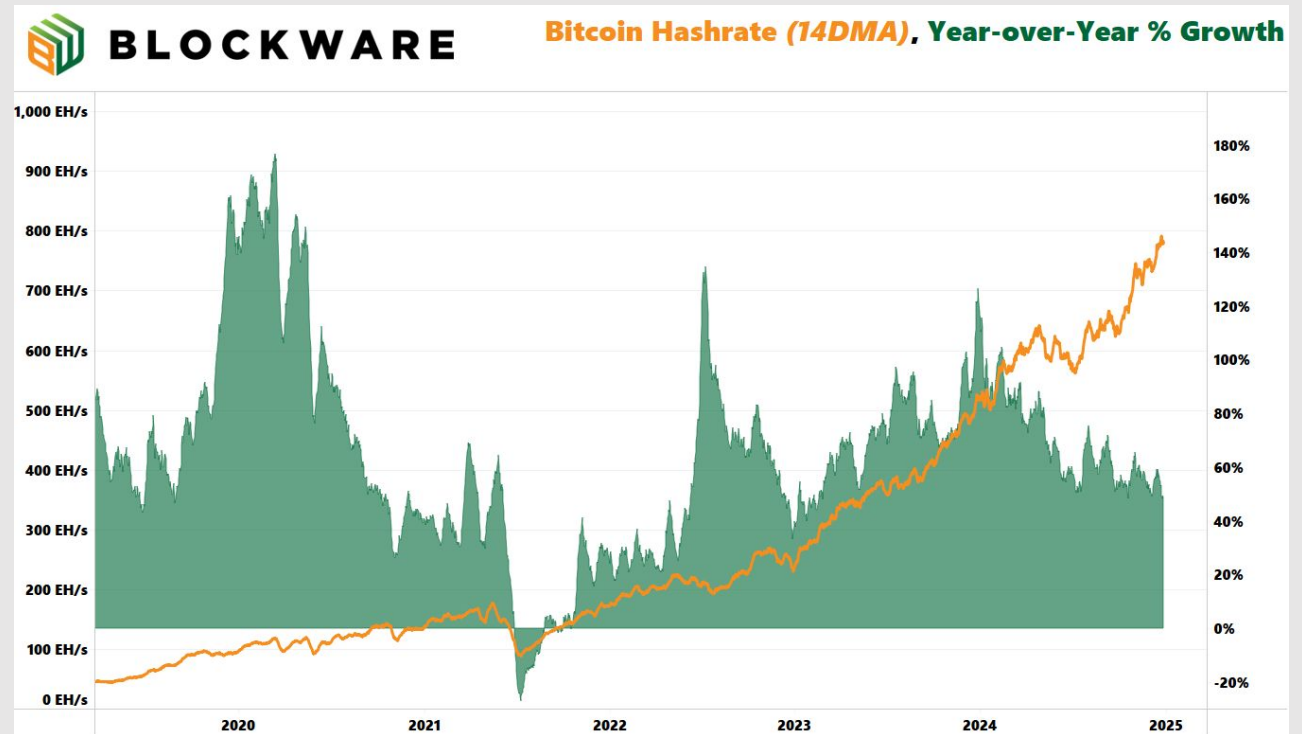
2025 will be the year in which the combined hashrate of all Bitcoin miners on the network will surpass 1 Zetahash per second (1,000 Exahash per second).

For perspective, this means that Bitcoin miners are running the SHA-256 encryption algorithm 1,000,000,000,000,000,000,000 times per second.

There are three forces driving this growth in Bitcoin hashrate:

1. Increased Energy Production Driving Down Energy Prices
2. Rising Bitcoin Price Incentivizing More Mining
3. Marginally More Powerful ASIC Miners

At the time of writing the network hashrate is ~769 EH/s. 1 ZH/s by the end of 2025 would be approximately a 30% increase – which is roughly equivalent to the hashrate growth in 2021 (equivalent period in the last halving epoch). Moreover, a 30% increase in hashrate would be aligned with the historical trend of declining hashrate growth; [discussed in detail in this report.](#)



The hashrate (computing power) of the Bitcoin network will continue to increase in 2025. However, the rate at which it increases will likely be muted compared to 2023 & 2024. We expect the total network Hashrate to increase by ~30% in 2025. Due to the law of large numbers, it will be difficult for Hashrate to grow in equivalent percentage terms as it has historically.

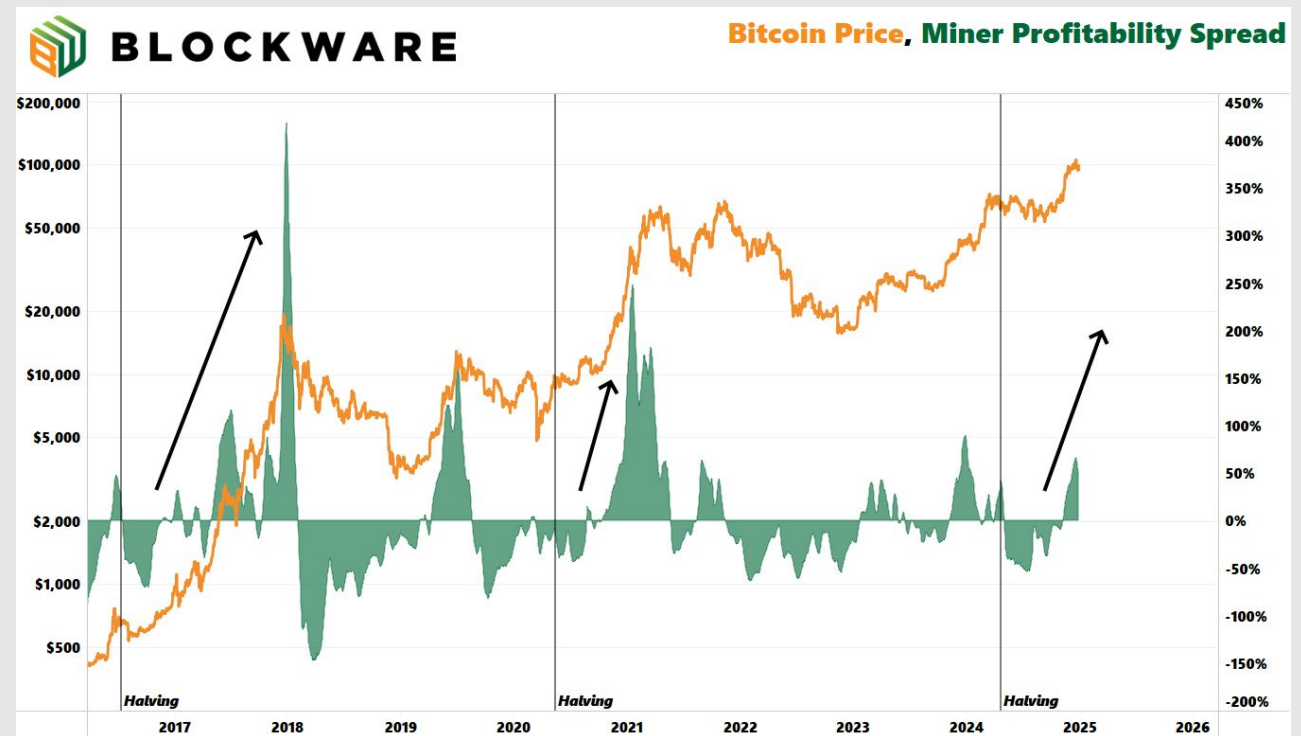
Bitcoin Price Outpaces Hashrate Growth

This Will Lead to a Rise in Bitcoin Mining Profitability

If you frequently read our content, then you're familiar with this concept. This is the cornerstone of our thesis behind Bitcoin mining throughout the coming years. The primary two market forces effective Bitcoin mining profitability are the Bitcoin price and the hashrate (mining difficulty). When price increases at a faster rate than difficulty, miners become more profitable.

This is going to happen in 2025. Nation-state, institutional, and retail Bitcoin buyers are going to push the price of Bitcoin higher. While we expect mining difficulty to increase, it will do so at a slower pace and smaller magnitude relative to the Bitcoin price. This will result in a rise in the profitability of Bitcoin mining (measured by hashprice), similar to what we've seen over the past two months.

[To read about this concept in more detail, check out this report.](#)



Due to the inability for Hashrate to grow as fast as it has historically, we expect the Bitcoin price to grow to grow at a faster rate, resulting in higher profit margins for Bitcoin miners.

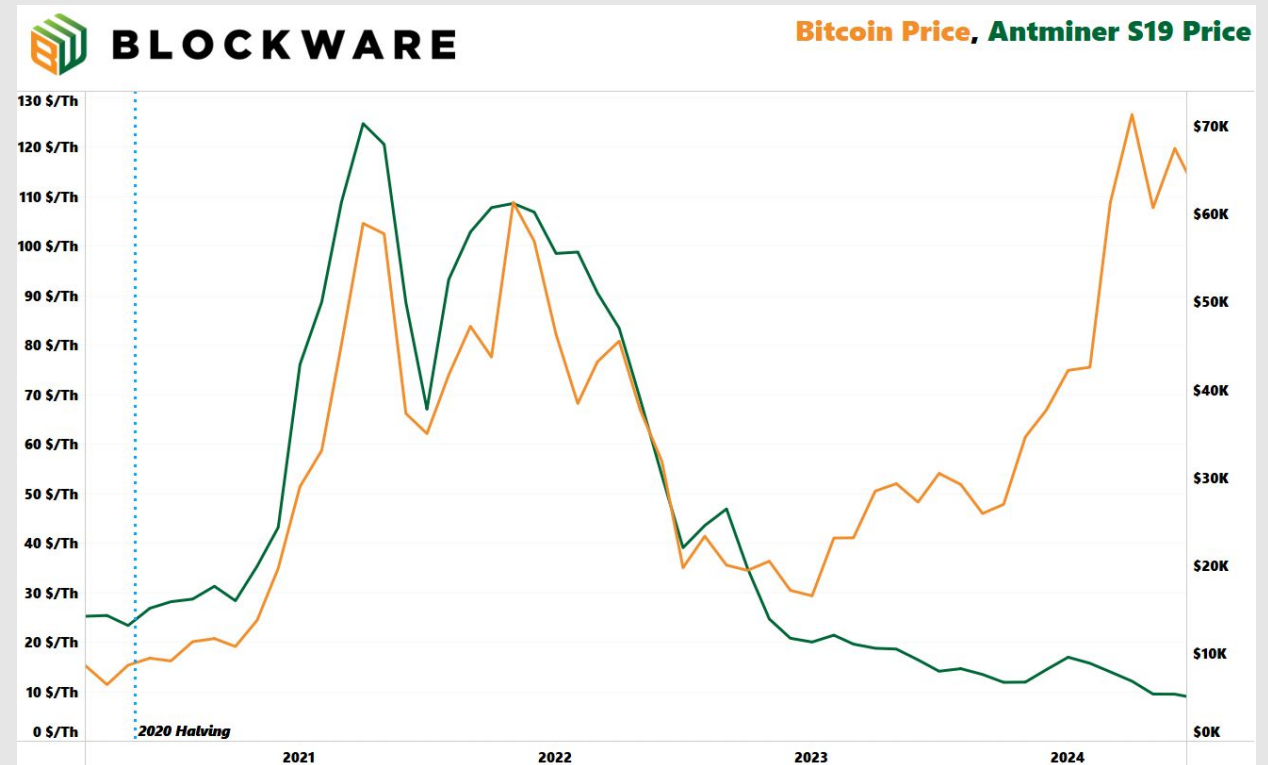
ASIC Prices Rise

Rising Mining Profitability Will Lead to Higher ASIC Prices

When the profitability of Bitcoin mining increases, demand for Bitcoin miners increases and the price of Bitcoin miners increases. This is exactly what played out in 2021 – and it was exasperated by the supply chain issues of the time.

A similar outcome is likely to occur in 2025 as the Bitcoin price rises to uncharted heights. Furthermore, ASIC price increases will also be catalyzed by Trump tariffs as most of the mining hardware is imported from China. This will increase the price for Bitcoin miners broadly while also resulting in a premium on turnkey hosted Bitcoin mining hardware that is already on-shore in the United States.

The Blockware Marketplace creates a liquid secondary market for Bitcoin mining hardware – enabling investors to capitalize on volatility in the price of ASICs. Machine prices are already beginning to increase, and they will continue to do so throughout 2025.



Growth in Bitcoin mining profit margins will result in increased demand for mining hardware. As such, we expect the price of new-generation Bitcoin mining equipment (ASICs) to increase by a similar magnitude as it did during the 2021 Bitcoin bull market; charted above.

Potential Paths for The Bitcoin Price

Bear, base, and bull case for BTC price action in 2025

Based on the bullish dynamics at play: nation-state and institutional BTC demand combined with loosening monetary policy, we expect 2025 to be a strong year for BTC price action. Here are three potential scenarios for the Bitcoin price:

- Bear Case: ~\$150,000
 - Trump Does Not Follow Through on SBR
 - Fed Further Reverses Course on Rate Cuts
 - Long Term Holders Aggressively Sell Coins
- Base Case: ~\$225,000
 - Current US Holdings Become the SBR
 - Fed Lowers Interest Rates at Projected Rate
 - Corporate BTC Adoption Continues at Current Pace
- Bull Case: ~\$400,000
 - US Adopts SBR While Also Accumulating more BTC
 - Fed Becomes More Dovish as Headline CPI Declines
 - Corporate BTC Adoption Rate Accelerates (Mag 7 company adds BTC to Balance Sheet)



Bitcoin price predictions are impossible. But given the bullish dynamics, we see price appreciation in 2025 as a sure thing, the degree to which remains in question. This chart illustrates a bear, base, and bull case scenario for the Bitcoin price in 2025.

\$150,000 to \$400,000 per BTC

Bear, base, and bull case for BTC price action in 2025



Why Mine Bitcoin in 2025?

Outperform buying Bitcoin directly



When most think of getting exposure to Bitcoin, they rarely think about mining Bitcoin. Mining Bitcoin with a trusted partner like Blockware Solutions enables you to dollar cost average into BTC at a discount.

New Generation Mining Rigs

The chart to the left compares the returns of Bitcoin mining vs purchasing Bitcoin directly (from 2020 halving to 2024 halving). The orange line shows the returns of spot Bitcoin. The white line shows the returns of Bitcoin mining. The green line shows the returns of Bitcoin mining inclusive of the machine resale value.

Over a multi-year period, mining allows you to accumulate more Bitcoin than you would by purchasing Bitcoin directly (and thus outperform). It is especially true when mining during bull markets. 2021 was the best year for mining during the previous halving epoch, and 2025 is shaping up to be the same way this time around. Don't wait!



ASICs are Assets

ASICs are commoditizing, which means today's hardware is likely to retain its value for a longer period of time.



Rig Marketplace

There is now more liquidity for used mining rigs, enabling mining rigs to be purchased and sold at a later date.



BLOCKWARE

Blockware enables anybody to start mining Bitcoin.

With our owned and operated data centers across the United States, we provide our clients access to low cost power and allow them to mine without having to deal with the heat and noise of mining at home.

Contact us to purchase the latest-generation Bitcoin mining rigs with zero lead time and start mining Bitcoin today!



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