

BITFINEX Alpha



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EXECUTIVE SUMMARY

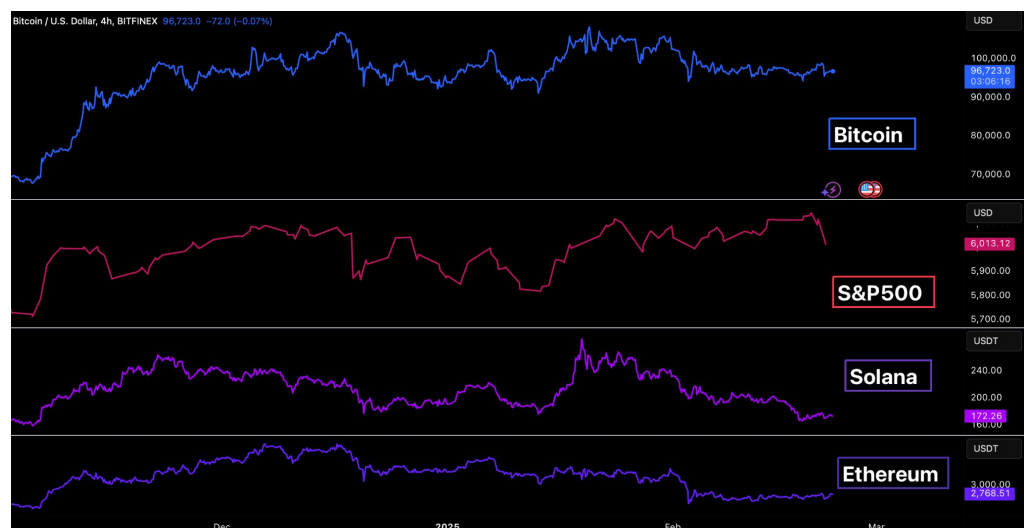
Bitcoin Trading Turns Turgid

Bitcoin remained [range-bound](#) over the past week, and has been trading between the \$91,000 and \$102,000 range for over 90 days now, as market momentum continued to stall.

Volatility surged on Friday, February 21st, following news of the [ByBit hack](#) and a sharp S&P 500 options expiry sell-off, triggering a 4.7 percent drop on the day to nearly \$95,000 before it recovered over the weekend.

Across the broader crypto market, most major assets have entered a [corrective phase](#) following their late-2024 rallies. Bitcoin (-5.9 percent), Ethereum (-16.9 percent), and Solana (-33.1 percent) have all declined in February from rallies in November and December 2024, while Memecoins, which surged in December, have fallen sharply by -37.4 percent.

The downturn has been exacerbated by macro-driven uncertainty, as well as Bitcoin's increasing correlation with traditional markets. The S&P 500's failure to rally above the [6,000 level](#) has dampened risk appetite across asset classes, contributing to a decline in speculative participation across risk assets.



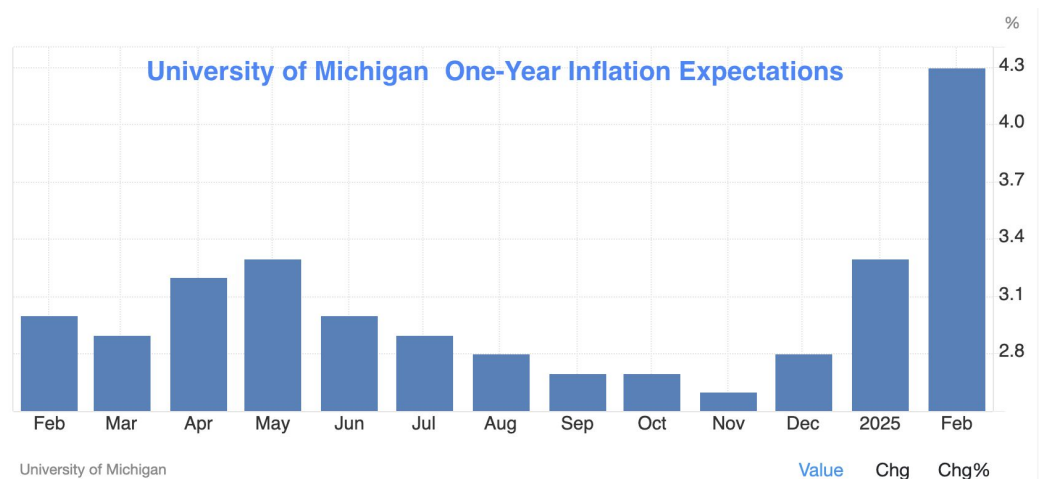
Bitcoin, SPX And Major Crypto Asset Performances In 2025.
(Source: Bitfinex, S&P)

Institutional demand has also slowed significantly. [Bitcoin ETF](#) inflows, which peaked at 18,000 BTC per day in November 2024, have reversed into net outflows, with \$360 million withdrawn on [February 20th](#) alone.

This declining institutional engagement, paired with a notable drop in [leveraged trading activity](#), signals a broader market contraction.


Bitcoin remains at a critical juncture after nearly 90 days of consolidation. As market participants await a catalyst, Bitcoin's next major move will likely be dictated by macroeconomic trends and could be decisive.

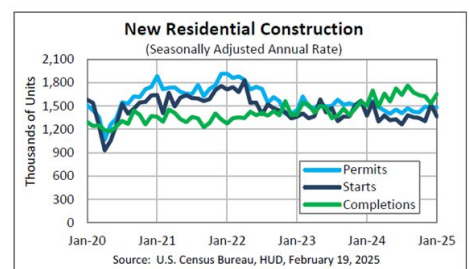
The US economy is also facing increasing challenges as [consumer confidence](#) weakens and inflation expectations rise, posing a potential setback to the Federal Reserve's progress in controlling price growth. The [latest University of Michigan survey](#) shows a sharp decline in consumer sentiment, reaching its lowest level in over a year. Households are bracing for higher inflation, with expectations climbing to 4.3 percent over the next year, up from 3.3 percent in the previous month. This shift in sentiment suggests consumers are growing more cautious, which could slow spending and economic activity. The White House's proposed tariffs on imports are adding to inflationary pressures, reversing some of the progress made in disinflation over the past two years.



University of Michigan- One-Year Inflation Consumer Expectations

Meanwhile, the housing market is experiencing a [slowdown](#), with new home construction dropping by 8.4 percent in January. While severe winter storms played a role in disrupting projects, the bigger concern is the long-term impact of higher material costs due to tariffs and persistently high mortgage rates.

 NEW RESIDENTIAL CONSTRUCTION JANUARY 2025	
Building Permits:	1,483,000
Housing Starts:	1,366,000
Housing Completions:	1,651,000
Next Release: March 18, 2025	
Seasonally Adjusted Annual Rate (SAAR)	
Source: U.S. Census Bureau, HUD, February 19, 2025	



New Residential Construction (US Census Bureau)

Builders are struggling to start new projects, as rising expenses make construction less profitable. The lack of new supply is keeping home prices elevated, further complicating the Federal Reserve's efforts to bring inflation down to its 2 percent target. With no major policy shifts expected to ease supply constraints, housing affordability is unlikely to improve in the near future.

The cryptocurrency industry is experiencing a mix of bullish momentum and heightened risk as major events shape the market. Strategy™ announced a [\\$2 billion convertible senior notes offering](#), with proceeds intended for Bitcoin acquisitions and corporate purposes.

Meanwhile, the US Senate confirmed [Howard Lutnick](#) as Secretary of Commerce, a decision that could shift regulatory attitudes toward digital assets. Lutnick, a long-time proponent of Bitcoin and an investor in Tether, is expected to push for less restrictive policies that could encourage mainstream adoption of cryptocurrency. His stance on trade, particularly support for President Trump's tariff policies, may also have broader implications for financial markets, potentially affecting institutional crypto investment.

On the downside, [Bybit suffered a \\$1.5 billion hack](#), making it one of the largest crypto security breaches in history. The attack highlights persistent vulnerabilities in crypto asset security. While Bybit has assured users of its solvency, the breach raises concerns over security protocols and the growing sophistication of cyber threats.



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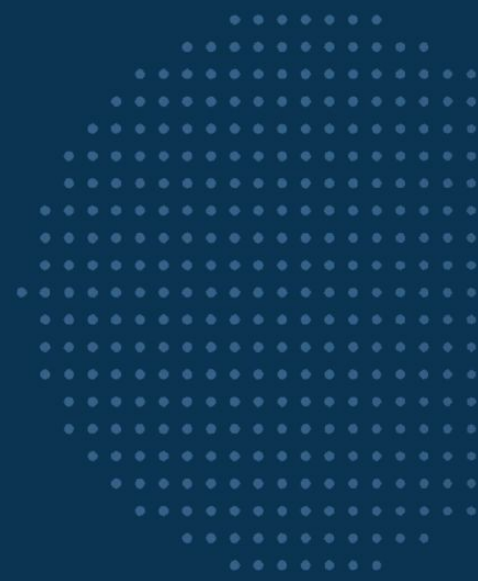
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MARKET SIGNALS



Bitcoin Experiences Large Fluctuations To Close Flat Week

Over the past week, Bitcoin moved within a 6.5 percent peak-to-trough range with the most fluctuation seen on Friday, February 21st, with the price climbing as high as \$99,574 before closing the day at \$96,346. The market last week was impacted by two key events on Friday: the news of the [Bybit hack](#) and a sharp intra-day decline following the S&P 500 options expiry. This combination of factors triggered a 4.7 percent drop, pushing BTC to almost below \$95,000 before it rebounded.



Figure 1. BTC/USD 4H Chart. (Source: Bitfinex)

Bitcoin's attempt to rally above its All-Time High (ATH) in January 2025 and re-enter price discovery has so far not been re-attempted with any great conviction. The momentum required for a sustained breakout has been lacking, and this has led to a period of contraction and consolidation across almost all major crypto assets.

Looking at performance of key individual assets, as of February 22nd, 2025, there have been significant declines following initial substantial gains:

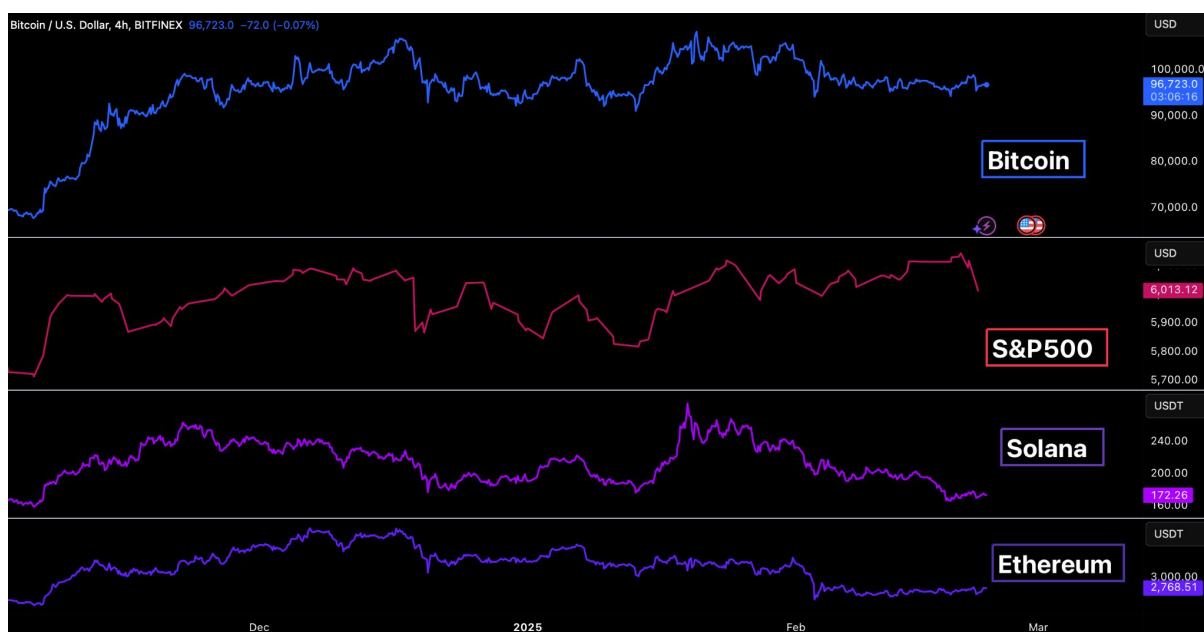


Figure 2. Bitcoin, SPX And Major Crypto Asset Performances In 2025. (Source: Bitfinex, SP)

- [Bitcoin](#): +48.4 percent in November 2024 → -5.9 percent (as of February 22, 2025)
- [Ethereum](#): +60.3 percent in December 2024 → -16.9 percent (as of February 22, 2025)
- [Solana](#): +53.2 percent in November 2024 → -33.1 percent (as of February 22, 2025)
- [Meme Coins Index](#): +90.2 percent in December 2024 → -37.4 percent (as of February 22, 2025)

Meme coins and Solana have in particular thrived when markets have been bullish, but their corrections have been equally sharp during downturns. Ethereum, while showing some relative strength, has underperformed throughout the cycle, and there has not yet been a consistent trend of outperformance relative to other assets.

A significant factor contributing to the stalling in markets has been a similar stagnation in traditional financial markets, especially the S&P 500. The failure to sustain a rally above the 6000 level for SPX has led to broader risk asset struggles. A notable example was the sharp decline of more than 2.1 percent in the stock market on February 21st, following the options expiry. This reflects how the broader equity market's suppression has affected risk assets in general, including cryptocurrencies.

As a result of these headwinds, we have seen slowing ETF flows as well. US-based Bitcoin ETF purchases have dropped from +4-5,000 coins acquired per day (reaching a high of 18,000 on November 7th) to -1,000 per day over the past week. This reduction in institutional demand through ETFs potentially signals a weakening of bullish momentum for Bitcoin.

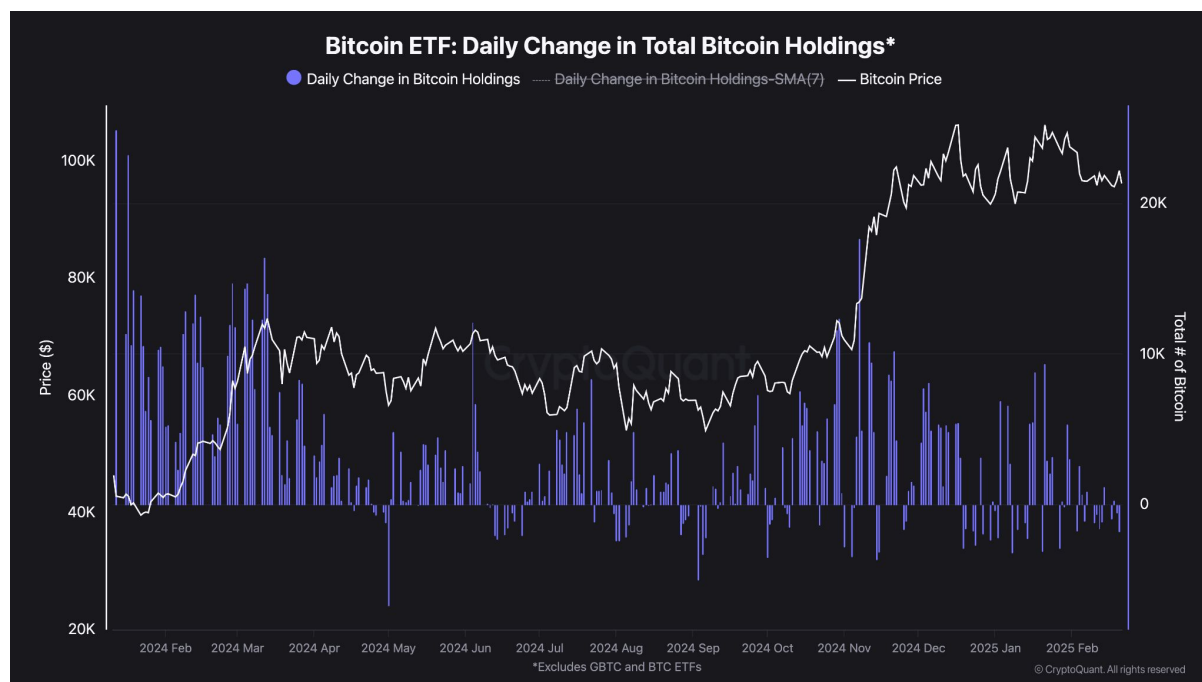


Figure 3. US Based Bitcoin ETFs Daily Change In Holdings. (Source: CryptoQuant)

The market is currently in a contraction phase, with institutional interest in both Bitcoin and Ethereum slowing, as evidenced by spot BTC ETF flows last week. By normalising net inflows against each asset's native spot volume, we can better understand the influence of ETFs on market dynamics.

Bitcoin ETFs experienced outflows on every single trading day last week, with outflows exceeding \$360 million on Thursday, February 20th (refer to Figure 4 below).

However, these outflows have also seen a strong rebound in buy-side activity, with Bitcoin ETFs accounting for more than 8 percent of global spot volume on Friday, February 21st, indicating robust demand at range lows after nearly 90 days of consolidation.

In contrast, Ethereum ETF demand has cooled significantly and remains much smaller in scale compared to Bitcoin. ETF activity for Ethereum is hovering around zero in some funds in terms of net flows (refer to Figure 5 below), reflecting a lack of strong participation and demand from traditional investors.

We are also seeing a corresponding decline in capital inflows within the perpetual futures market. The cooling demand on the spot side has triggered a significant drop in perpetual open interest (OI) across all major assets (refer to Figure 6 below), indicating a reduction in speculative activity and lower cash-and-carry yields.

	IBIT	FBTC	BITB	ARKB	BTCO	EZBC	BRRR	HODL	BTCW	GBTC	BTC	
Fee	0.25%	0.25%	0.20%	0.21%	0.25%	0.19%	0.25%	0.20%	0.25%	1.50%	0.15%	
03 Feb 2025	0.0	(177.6)	(5.5)	(50.7)	0.0	0.0	0.0	(8.6)	0.0	8.0	0.0	(234.4)
04 Feb 2025	249.0	0.0	16.1	56.1	0.0	0.0	0.0	0.0	0.0	19.5	0.0	340.7
05 Feb 2025	44.4	10.6	0.0	0.0	0.0	0.0	0.0	0.0	11.4	0.0	0.0	66.4
06 Feb 2025	0.0	(103.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(42.2)	5.2	(140.2)
07 Feb 2025	21.9	52.5	10.5	59.0	0.0	5.6	0.0	21.8	0.0	0.0	0.0	171.3
10 Feb 2025	55.4	(136.1)	0.0	0.0	(34.0)	(19.8)	0.0	(5.5)	0.0	(46.3)	0.0	(186.3)
11 Feb 2025	23.8	(43.6)	(9.3)	0.0	(9.5)	(11.0)	0.0	0.0	(7.1)	0.0	0.0	(56.7)
12 Feb 2025	(22.1)	(102.0)	(25.9)	(97.0)	(9.7)	0.0	(3.7)	0.0	0.0	(6.9)	16.3	(251.0)
13 Feb 2025	26.2	(94.5)	(15.7)	(52.7)	(4.8)	(8.4)	0.0	-	0.0	(6.9)	0.0	(156.8)
14 Feb 2025	22.3	94.0	8.0	(13.2)	0.0	0.0	0.0	-	0.0	(47.0)	6.5	70.6
17 Feb 2025	-	-	-	-	-	-	-	-	-	-	-	0.0
18 Feb 2025	68.4	(16.4)	(112.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(60.7)
19 Feb 2025	0.0	(48.4)	0.0	(8.7)	0.0	0.0	(2.2)	(4.8)	0.0	0.0	0.0	(64.1)
20 Feb 2025	(112.0)	(88.2)	24.1	(98.3)	0.0	0.0	0.0	4.2	0.0	(33.5)	(61.1)	(364.8)
21 Feb 2025	21.6	(12.5)	(16.6)	0.0	0.0	0.0	0.0	4.7	0.0	(60.1)	0.0	(62.9)
Total	40,879	12,332	2,167	2,746	277	442	533	877	250	(22,106)	1,176	39,573

Figure 4. Bitcoin ETF Daily Flows Across All ETF Providers. (Source: FarsideUK)

The 30-day rolling Open Interest (OI) delta, which measures the change in open interest as compared to 30 days ago at any given point in time, shows a broad retreat of capital from riskier, leveraged positions, reaching a yearly low on February 17th:

- Bitcoin OI: -11.1 percent
- Ethereum OI: -23.8 percent
- Solana OI: -6.2 percent
- Memecoins OI: -52.1 percent

	ETHA	FETH	ETHW	CETH	ETHV	QETH	EZET	ETHE	ETH	
Fee	0.25%	0.25%	0.20%	0.21%	0.20%	0.25%	0.19%	2.50%	0.15%	
Seed	10.6	4.4	2.5	2.3	10.2	1.1	2.7	9,199.3*	1,022.5*	10,255
05 Feb 2025	0.0	20.1	0.0	0.0	0.0	0.0	0.0	(7.2)	5.2	18.1
06 Feb 2025	10.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7
07 Feb 2025	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 Feb 2025	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(22.5)	0.0	(22.5)
11 Feb 2025	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6
12 Feb 2025	0.0	(10.7)	0.0	0.0	0.0	0.0	0.0	(30.2)	0.0	(40.9)
13 Feb 2025	12.0	4.6	0.0	0.0	0.0	0.0	0.0	(3.8)	0.0	12.8
14 Feb 2025	0.0	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7
17 Feb 2025	-	-	-	-	-	-	-	-	-	0.0
18 Feb 2025	0.0	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6
19 Feb 2025	0.0	24.5	0.0	0.0	0.0	0.0	0.0	(5.5)	0.0	19.0
20 Feb 2025	0.0	(2.8)	0.0	0.0	0.0	0.0	0.0	(10.3)	0.0	(13.1)
21 Feb 2025	0.0	0.0	(8.9)	0.0	0.0	0.0	0.0	0.0	0.0	(8.9)

Figure 5. Ethereum ETF Daily Flows Across All US-Based ETF Providers. (Source: FarsideUK)

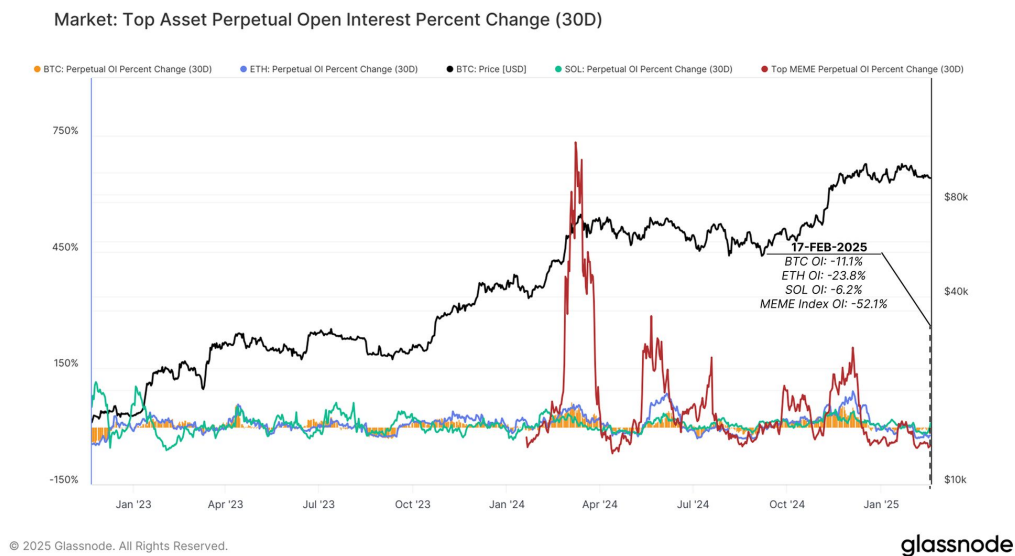
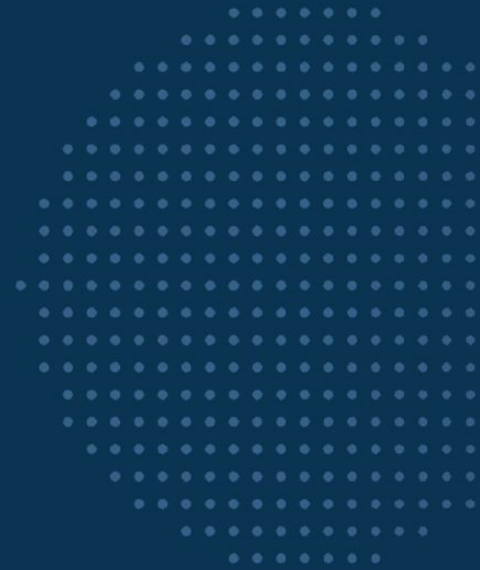


Figure 6. 30-Day Open Interest Percentage Based Changes Across Major Crypto Assets. (Source: Glassnode)

This widespread decline in open interest suggests that traders are scaling back their leveraged exposure, likely in response to a combination of weaker market momentum and increasing uncertainty. The most drastic drop is observed in Memecoins, which often attract short-term, highly leveraged trading. These assets tend to lose traction quickly when market sentiment weakens, leading to sharp declines in open interest.



GENERAL MACRO UPDATE



Consumer Confidence Drops as Inflation Pressures Rise: Is the Era of Disinflation Over?

US consumer sentiment has taken a sharp downturn, reflecting growing concerns about inflation and economic uncertainty. The latest data from the [University of Michigan's Consumer Survey](#) issued last Friday, February 21st, revealed that the consumer sentiment index fell to 64.7 in February, its lowest level in 15 months, as public perception shifted on the outlook for the economy.

Consumer sentiment is a crucial indicator of how people feel about their financial future. When confidence declines, people tend to cut back on spending, slowing economic growth.

Final Results for February 2025

	Feb	Jan	Feb	M-M	Y-Y
	2025	2025	2024	Change	Change
Index of Consumer Sentiment	64.7	71.7	76.9	-9.8%	-15.9%
Current Economic Conditions	65.7	75.1	79.4	-12.5%	-17.3%
Index of Consumer Expectations	64.0	69.5	75.2	-7.9%	-14.9%

Figure 7. University of Michigan Consumer Sentiment, Results for February 2025



Figure 8. University of Michigan - Consumers' One-Year Inflation Expectations (Chart Source: Trading Economics)

According to the survey, households now expect inflation to reach 4.3 percent over the next year, a sharp increase from 3.3 percent the previous month. Long-term inflation expectations have also edged higher, with consumers predicting inflation to run at 3.5 percent over the next five years—the highest level recorded since 1995.

This shift is concerning because inflation expectations can influence actual inflation. When people anticipate higher prices in the future, they may spend more now, creating additional demand that can drive prices even higher.

The Fed's Disinflation Progress Faces a Major Threat

For the past two years, the Federal Reserve has raised interest rates aggressively to bring down inflation, aiming for what economists call a "soft landing"—reducing inflation without causing a major economic recession. The Fed's efforts have been compared to the 1990s when strong productivity growth and globalisation helped keep inflation low while supporting economic expansion.

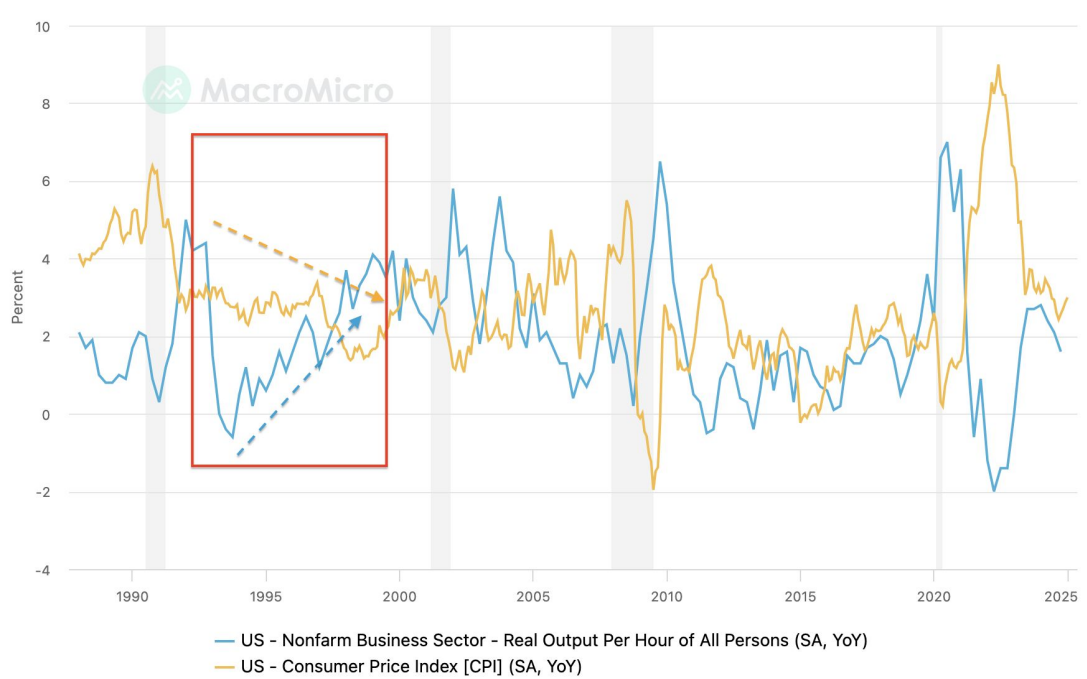


Figure 9. Real Output per Hour of Nonfarm Business Sector Was Strong Which Kept Inflation Low in the 1990's (Chart Source: Macromicro)

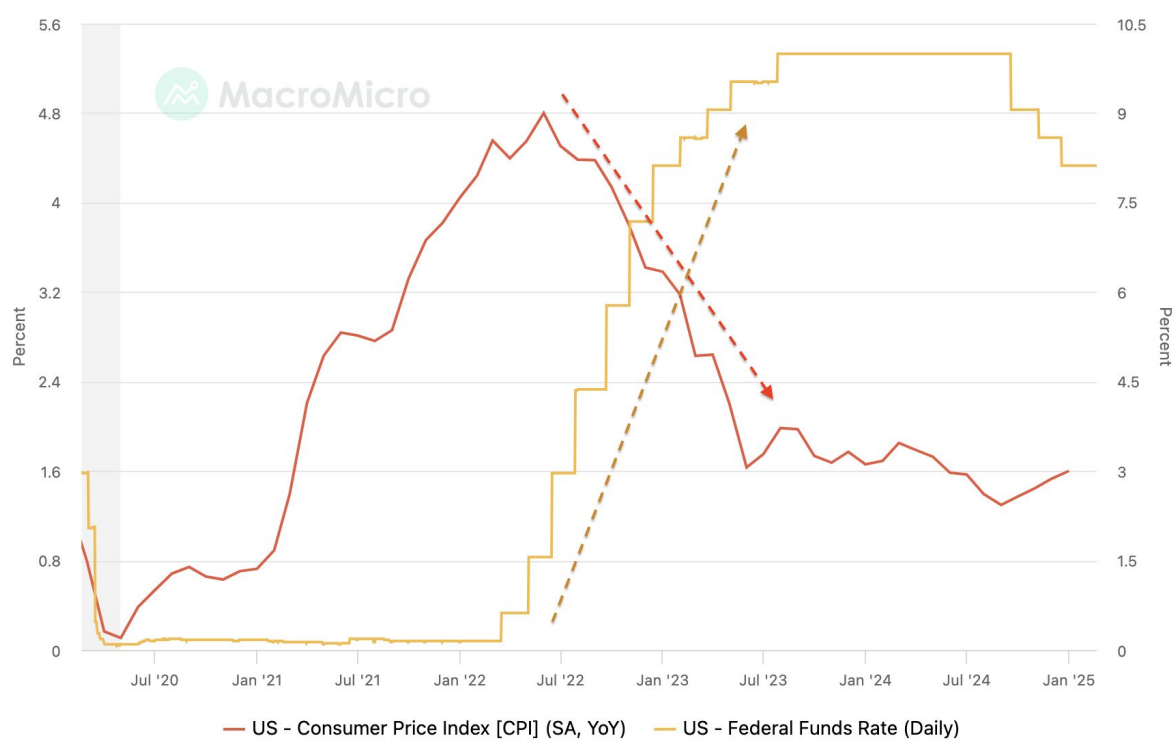


Figure 10. In 2022, The Federal Reserve Started Aggressive Rate Hikes When Inflation Peaked in 2022 (Chart Source: Macromicro)

However, the current economic environment is quite different. White House [discussions](#) on implementing new tariffs on imports has introduced fresh concerns on what impact this will have on economic growth. Unlike the 1990s, when global trade helped lower prices by making goods cheaper, higher tariffs would make imports more expensive, potentially reversing some of the progress made on disinflation.

If tariffs push up inflation, the Fed may have no choice but to reconsider its monetary policy stance. Instead of gradually returning to a [neutral rate by 2027](#), the Fed might be forced to increase interest rates again to control rising prices. This would have significant consequences, including:

- Higher borrowing costs for businesses and consumers
- Slower economic growth as companies cut investments
- More pressure on household budgets due to rising costs of goods and services

At the moment, the US economy stands at a crossroads. While the Fed has made remarkable progress in reducing inflation, shifting trade policies and declining consumer confidence are introducing new risks. If inflation expectations continue to rise and tariffs push prices higher, the Fed's fight against inflation may not be over.

US Home Construction Slows as Harsh Weather and Rising Costs Keep Housing Prices High

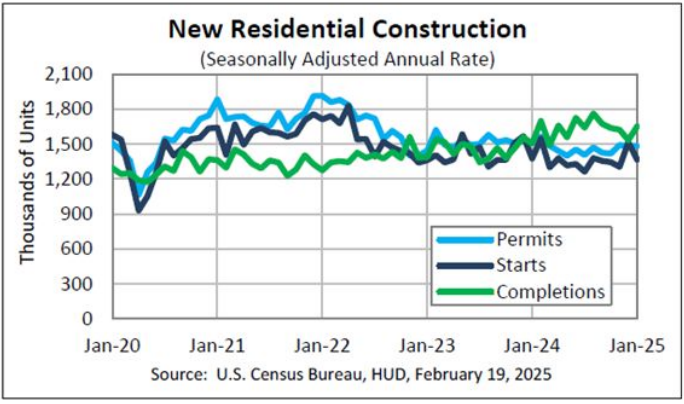


Figure 11. New Residential Construction, January 2025 (Source: US Census Bureau)

The US housing market faced a notable decline in new home construction at the start of the year, with single-family homebuilding dropping by 8.4 percent in January. The slowdown was largely caused by severe winter weather, which disrupted construction projects across the country. However, beyond these weather-related setbacks, rising material costs due to tariffs and persistently high mortgage rates are adding to the challenges for homebuilders, making it difficult for new housing projects to gain momentum.

According to the [US Census Bureau's Monthly New Residential Construction](#) report issued last Wednesday, February 19th, housing starts fell to an annualised rate of 993,000 units, a significant drop from the previous month. While part of this decline can be linked to extreme weather conditions, another factor at play is a natural slowdown following a surge in housing activity in November and December, when builders rushed to complete projects after Hurricane Helene.

Despite an overall shortage of [existing homes for sale](#)—a condition usually driving up new home construction—builders are finding it increasingly difficult to start new projects. This is mainly due to the higher costs of imported building materials, a consequence of tariffs imposed by the current administration. These added expenses make construction less profitable, discouraging developers from breaking ground on new homes.

Although fewer new homes were started, the number of completed projects actually increased by 7.6 percent in January, reaching an annualised rate of 1.65 million units. This suggests that many builders are prioritising finishing homes that were already in progress, rather than committing to new construction projects. While this helps reduce the backlog of unfinished homes, it does not do much to increase the supply of newly built houses, which remains insufficient to meet demand.

The difficulty in increasing housing supply has broader economic implications, particularly for the Fed’s efforts to control inflation. Housing costs remain one of the biggest obstacles to bringing inflation back down to the Fed’s two percent target.

Several key factors continue to drive up home prices:

- Tariffs on imported materials make construction more expensive
- Stricter immigration policies limit the labour force in the construction industry, leading to higher wages and project delays
- High mortgage rates make homeownership more expensive, discouraging potential buyers

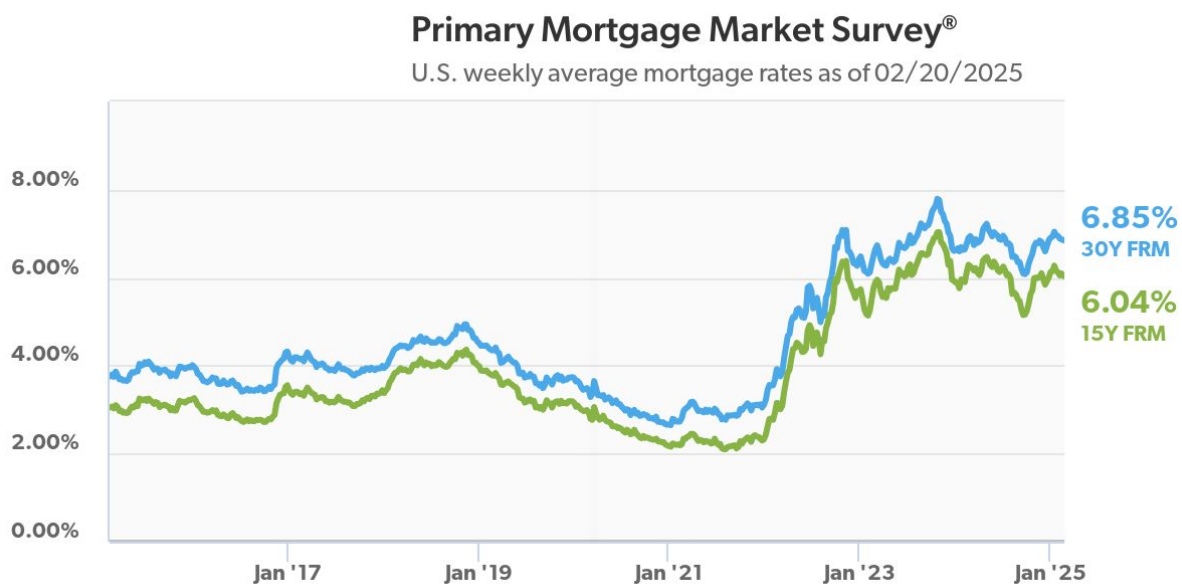



Figure 12. US 30-Y and 15-Y Fixed Rate Mortgage (Source: FreddieMac)



With no major housing policies expected from the current administration to ease these pressures, the gap between housing supply and demand will unlikely improve soon. As a result, home affordability challenges will persist, preventing many Americans from being able to buy a home.

Because housing costs continue to be a major contributor to inflation, the Fed is unlikely to lower interest rates anytime soon. This means that mortgage rates will remain high, making it even more difficult for people to afford homes.

Without significant policy changes to address rising construction costs and supply shortages, the US housing market will likely stay expensive and competitive - and affordability challenging.



NEWS FROM THE CRYPTO-SPHERE



Strategy Announces \$2 Billion Convertible Senior Notes Offering


Strategy Announces Pricing of Convertible Senior Notes

Press Release • February 20, 2025

Figure 13. Strategy Announces \$2 Billion Convertible Senior Notes Offering

- **Strategy™ (Nasdaq: MSTR) announced a \$2 billion private offering of zero percent convertible senior notes due 2030, with an option for an additional \$300 million, mostly to be used to buy more Bitcoin**
- **While the offering could boost institutional demand and drive bullish sentiment in crypto and tech markets, concerns about share dilution, overleveraging, and Bitcoin price dependency may introduce market volatility**

Last Thursday, February 20th, Strategy™ (Nasdaq: MSTR) [announced](#) its intention to privately offer \$2 billion in zero percent convertible senior notes due 2030 to qualified institutional buyers. The company may also grant initial purchasers an option to buy an additional \$300 million in notes within five business days of issuance. These unsecured notes will not bear regular interest or accrete in principal. However, holders can convert their notes under specific conditions, with Strategy electing to settle conversions in cash, Class A common stock, or a combination of both.



Starting March 5, 2027, the company can redeem the notes for cash if its Class A common stock price exceeds 130 percent of the conversion price for a specified period. In particular "fundamental change" events, noteholders may require Strategy to repurchase their notes for cash.

If successful, the offering may signal strong institutional demand for exposure to Strategy's stock and Bitcoin, potentially driving bullish momentum in crypto and tech markets. However, the potential dilution of existing shares through conversion could introduce volatility, especially if market conditions shift before 2027, when the company gains redemption rights. Additionally, concerns about overleveraging and Bitcoin price dependency has led to mixed reactions, with some investors questioning the sustainability of this capital-raising strategy amid broader market uncertainties.

The initial conversion rate and other terms will be set upon pricing the offering, with the reference price based on the US composite volume-weighted average price of Strategy's Class A common stock on the pricing date. Proceeds from this offering are intended for general corporate purposes, including acquiring Bitcoin and working capital. This announcement follows Strategy's [January 3, 2025, disclosure](#) of targeting up to \$2 billion through public offerings of perpetual preferred stock to strengthen its balance sheet and acquire more Bitcoin.

Pro-Crypto Advocate Howard Lutnick Confirmed as US Secretary of Commerce




Figure 14. White House Post on X: Howard Lutnick Confirmed as US Secretary of Commerce

- Howard Lutnick, a strong advocate for the cryptocurrency industry, and former CEO of Cantor Fitzgerald, was confirmed as the 41st US Secretary of Commerce
- His appointment is expected to lead to potentially more pro-crypto policies and a loosening of restrictive digital asset regulations

[The US Senate confirmed Howard Lutnick](#) as the 41st Secretary of Commerce in a 51-45 vote, last Tuesday, February 18th. Lutnick, formerly the Chairman and CEO of Cantor Fitzgerald, is a prominent figure in the financial industry as well as holding significant investments in crypto assets as well as exposure to Tether, the company that holds the world's largest stablecoin.

A vocal advocate for digital assets, Lutnick has likened Bitcoin to gold, emphasising its potential as a global trading asset.

His pro-crypto stance suggests potential shifts in the Department of Commerce's current approach to digital currency regulations, and the possible introduction of less restrictive policies.



However, Lutnick's deep ties to the cryptocurrency industry have raised concerns about potential conflicts of interest. Critics point to his crypto investments and question how these connections might influence his policy decisions.

In addition to his role in shaping crypto regulation in the US, Lutnick is expected to be key to implementing US trade policies, and supports President Donald Trump's approach to tariffs, viewing them as protective measures for American businesses against foreign trade practices.

One of Lutnick's immediate challenges includes evaluating a proposal to merge the US Postal Service with the Commerce Department, [a move President Trump believes could address the agency's financial struggles](#). The USPS has faced mounting debt and operational losses for years, exacerbated by a 2006 congressional mandate requiring it to pre-fund retiree health benefits, which has contributed to billions in liabilities. Proponents argue that merging USPS with the Commerce Department could streamline operations and provide financial relief through government-backed restructuring. However, critics, particularly Democratic lawmakers, warn that such a move could be legally questionable, as USPS was designed to operate independently and merging it with an executive agency could require congressional approval. Furthermore, opponents highlight that restructuring USPS under the Commerce Department could lead to cost-cutting measures that impact critical services, particularly those relied upon by veterans and small businesses, such as affordable mail delivery, prescription shipments, and rural logistics. The potential for increased privatization also raises concerns about service accessibility and price hikes for essential deliveries.

Howard Lutnick's pro-crypto stance may however lead to more favourable regulations and increased institutional adoption for crypto assets. His influence on trade policies and economic strategy could also create a more open environment for digital assets. However, concerns over potential conflicts of interest might spark regulatory scrutiny. That said, if his policies encourage mainstream acceptance, Bitcoin and other cryptocurrencies could see increased investment.


Bybit Suffers Historic \$1.5 Billion Hack



Figure 15. Bybit Suffers Historic \$1.5 Billion Hack : Bybit Post on X

- **Dubai-based crypto exchange Bybit suffered a \$1.5 billion hack, primarily of assets held in Ethereum, after a security breach during a routine wallet transfer**
- **The breach accounts for the largest ever documented crypto hack ever in dollar-notional value**
- **On-chain investigators have attributed the hack to North Korea's Lazarus Group**

In a significant security breach, Dubai-based cryptocurrency exchange Bybit reported the theft of approximately \$1.5 billion in digital assets, primarily of assets held in Ethereum, marking one of the largest crypto heists to date. The attack occurred last Friday, February 21st, during a routine transfer from Bybit's cold wallet to a warm wallet. In what was a sophisticated manipulation of the signing interface, the hacker was able to gain control of the cold wallet and siphon funds to an unidentified address. [Anonymous Blockchain investigator ZachXBT](#), attributed the hack to North Korea's state-sponsored Lazarus Group, notorious for targeting cryptocurrency platforms to fund their activities. Despite the substantial theft, [Bybit's CEO, Ben Zhou](#), assured users of the platform's solvency and the security of remaining assets, processing over 350,000 withdrawal requests promptly. The incident underscores persistent security vulnerabilities in the cryptocurrency industry. The scale of the hack is also significant, given the whole of 2024 only saw [\\$2.2 billion stolen in similar attacks](#). It however continues to raise concerns about the effectiveness of current protective measures against increasingly sophisticated cyber threats.

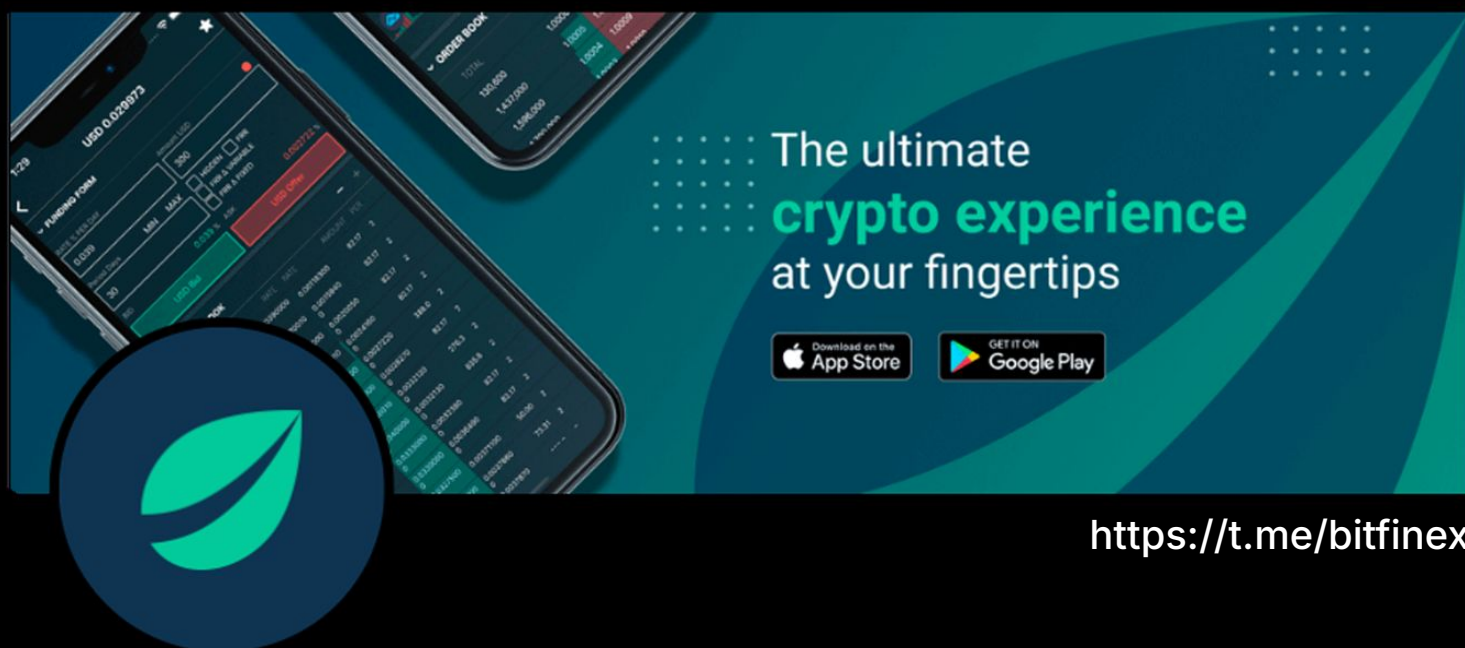


The Bybit hack could have mixed implications for the Ethereum price, given a significant portion of the stolen funds were in ETH. If Bybit needs to replenish customer funds, they may be forced to buy back large amounts of ETH, which could counteract some of the selling pressure and even drive prices higher.

However, if the exchange covers losses using existing reserves without aggressively repurchasing ETH, the impact on price might be minimal.

Additionally, market sentiment could take a hit as large-scale hacks undermine confidence in crypto security, and this has already been reflected in a dipping crypto prices.

Traders will closely watch how Bybit handles the aftermath of this hack for any implications it has in particular on the price of ETH.



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