

Donald Trump's Victory

Crypto on the Rise

Key Takeaways

- Over 20% of Americans now own cryptocurrencies, highlighting their significant influence in the 2024 election.
- The approval of the Bitcoin Spot ETF has sparked increased public interest in cryptocurrencies.
- Donald Trump's victory has shown a strong positive correlation with Bitcoin's price, reflecting his supportive stance on the crypto industry.
- Trump has issued numerous public statements emphasizing his pro-crypto stance.
- The effects of lower tax rates and Trump's tariff policies will likely send Bitcoin prices higher.
- Analysts and data suggest \$100k per Bitcoin by the end of 2024.

Keywords:

Gate Research, Trump, Blockchain



Gate Research: Donald Trump’s Victory - Crypto on the Rise

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1 Introduction

Donald Trump has won the 2024 election, becoming the second president in American history to be re-elected after serving a non-consecutive term. In contrast to the Biden administration and Democratic nominee Kamala Harris, Trump has demonstrated substantial support for the cryptocurrency industry. In recent weeks, Trump's odds of winning the presidential race have shown a strong correlation with the price movements of Bitcoin, and his victory led to a notable rally across the broader cryptocurrency market.

Why Do Cryptocurrencies Matter?

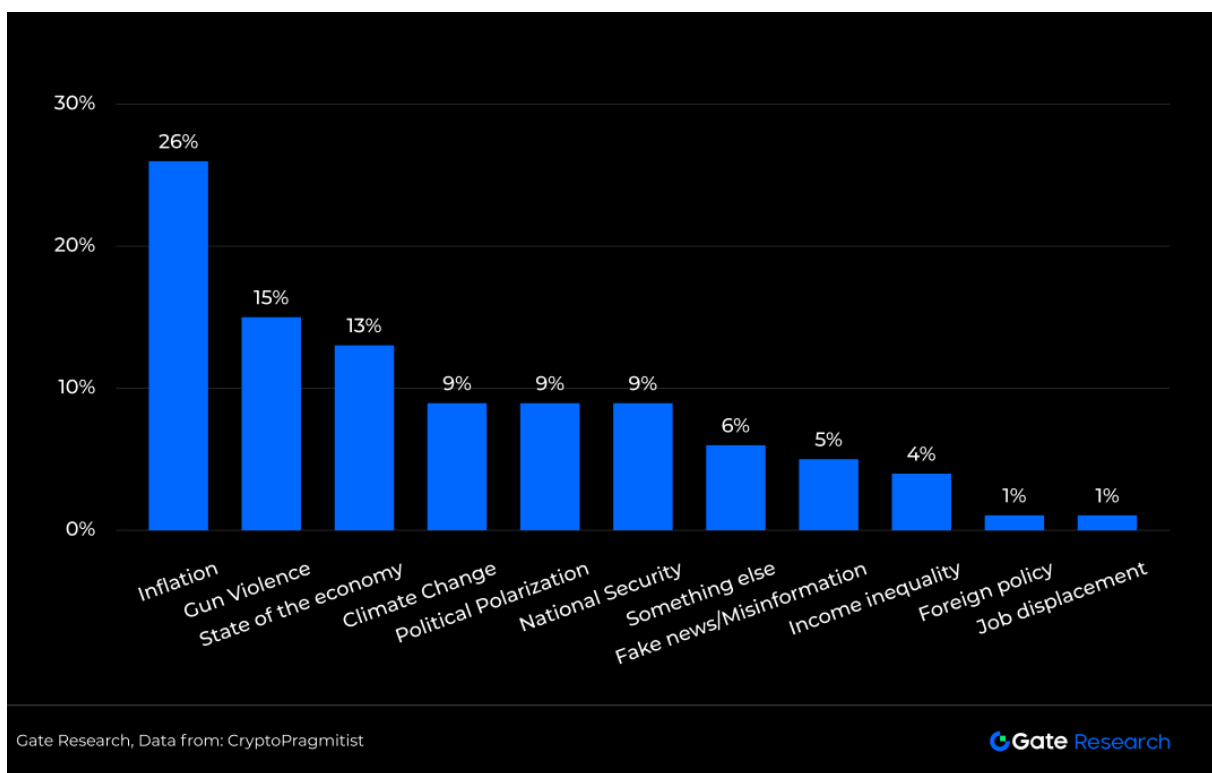
Amid evolving U.S. crypto regulations, the macroeconomic and geopolitical dynamics driving both the dollar and Bitcoin upward are anticipated to remain influential. Key factors include substantial government budget deficits, escalating national debt, heightened inflationary pressures, and decreased institutional confidence. As an alternative store of value, Bitcoin increasingly competes with the dollar. Should the U.S. economy face long-term headwinds or a weaker dollar outlook, demand for Bitcoin is set to strengthen.

2 Why Do Crypto Holders Matter?

Over 20% of Americans own Bitcoin or other cryptocurrencies, which have a substantial impact on elections. President Trump's pivot to a pro-crypto stance appears to be a strategic move to attract this expanding voter base, particularly in a closely contested election cycle.

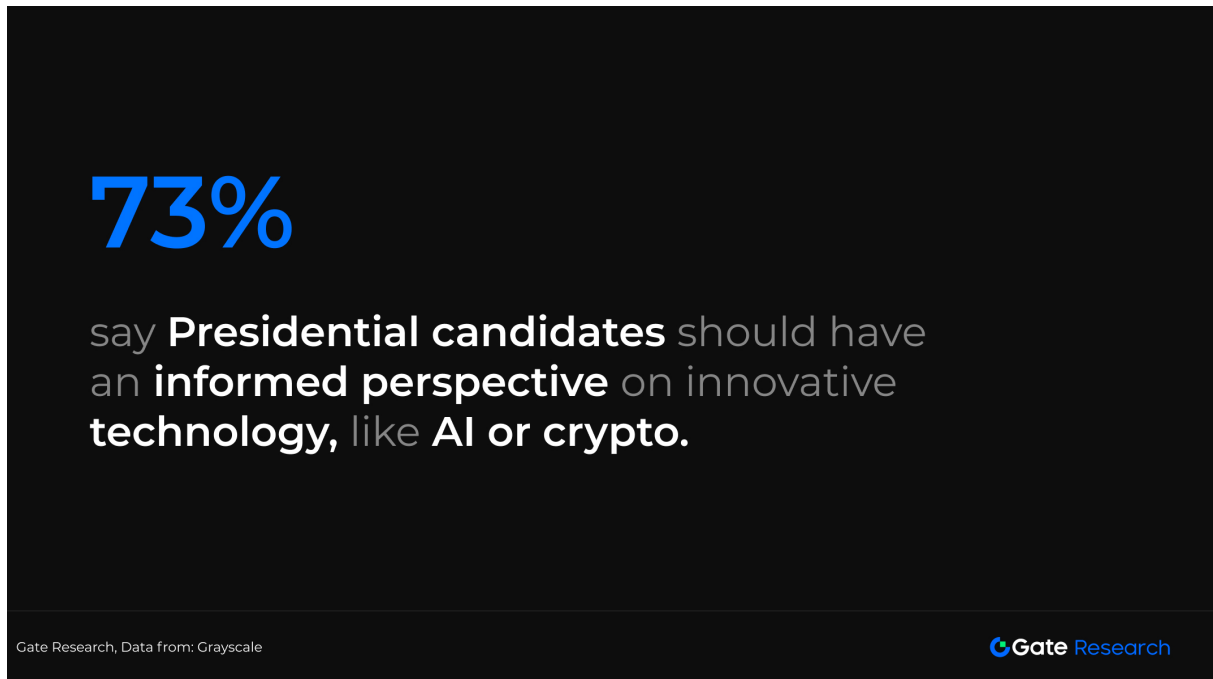
With more than 20% of Americans now holding Bitcoin or other forms of cryptocurrency, the influence of this demographic on elections is becoming increasingly significant. President Trump's recent shift toward a pro-crypto platform seems to be a calculated effort to engage this growing voter segment, particularly in what is shaping up to be a highly competitive election cycle.

Figure 1: What Is the Most Pressing Problem in America Right Now?



American voters consistently rank inflation as a major concern, placing financial stability and economic security ahead of climate change and foreign policy. This sentiment aligns with Bitcoin's rising appeal, given its fixed supply and reputation as a safeguard against monetary instability. However, nearly half of the electorate remained cautious about entering the crypto market, pointing to the absence of robust regulatory guidelines as a key deterrent. Clearer policies could unlock broader participation and trust in digital assets.

Figure 2: Public Survey



Cryptocurrencies have gained significant traction among younger generations, with Gen Z and Millennials demonstrating a stronger preference for digital assets than traditional stocks. Ownership rates for crypto in these groups stand at 31% and 35%, respectively, whereas stock ownership is notably lower at 17% and 24%. Furthermore, more than half of Gen Z (54%) and Millennials (58%) believe that blockchain and cryptocurrency will shape the future of finance. Regulatory uncertainty remains a key barrier, as 68% of individuals aged 18-34 would consider investing in cryptocurrencies if clearer guidelines were in place. This highlights the critical role of policy development in expanding crypto adoption.

Figure 3: Public Survey



Figure 4: Public Survey



Bitcoin Magazine reports that 25% of the U.S. population owns Bitcoin or other cryptocurrencies—a figure exceeding the total population of Americans aged 65 and older. Young voters and communities of color, who played a decisive role in the Democrats’ 2020 victory, also exhibit the highest levels of cryptocurrency awareness across all demographics. In six key swing states, over 20% of voters consider cryptocurrencies an important issue. Additionally, a national survey of registered voters conducted by the crypto firm Paradigm highlights that crypto ownership is particularly prevalent among younger generations and communities of color.

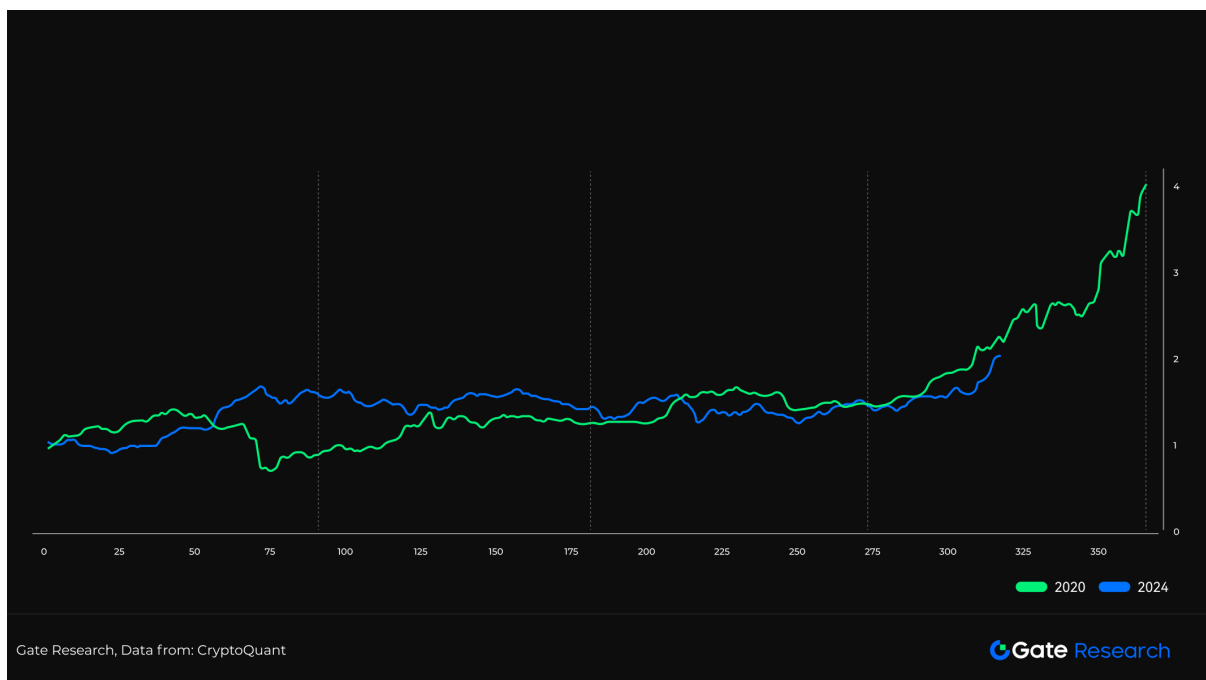
2.1 Past U.S. Elections and the Effects on Bitcoin Price

The U.S. presidential elections have historically significantly impacted Bitcoin's price.

- In 2016, under the Republican administration (Donald Trump), Bitcoin surged by 34.7% pre-election and 124.6% post-election. In 2020, under the Democratic administration (Joe Biden), the price increased by 35.4% pre-election and 306.8% post-election.
- At the time of this writing, Bitcoin's price had risen by 10% pre-election and 30% post-election.

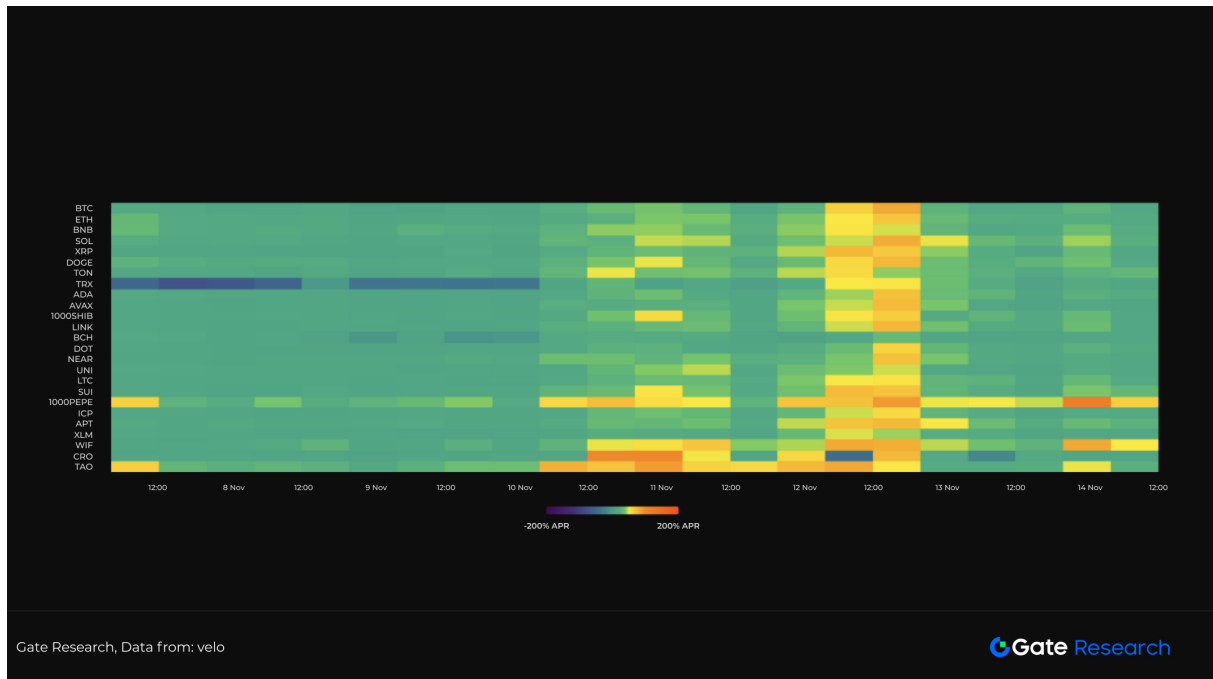
Notably, each presidential election has coincided with the Bitcoin halving cycle, and Bitcoin's historical performance in October and November has been particularly strong, averaging +21.89% and +44.82%, respectively. These combined factors also explain Bitcoin's robust performance.

Figure 5: Halving Years Performance: 2020 vs. 2024



History doesn't repeat itself, but it often rhymes. Based on the 2020 cycle, where macro factors—such as the halving, election, and quantitative easing cycles—were in similarly aligned conditions, we expect an even stronger, potentially more explosive move to the upside this cycle, further supported by increased institutional participation.

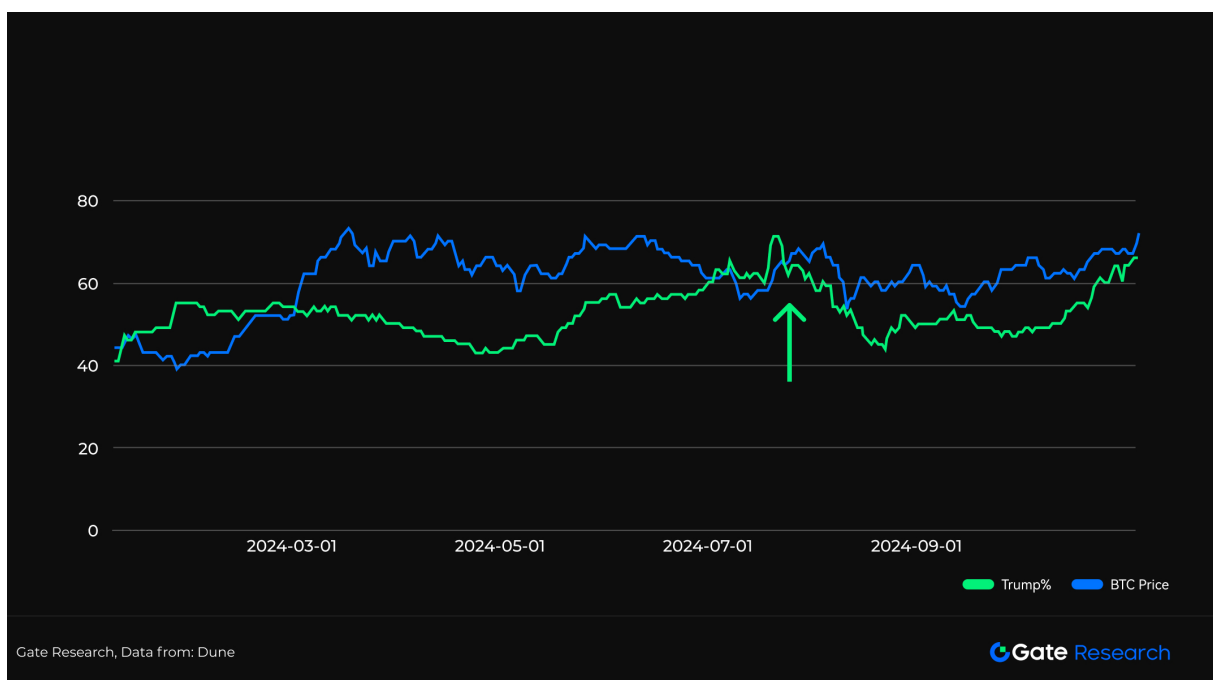
Figure 6: Funding APR Heatmap



Inevitably, corrections will occur along the way to flush out aggressively leveraged traders, which can be observed using tools such as the Funding Rate Heatmap. These resets are essential for maintaining a healthy market environment.

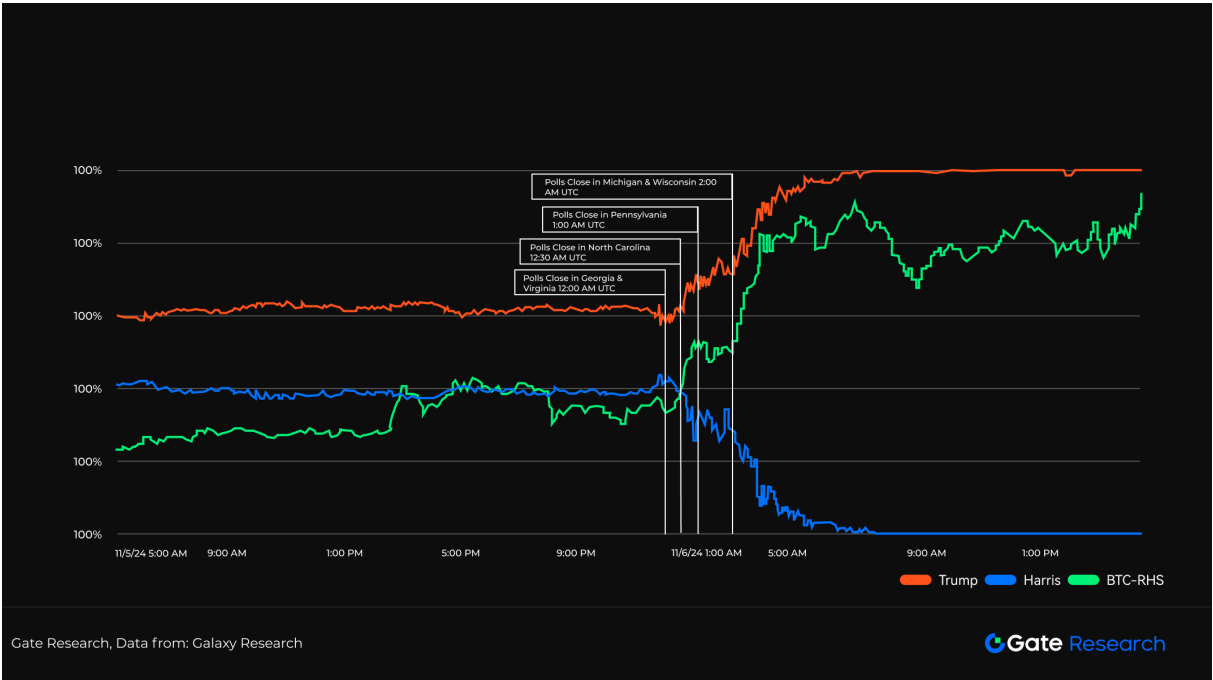
3 The Trump Effects

Figure 7: Bitcoin Price and Polymarket Predictions



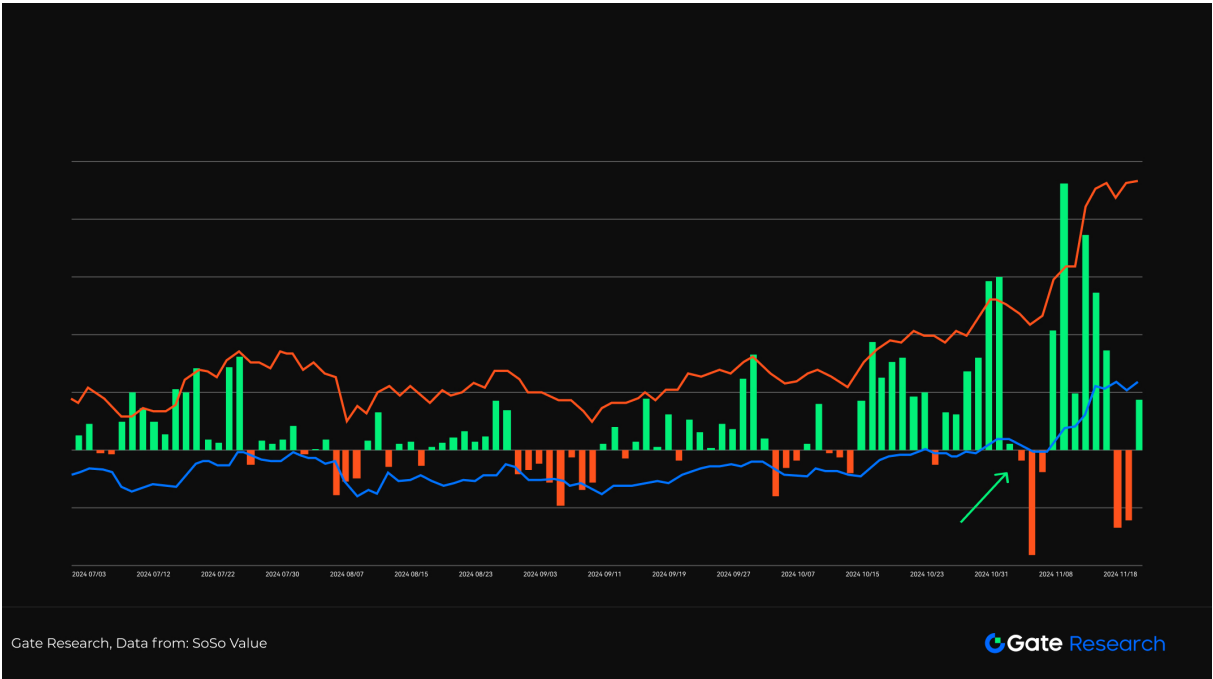
A strong correlation between the two variables emerged in late July, coinciding with Trump’ s speech at the Bitcoin Conference in Nashville. From late July through Election Day, Trump’ s odds of winning and Bitcoin’ s price moved near unison.

Figure 8: Bitcoin Price and Election Polls



On November 5, from 12:00 AM UTC to 2:00 AM UTC, Bitcoin’ s price began an upward trend as polls closed in swing states, further highlighting a strong correlation between Trump’ s anticipated victory and Bitcoin’ s price movement.

Figure 9: Bitcoin ETF Net Inflows



Over the past few months, the Bitcoin ETF has been a clear favorite among institutional investors. It has been marked by substantial demand, with consecutive inflow days totaling billions

of dollars. As of this writing, total inflows stand at \$27 billion. While a de-risking trend emerged three days before the election, Trump’ s victory swiftly shifted sentiment from a brief risk-off stance to full risk-on mode, resulting in billions of dollars flowing into ETFs across the board.

Figure 10: Open Interest of CME Bitcoin Futures by Trader Category (short)

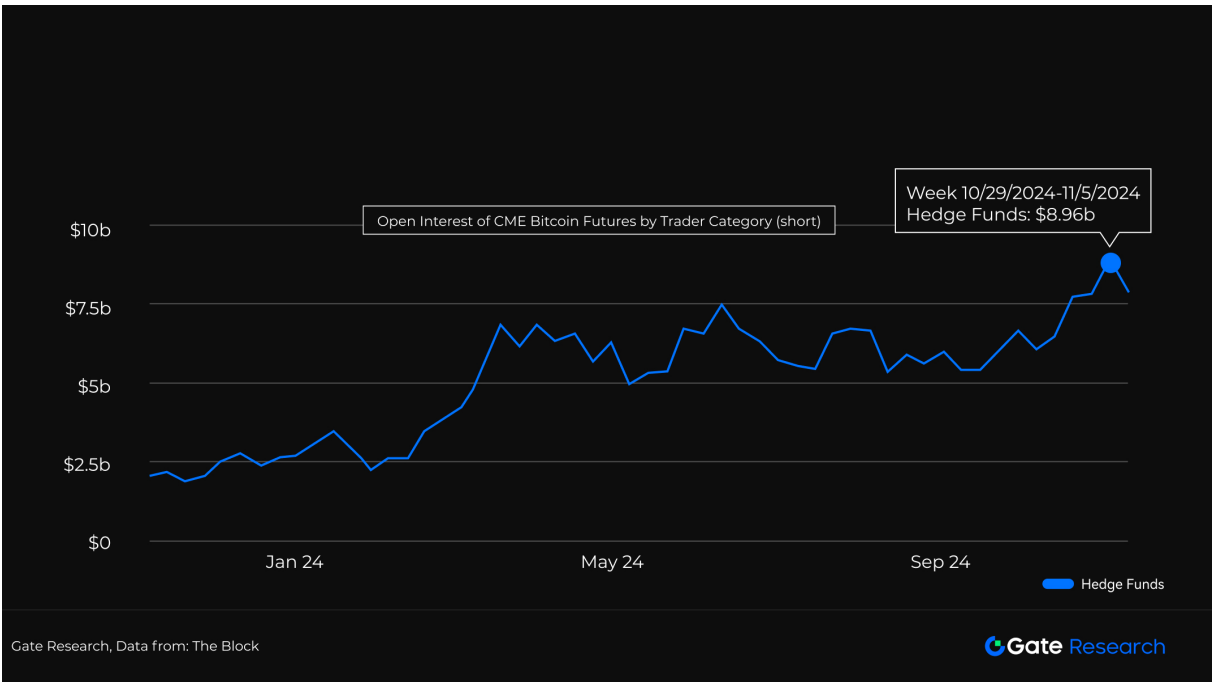
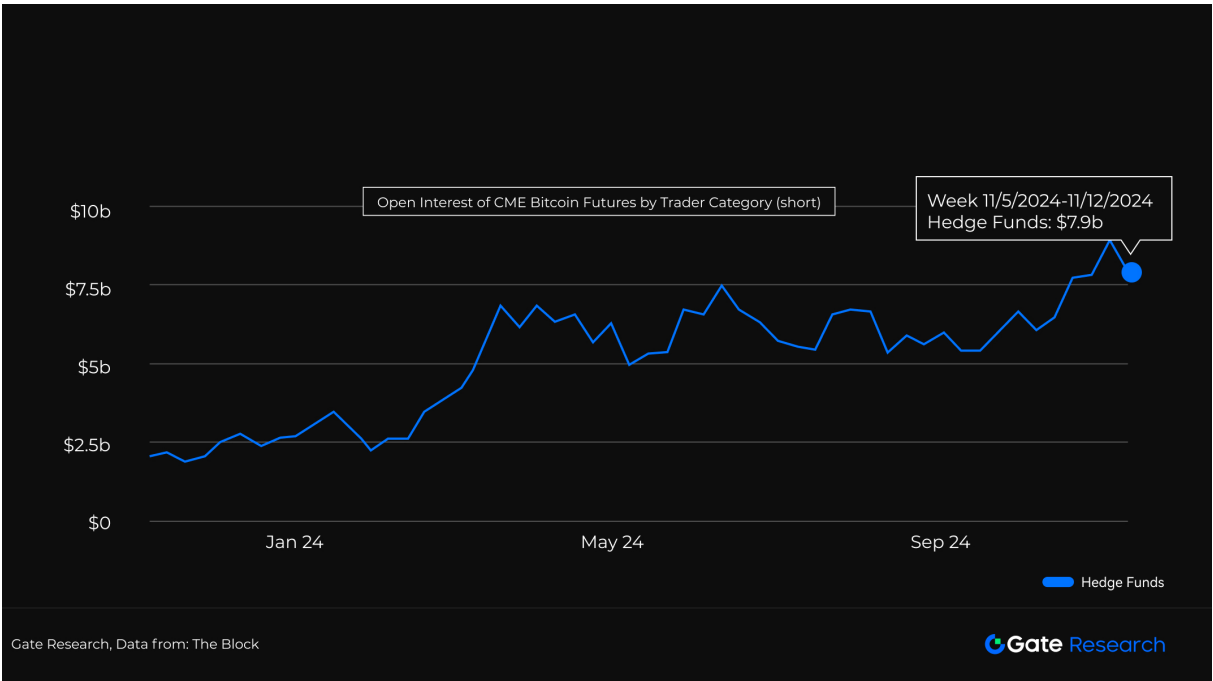
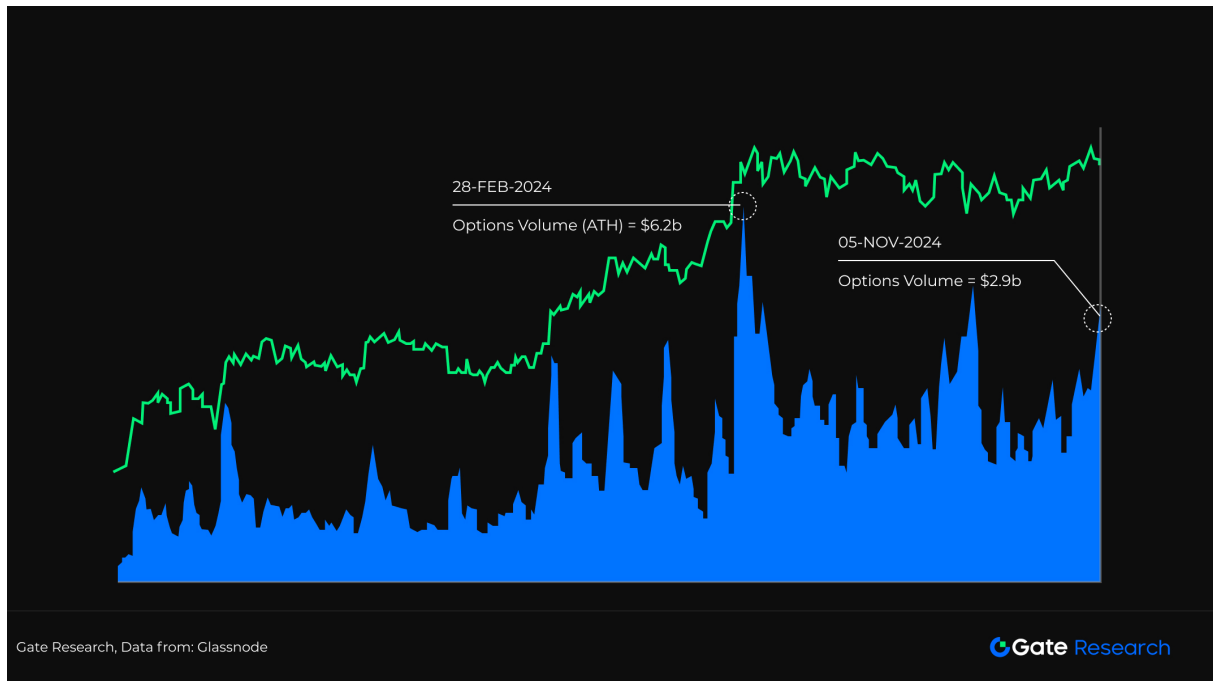


Figure 11: Open Interest of CME Bitcoin Futures by Trader Category (short)



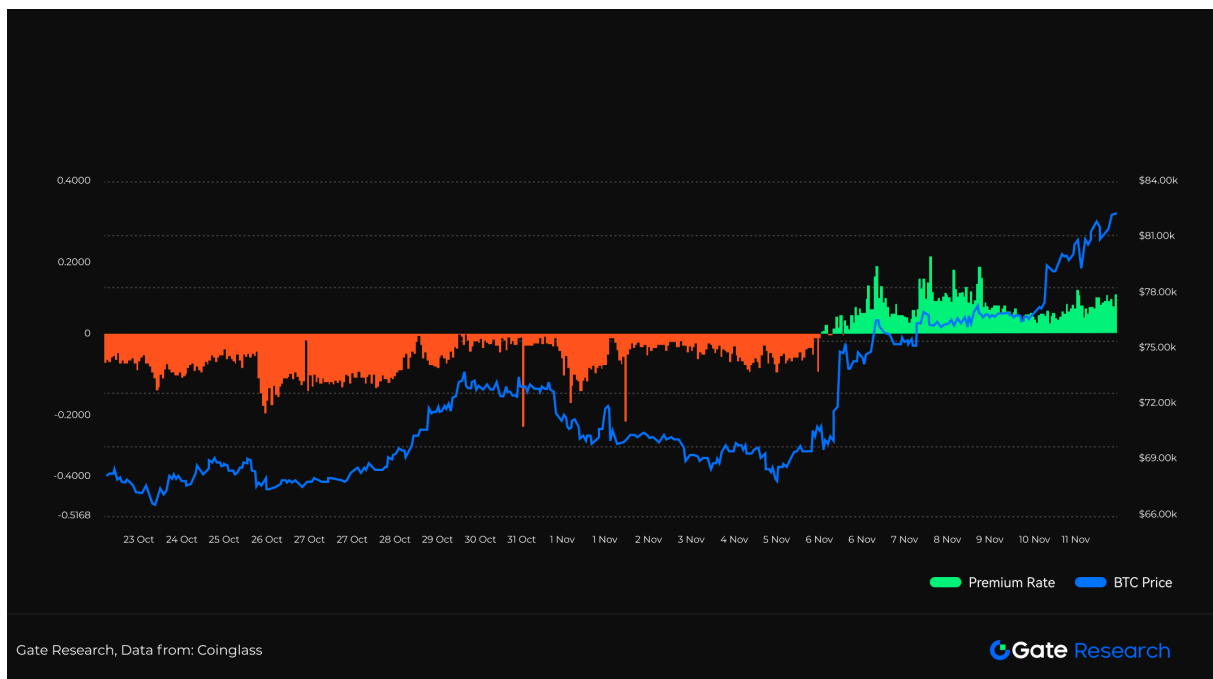
Notably, short positions in CME Bitcoin futures decreased by \$1.06 billion, suggesting an absence of arbitrage or hedging activities by institutional investors; most of the volume reflects genuine inflows.

Figure 12: Options Volume



There were three spikes in options volume in 2024. The first occurred during the Bitcoin ETF approval narrative, reaching an all-time high volume of \$6.2 billion; the second spike was during the Japanese Yen cash-and-carry period; and the third took place on November 5, just before Election Day. These surges in options volume indicate strong engagement from institutional investors, followed by significant price movements.

Figure 13: Coinbase Premium Index



A positive Coinbase premium typically indicates heightened buying interest from the U.S.-based retail and institutional investors, reflecting their willingness to pay more on Coinbase than the global market price.

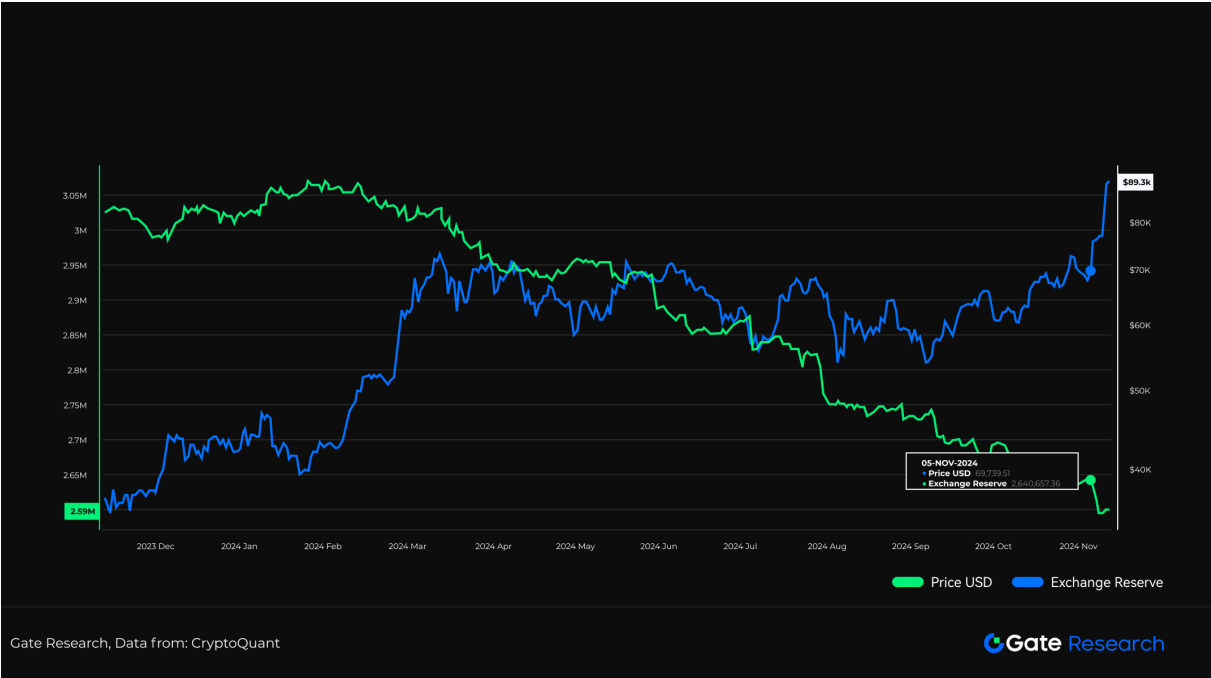
Figure 14: Tether Minting Activities

Transaction Hash	Method	Block	Age	From	To	Amount
0xaab57595bd...	Confirm Trans...	21183680	10 hrs ago	Tether: Multisig	OUT Tether: Treasury	1,000,000,000
0xb28bef8863f...	Confirm Trans...	21179248	25 hrs ago	Tether: Multisig	OUT Tether: Treasury	1,000,000,000
0x33edcdf3d2d...	Confirm Trans...	21165831	2 days ago	Tether: Multisig	OUT Tether: Treasury	2,000,000,000
0xb3e41e66ed7...	Confirm Trans...	21153167	4 days ago	Tether: Multisig	OUT Tether: Treasury	1,000,000,000
0xafb2e7632b2...	Confirm Trans...	21144006	5 days ago	Tether: Multisig	OUT Tether: Treasury	1,000,000,000
0xdb8f94f79ce...	Confirm Trans...	21129430	8 days ago	Tether: Multisig	OUT Tether: Treasury	2,000,000,000

Gate Research, Data from: Etherscan

Tether minted \$8 billion worth of stablecoin on the Ethereum blockchain over the past few days following Trump’ s victory. Such substantial stablecoin issuance typically signals strong buying interest across the crypto market, aligning with the recent euphoric market sentiment observed in recent days.

Figure 15: Bitcoin Exchange Reserve - All Exchanges



Bitcoin exchange reserves have continued their 10-month downtrend, reaching a new yearly low. This trend indicates that market participants are withdrawing Bitcoin from exchanges to self-custodial wallets, thereby reducing potential sell pressure and an anticipation of more uptrend.

3.1 Trump's Promises

Throughout his campaign, Trump has made several statements underscoring his pro-crypto stance:

On his first day in office, Trump announced that he would remove SEC Chairman Gary Gensler, known for his stringent regulatory approach to the cryptocurrency industry. This move is intended to promote growth within the Bitcoin and broader cryptocurrency sectors.

During a speech at the New York Economic Club, Trump expressed his intention to establish a government efficiency commission, with Elon Musk reportedly agreeing to lead it:

"Following Musk's recommendation, he has offered me his full support...I will establish a government efficiency commission responsible for conducting a comprehensive financial and performance audit of the federal government and proposing substantial reforms. As a priority, the commission will develop an action plan to eliminate fraud and improper payments within six months, saving trillions of dollars." - Donald Trump

- Trump also promised that, if elected, he would commute the life sentence of Ross Ulbricht, founder of the Silk Road darknet marketplace, to time served.
- Emphasizing his commitment to safeguarding Americans from government overreach, Trump pledged to ban the establishment of a CBDC if he becomes President.
- Trump proposed incorporating Bitcoin into a national strategy by maintaining U.S. government holdings as a strategic reserve asset.
- On Truth Social, Trump expressed his vision for the remaining Bitcoin to be mined within the United States and vowed to support the cryptocurrency mining industry at both federal and global levels if elected.
- He also committed to establishing a presidential advisory council on Bitcoin and cryptocurrency regulation within the first 100 days of his presidency, pledging to reverse anti-crypto policies. He aims to create a regulatory environment that would position the U.S. as a global leader in cryptocurrency and Bitcoin mining.
- Trump emphasized the importance of Bitcoin and cryptocurrency for the future of the U.S. economy and its position in global leadership.
- Finally, Trump criticized the Biden administration's regulatory approach, arguing that it undermines U.S. competitiveness in the cryptocurrency sector.

3.2 Policy Impacts

Trump's lower tax rates and tariff policies will create a more inflationary economic environment. Lower tax rates increase disposable income, leading to higher consumer spending. When demand outpaces supply, it pushes prices up. Trump promised a "manufacturing renaissance"

that imposed higher tariffs to imported goods, making American-made products more appealing, but it also leads to two problems - elevated import costs and supply chain disruptions. When tariffs are higher, the additional costs are passed on to consumers. Not to mention tariffs that lead to inefficiencies and shortages that cause price volatility.

In addition to global uncertainties, the USA's geopolitical role, and a weakening US Dollar as reserve currency, Bitcoin will become a global safe haven to protect people's savings. Countries that experienced hyperinflation, such as Turkey, Lebanon, and Zimbabwe, have shown interest in crypto adoption, particularly Bitcoin.

3.3 Realistic Price Targets

Figure 16: Bitcoin Quarterly Returns(%)

Time	Q1	Q2	Q3	Q4
2024	+68.68%	-11.92%	+0.96%	+41.94%
2023	+71.77%	+7.19%	-11.54%	+56.9%
2022	-1.46%	-56.2%	-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	-49.7%	-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%	-16.7%
2013	+539.96%	-3.97%	+40.6%	+479.59%
Average	+56.47%	+26.89%	+6.03%	+84.94%
Median	+3.64%	+7.38%	-0.80%	+49.42%

Gate Research, Data from: TradingView

Gate Research

According to seasonality, the Bitcoin quarterly returns chart shows that the average performance for Q4, Q1, and Q2 is +84.94%, +56.47%, and +26.89%, respectively. Based on this thesis, we anticipate an ideal scenario in which Bitcoin reaches the \$100K range by the end of the year and tops out near the \$220K range by the end of Q2.

Figure 17: Potential Price Prediction Based on Bitcoin Quarterly Returns

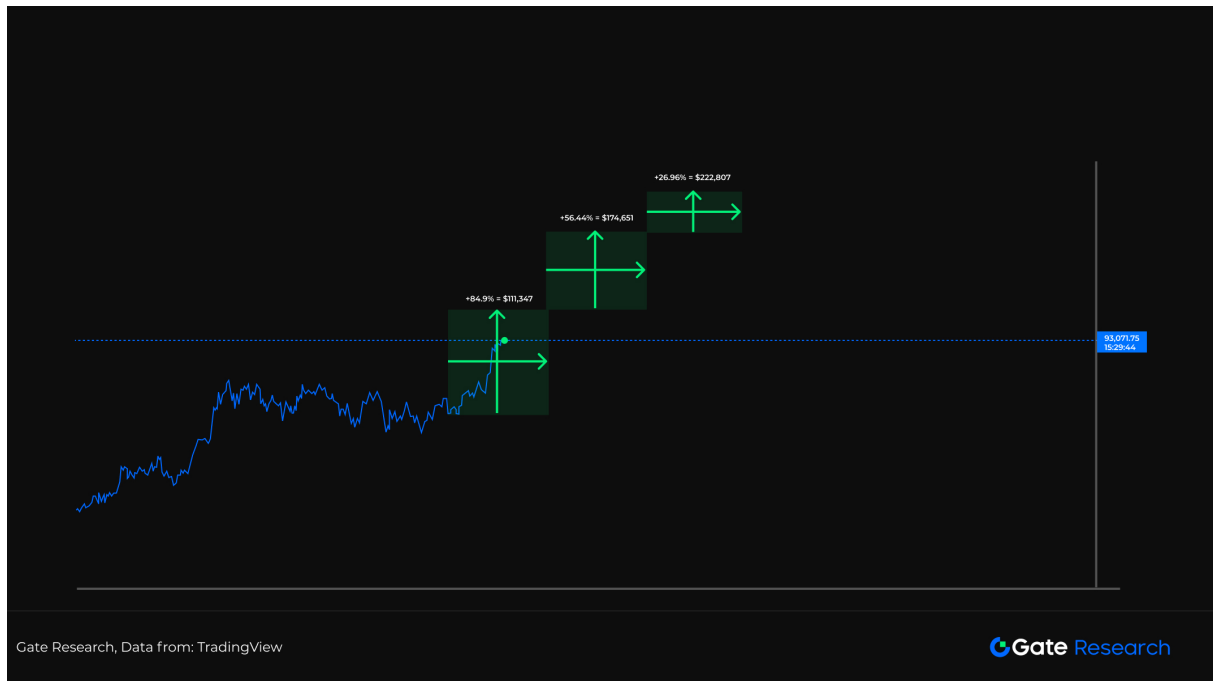


Figure 18: Analyst Peter Brandt Prediction



Based on his Bayesian probability analysis, Analyst Peter Brandt suggests that he anticipates Bitcoin will be trading above \$100K by January 2025.

3.4 Are Retails Back?

The Coinbase app ranking in the App Store strongly indicates retail interest in the crypto market. Since Trump's victory, it has climbed 30 places in Finance apps and 445 places among all apps. The influence of a crypto-friendly president extends beyond just price impact.

Figure 19: Coinbase App Ranking

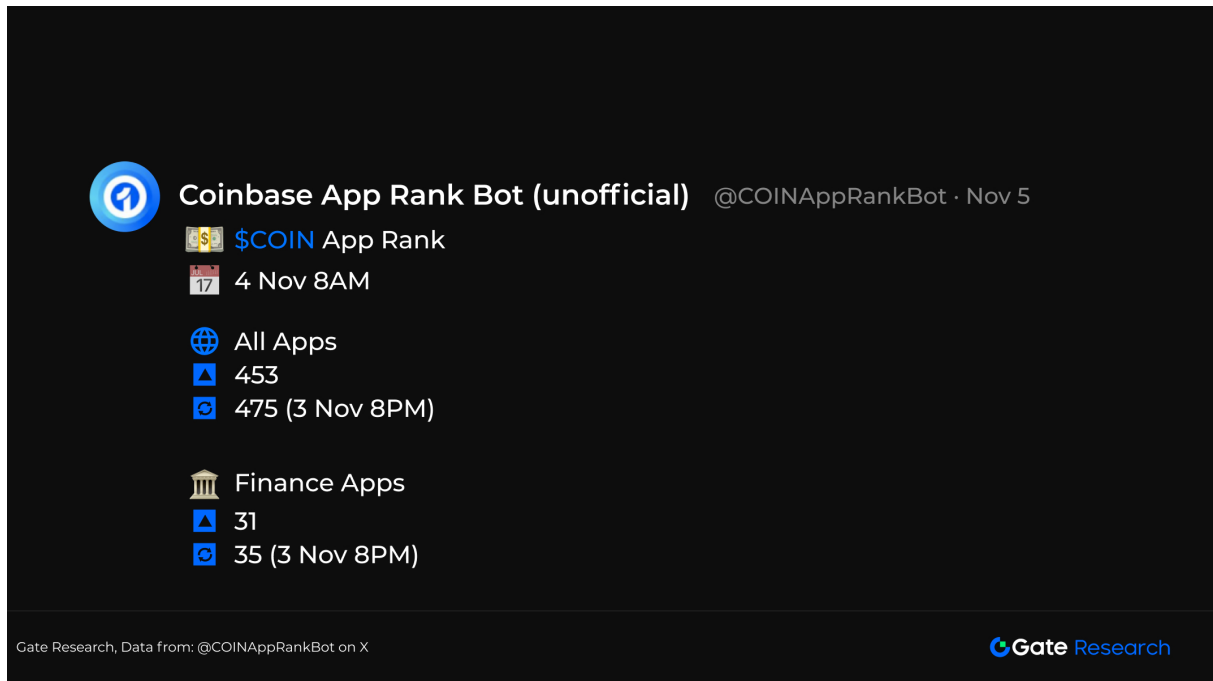
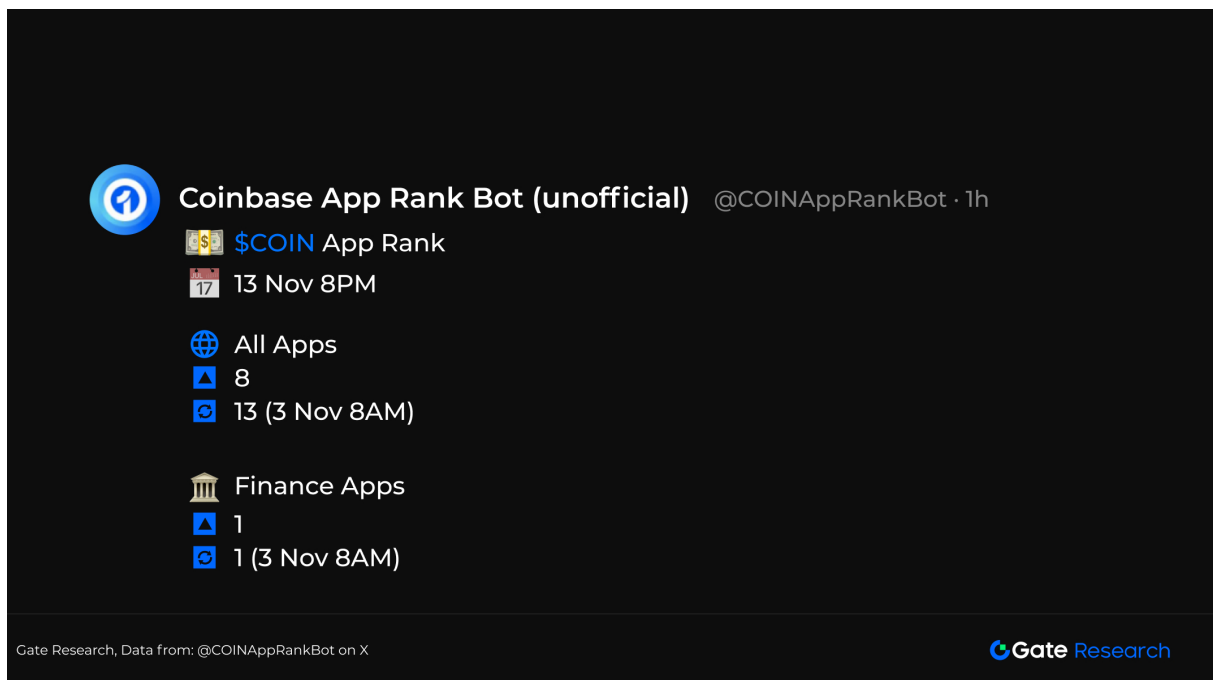
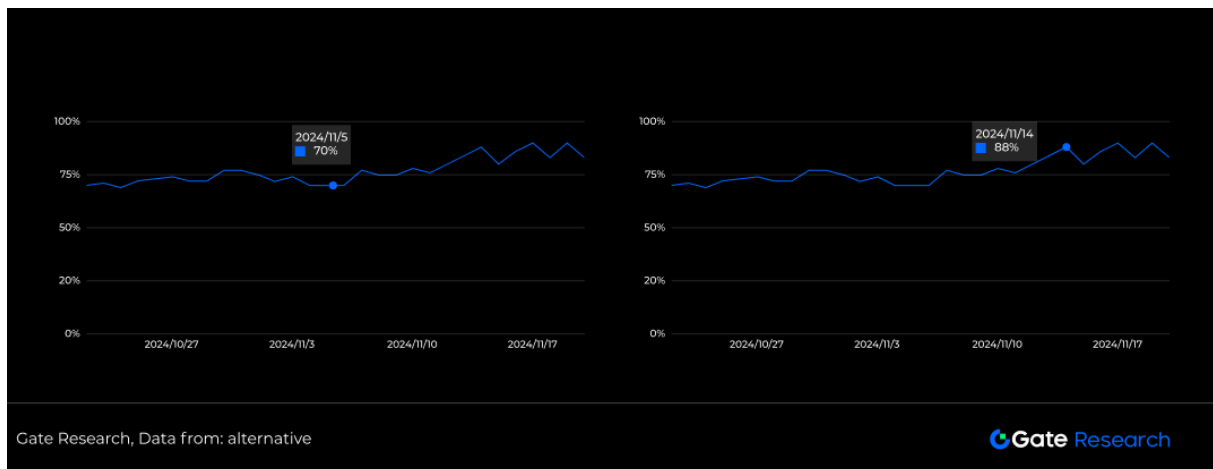


Figure 20: Coinbase App Ranking



3.5 Market Analysis Post-Election

Figure 21: Fear Greed Index



Since November 5, market sentiment has shifted from greed to extreme greed, indicating capital inflows and euphoric behavior. This surge in optimism reflects heightened investor confidence and increased speculative activity.

Figure 22: Market Liquidations

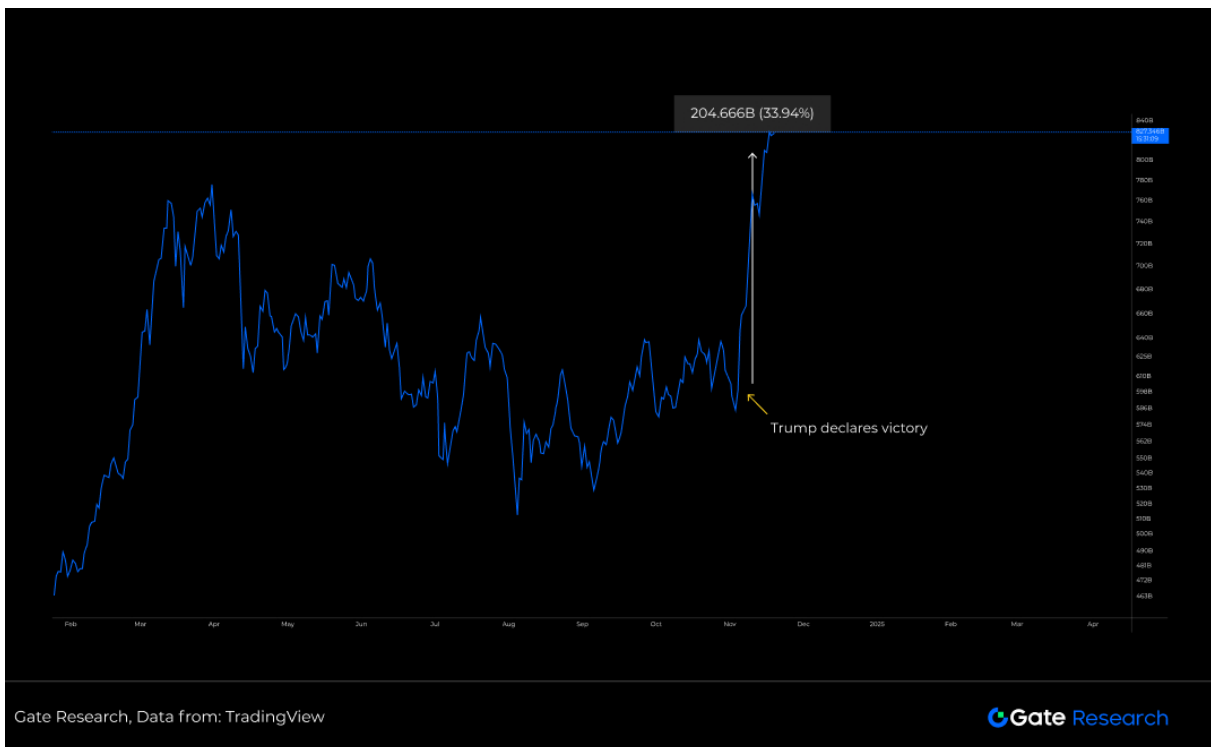


There has been a spike in long and short liquidations, with short liquidations around \$2.4 billion and long liquidations approximately \$2.3 billion. These figures suggest that aggressive leveraged positions are being wiped out due to increased market volatility.

Figure 23: USDT Dominance Chart



Figure 24: TOTAL 3 Chart



The sharp decline in USDT dominance suggests that idle capital in USDT is being converted into crypto assets, coinciding with a \$205 billion increase in the altcoin market and indicating a state of extreme greed in market sentiment.

Figure 25: Bitcoin Chart

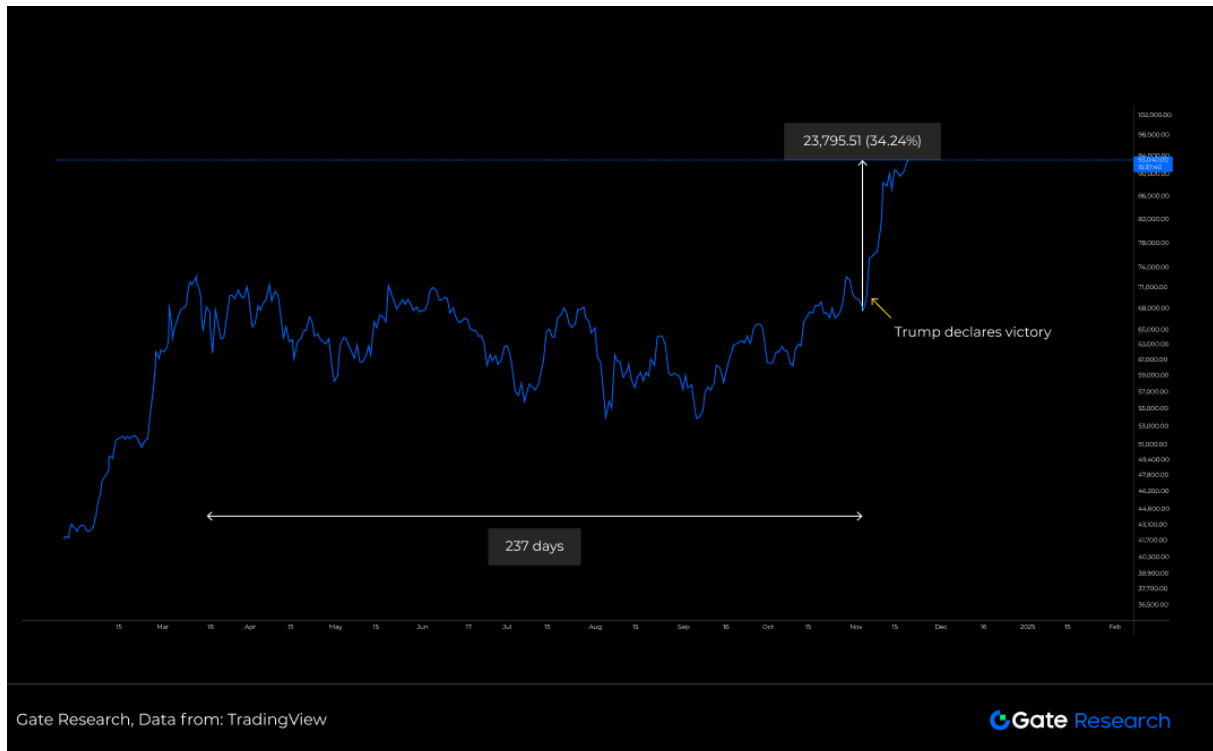
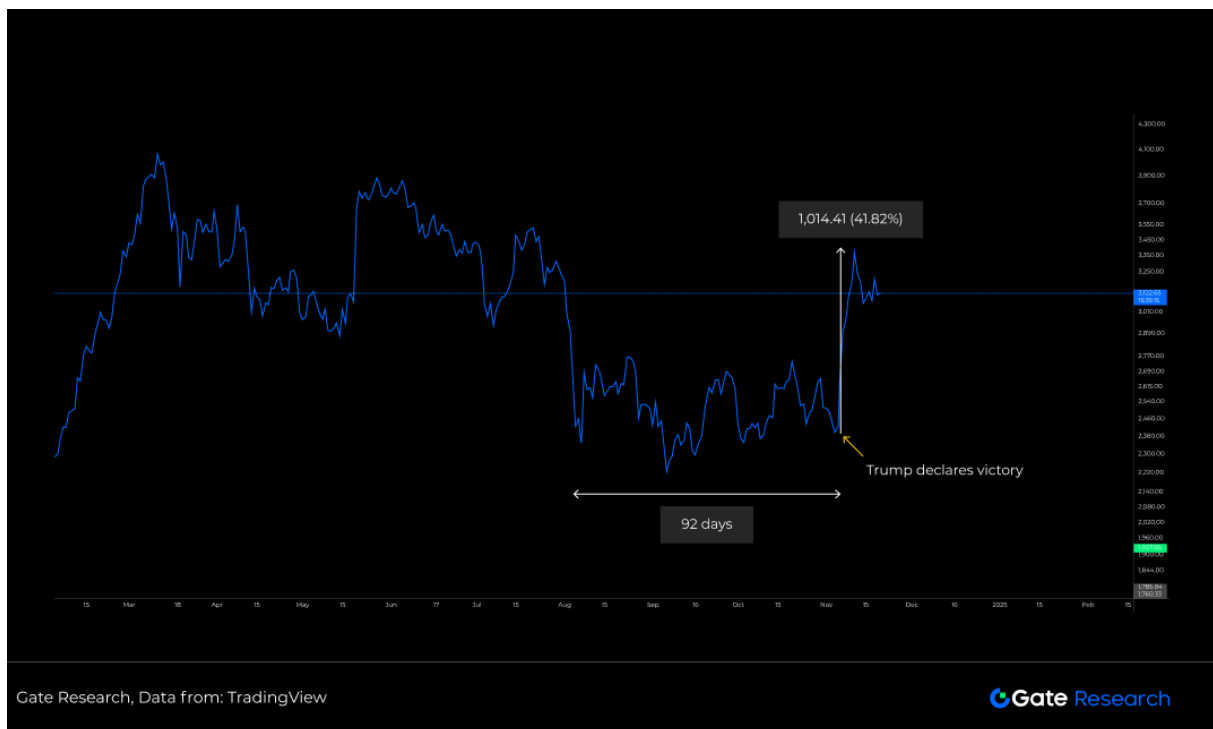


Figure 26: Ethereum Chart



Bitcoin broke out of a 237-day sideways range, gaining a total of +34.24% since Trump's victory. Ethereum similarly broke out of a 3-month accumulation range and surpassed a key resistance level at \$2,800, achieving a total gain of +41.82%.

4 Conclusion

With a crypto-friendly president entering the White House, the potential for regulatory easing and broader institutional adoption could unlock new growth for the cryptocurrency market. Trump's supportive stance on cryptocurrency and his pledges to remove regulatory barriers suggest that the U.S. may soon be positioned as a global leader in digital assets. However, while the outlook appears favorable now, it's essential to consider that other macroeconomic factors—such as shifts in interest rates or inflationary pressures, may also temper enthusiasm. For the crypto industry, this could indeed be a pivotal era, yet one that requires ongoing vigilance from investors to navigate the opportunities and risks ahead.

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The cryptocurrency market has seen extraordinary growth in the last decade. Therefore, Gate Research has launched a special series titled '10-Year Review of the Cryptocurrency Market' to detail this growth. The series aims to explore the industry's evolution using detailed data analysis and charts to identify key trends. The report is divided into four parts: token issuance methods, cryptocurrency trading platforms, development of public blockchains, and trends in market capitalization and user growth. This article is the third in the series. To view the remaining reports, please click [here](#).

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