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What Moves Crypto Prices

The main forces behind crypto's big moves: supply, money flows, interest rates and the dollar, leverage, sentiment and news, and how they work on different timeframes

10 min read 8 quiz questions with answer key

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What Moves Crypto Prices

IN ONE SENTENCE

Crypto prices are set by buyers and sellers, and what pushes them is a mix of slow forces such as supply, adoption and interest rates, and fast forces such as leverage, news and crowd emotion.

It starts with buyers and sellers

Every crypto price is simply the last price at which a buyer and a seller agreed to trade. When more people want to buy at the current price than want to sell, buyers have to offer more, and the price rises. When sellers are in a hurry, they accept less, and it falls.

So the useful question is always: **what is changing the balance of buyers and sellers?** In crypto, the answers fall into a handful of groups. This lesson walks through each one. No single force explains every move, and several usually act at the same time.

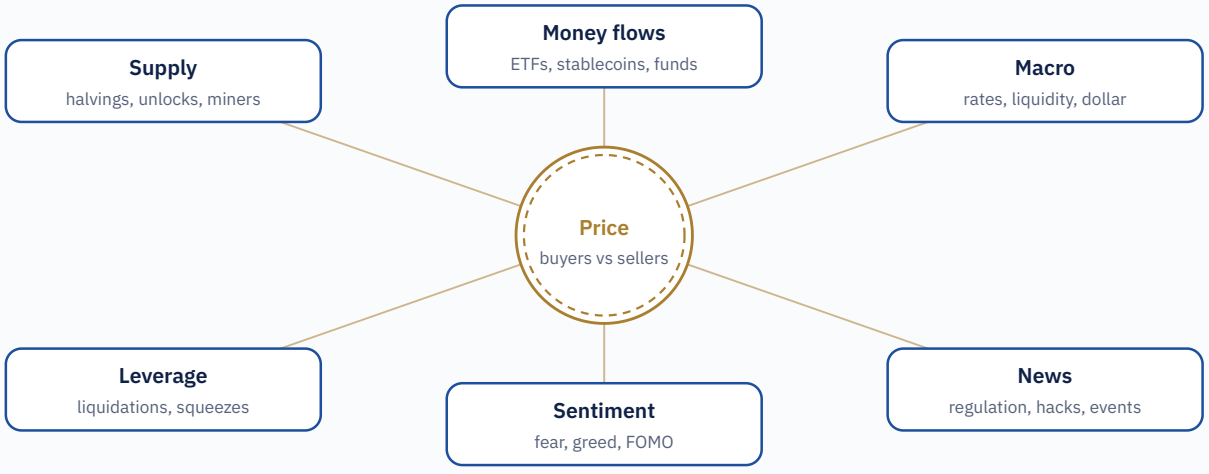


Figure 1. Six groups of forces change the balance between buyers and sellers. Several usually act at the same time.

Supply: new coins and unlocked coins

On the supply side, you already know the main events:

- **Halvings** cut bitcoin's flow of new coins every four years (Lesson 2).
- **Token unlocks** release locked coins to teams and investors on known dates (Lesson 8).

- **Miners and validators** sell part of their rewards to cover their costs.
- **Large holders** sometimes move big amounts at once. Governments selling seized coins and exchanges repaying old customers, as with Mt. Gox in 2024, have both added supply to the market at times.

Supply events matter most when they are large compared with normal trading volume, and when they come as a surprise.

Demand: where new money comes from

On the demand side, some of the most watched flows are:

- **ETFs:** US spot bitcoin ETFs started trading in January 2024 and gave traditional investors an easy way to buy bitcoin through a normal brokerage account. By mid-2025 they had taken in nearly **$50 billion** of net new money. Daily ETF inflows and outflows are now published and closely followed.
- **Stablecoin supply:** new stablecoins usually mean new dollars entering crypto, ready to buy. A shrinking supply can mean money is leaving (Lesson 6).
- **Companies and funds:** some listed companies hold bitcoin on their balance sheets, and their buying and selling can be large.
- **Everyday users:** new users arrive in waves, usually after prices have already risen and the media starts paying attention.

Interest rates, liquidity and the dollar

Crypto does not trade in isolation. It is affected by the same big forces that move stocks and gold:

- **Interest rates:** when central banks such as the US Federal Reserve raise rates, safe assets like government bonds pay more, borrowing gets more expensive, and money tends to leave riskier assets. When rates fall, the opposite often happens.
- **Liquidity:** the total amount of money and credit in the financial system. More liquidity tends to support all risk assets, including crypto.
- **The US dollar:** crypto is priced in dollars, so a weaker dollar can help prices and a stronger one can hold them back.

The clearest example is 2022. The Federal Reserve raised its main rate from near zero to between 4.25% and 4.50%, the fastest increase in decades. Over the same year bitcoin fell from about $46,000 to about $16,500, a drop of roughly 64%. Many other forces were involved that year, including the collapses of TerraUSD and FTX, but the change in rates hit almost every risk asset at once.

For long stretches, bitcoin has also moved in step with technology stocks such as the Nasdaq index, especially during sell-offs.

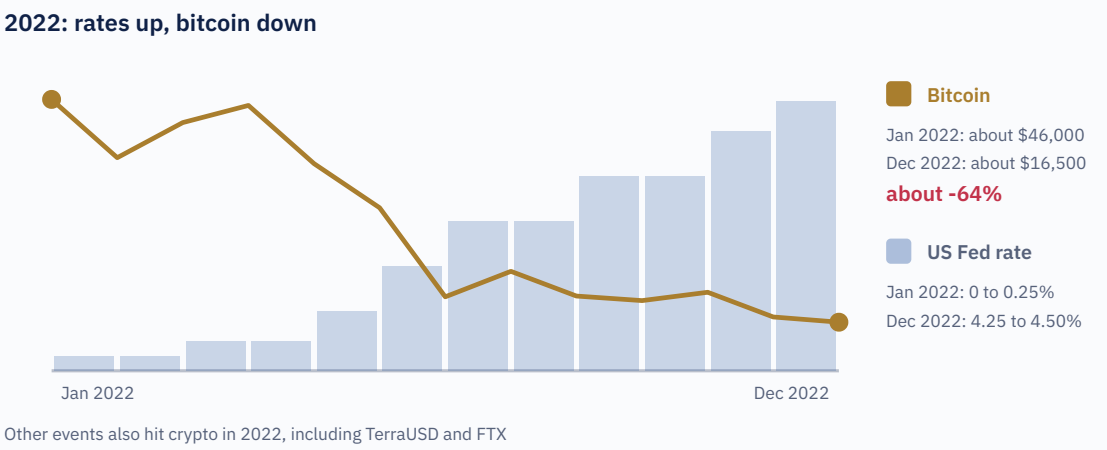


Figure 2. During 2022 the US Federal Reserve raised its main rate from near zero to 4.25 to 4.50%, while bitcoin fell about 64%. Prices are rounded.

Leverage: the amplifier

As Lesson 11 showed, most crypto trading happens in derivatives, much of it with leverage. Leverage does not decide the direction of the market, but it makes moves larger and faster:

- When many traders are long with leverage, a modest drop can trigger liquidations, which force more selling, which triggers more liquidations.
- When many are short, a rise can force them to buy back, a **short squeeze**, which pushes the price up further.

On 10 October 2025, news of new 100% US tariffs on Chinese goods hit a market full of leveraged long positions. The result was a chain of forced selling and about $19 billion of liquidations in a single day. The news started the move; leverage turned it into a cascade.

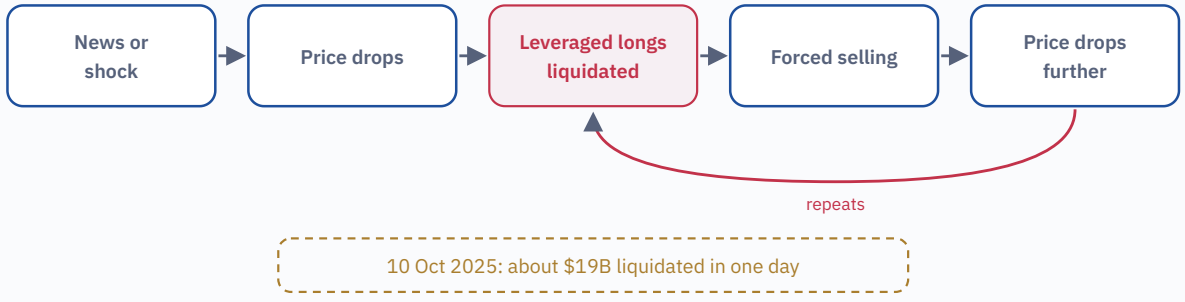


Figure 3. How a liquidation cascade works: each round of forced selling pushes the price into the next group of liquidations.

Sentiment: fear and greed

Crypto markets are driven by people, and people swing between fear and excitement. Several tools try to measure this mood. The best known is the **Crypto Fear & Greed Index**, which combines price swings, momentum, social media activity and other data into a single number from 0, extreme fear, to 100, extreme greed.

Many traders read extreme readings as a warning rather than as a guide to follow. Extreme greed often appears near local tops, when almost everyone who wanted to buy has bought. Extreme fear often appears near lows, when most of those who wanted to sell have sold. It is a tool for context, not a timing tool on its own.

Two common patterns come from sentiment:

- **"Buy the rumour, sell the news":** prices often rise ahead of an expected positive event, then fall once it happens, because the good news is already in the price.
- **FOMO:** fear of missing out pushes late buyers in after big rises, often near the top.

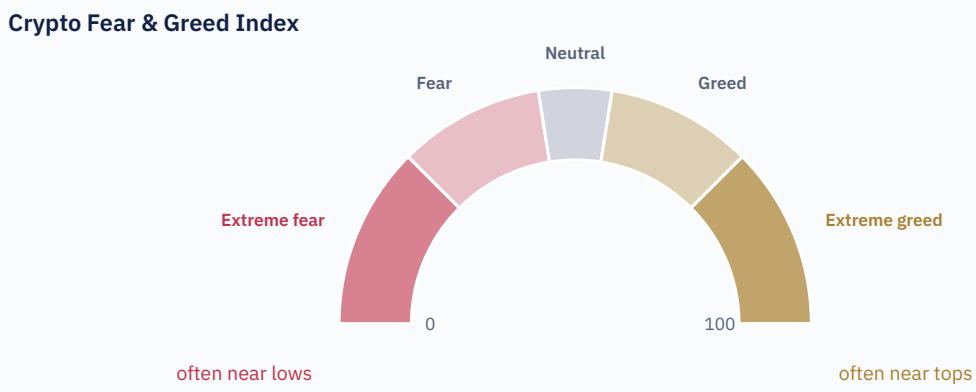


Figure 4. The Fear & Greed Index runs from 0 to 100. Extremes describe the crowd's mood and have often appeared near turning points.

News, regulation and shocks

Some of the biggest single-day moves come from news:

- **Regulation:** approvals such as the US spot ETFs have brought new demand; bans such as China's declaration in September 2021 that all crypto transactions were illegal have caused sharp falls.
- **Failures and hacks:** exchange collapses and large thefts, such as FTX in 2022 and Bybit in 2025, shake confidence across the market (Lesson 9).
- **Big-name decisions:** companies or governments announcing they will buy, sell or accept a coin.
- **World events:** wars, trade conflicts and banking crises move crypto along with other markets.

Different forces, different timeframes

A useful way to organise all of this is by time. Slow forces set the long-term direction; fast forces create the daily noise and the sudden spikes.

- **Years:** adoption, regulation, supply schedules such as halvings, and long interest rate cycles.
- **Weeks and months:** ETF and stablecoin flows, liquidity, narratives and token unlocks.
- **Hours and days:** leverage and liquidations, funding, news headlines and crowd emotion.

Much confusion comes from mixing these up, for example explaining a one-day crash with a long-term story, or expecting a long-term story to show up in tomorrow's price.

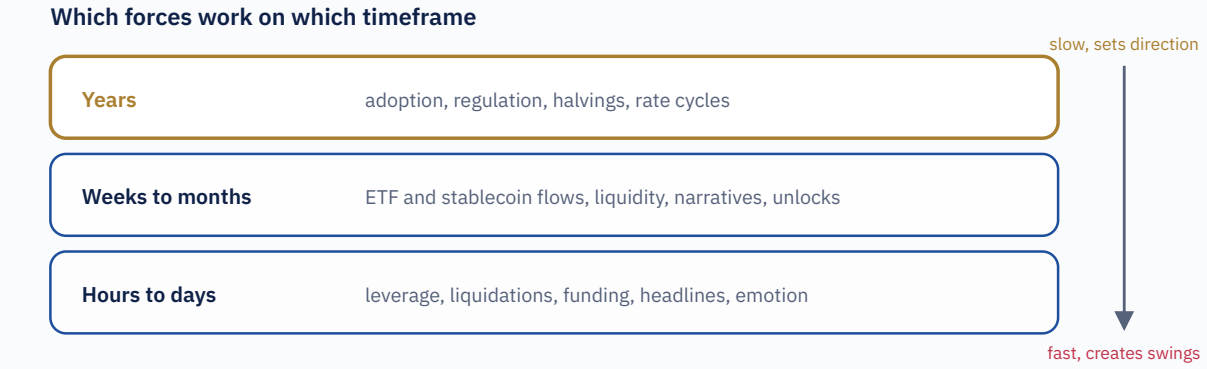


Figure 5. Slow forces shape the long-term direction; fast forces create daily swings.

Why this matters for traders

- **Know which force is in charge.** In some periods macro news drives every move; in others it is leverage, or a narrative. Asking which force is dominant right now helps explain price action that looks random.
- **Watch the economic calendar.** US interest rate decisions, inflation reports and jobs data regularly move crypto along with stocks and gold. Many traders are careful with leverage around these releases.
- **Funding, open interest and liquidations show how fragile a move is.** A rise built mostly on leverage can reverse much faster than one built on spot buying.
- **Sentiment extremes are context, not instructions.** Fear and greed readings describe the crowd's mood. Many experienced traders treat extremes as a reason to be more careful, not as a reason to act.

Key terms

Liquidity (macro)	The total amount of money and credit available in the financial system.
Interest rate	The cost of borrowing money, set at the base level by central banks such as the US Federal Reserve.
ETF	Exchange-traded fund: a fund that trades like a share on a stock exchange. Spot bitcoin ETFs hold real bitcoin.
Short squeeze	A rapid rise caused by short sellers being forced to buy back their positions.
Fear & Greed Index	A score from 0 to 100 that combines several measures of crypto market mood.
FOMO	Fear of missing out: the urge to buy after big price rises.
Buy the rumour, sell the news	The pattern of prices rising before an expected event and falling once it happens.

Key takeaways

1. Prices move when the balance between buyers and sellers changes. Several forces usually act at once.
2. Supply events include halvings, token unlocks, miner selling and large holders moving coins.
3. Demand comes from ETFs, stablecoin inflows, companies, funds and new users. US spot bitcoin ETFs took in nearly $50 billion by mid-2025.
4. Interest rates, liquidity and the dollar matter. In 2022 the Fed raised rates to 4.25 to 4.50% and bitcoin fell about 64%.
5. Leverage amplifies moves into cascades, as on 10 October 2025. Sentiment swings between fear and greed.
6. Slow forces set the long-term direction; fast forces create daily swings. Mixing the two up causes confusion.

Test yourself

Circle one answer for each question. The answer key with explanations is on the next page. You can also take this quiz online at markettalks.info and see your score instantly.

1. What ultimately makes a crypto price rise?

A. The exchange decides
B. More buying pressure than selling pressure at the current price
C. The number of coins in circulation alone
D. Positive social media posts alone

2. Which of these is a supply-side event?

A. ETF inflows
B. A token unlock for team and investors
C. A fall in interest rates
D. Rising stablecoin supply

3. When did US spot bitcoin ETFs start trading?

A. 2017
B. 2021
C. January 2024
D. October 2025

4. Why do rising interest rates often hurt crypto prices?

A. They make mining illegal
B. Safe assets pay more and borrowing gets more expensive, so money tends to leave riskier assets
C. They increase bitcoin's supply
D. They stop exchanges from trading

5. What role did leverage play on 10 October 2025?

A. None, prices were stable
B. Tariff news started a drop, and leveraged longs being liquidated turned it into a cascade
C. It pushed prices to a record high
D. It made trading impossible

6. What does a Fear & Greed Index reading of 92 suggest?

A. Extreme fear
B. Extreme greed, a mood that has often appeared near local tops
C. That prices must fall tomorrow
D. That the market is closed

7. What does "buy the rumour, sell the news" describe?

A. Buying only after official announcements
B. Prices rising before an expected event and falling once it happens
C. A type of scam
D. A government rule about news

8. Which force usually works over years rather than days?

A. A liquidation cascade
B. A news headline
C. Adoption and long interest rate cycles
D. Funding rate changes

Answer key

1 B

More buying pressure than selling pressure at the current price

Price is where buyers and sellers agree. When buyers are more eager than sellers, they pay more and the price rises.

2 B

A token unlock for team and investors

Unlocks add coins that can be sold. ETF inflows, lower rates and new stablecoins are demand-side forces.

3 C

January 2024

They launched in January 2024 and took in nearly $50 billion of net new money by mid-2025.

4 B

Safe assets pay more and borrowing gets more expensive, so money tends to leave riskier assets

Higher rates make bonds more attractive and reduce liquidity. In 2022, as rates rose sharply, bitcoin fell about 64%.

5 B

Tariff news started a drop, and leveraged longs being liquidated turned it into a cascade

About $19 billion was liquidated in one day. The news started the move; forced selling amplified it.

6 B

Extreme greed, a mood that has often appeared near local tops

The index runs from 0, extreme fear, to 100, extreme greed. Extremes describe crowd mood and are used for context, not exact timing.

7 B

Prices rising before an expected event and falling once it happens

When good news is expected, buyers act early. By the time it arrives, it is already in the price and some take profits.

8 C

Adoption and long interest rate cycles

Adoption, regulation, supply schedules and rate cycles shape the long-term direction. Leverage and headlines drive short-term swings.

SOURCES

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