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Bitcoin & the tariffs: A perspective on the decentralized cryptocurrency markets

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Christopher Jensen
Head of Research
Franklin Templeton Digital Assets

The past weeks has been marked by significant volatility as investors have migrated from "Follow the Fed" to "Follow the White House."

US President Donald Trump's new tariffs have sent shockwaves through global markets, with the S&P 500 experiencing dramatic swings, falling to ~4,900 and then rising to ~5,500 within a week. This volatility is likely to persist as investors grapple with Trump's trade doctrine and as more information becomes available.

The tariff rates announced on "Liberation Day" exceeded market expectations, injecting a tremendous amount of uncertainly regarding potential retaliatory tariffs. The move has added a massive dose of macroeconomic uncertainty to markets already struggling with weak sentiment.

On April 3, Michael Saylor, often referred to as the "biggest bitcoin bull," posted on X: "There are no tariffs on bitcoin."

While his comment is accurate, it's probably worth unpacking bitcoin's recent price movements and the token's relatively strong performance versus other asset classes.

While there are no tariffs on bitcoin, the indirect impact of tariffs on crypto markets has been significant. Tariffs have triggered broad-based deleveraging and de-risking across all risk assets, including crypto. The sell-off in crypto was not due to internal weaknesses but because it remains part of the broader "risk-on" complex in most institutional portfolios.

However, the decentralized nature of blockchain networks appears to have provided some price support for bitcoin over the past week. Free from centralized government control, bitcoin has exhibited price resilience compared to its peers and major equity indices during this period.

Throughout the tariff-induced market volatility in March and April, bitcoin has outperformed all major equity indices, including the S&P 500, Nasdaq and other digital assets like ether (ETH).

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Cumulative Returns by Ticker

April 23, 2025

Source: "BTC, ETH, NASDAQ and S&P 500 Spot Cumulative Returns." Bloomberg, 3/1/2025–4/23/2025.

Unlike equities, bitcoin faces no earnings risk, no supply chain exposure and no tariff threat. It is also more sensitive to liquidity infusions than to economic guidance.

If Trump remains committed to his current path, bitcoin could come back stronger, demonstrating its resilience and potential as a hedge against traditional market uncertainties.

WHAT ARE THE RISKS?

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