

Tariff Market Crash

10 October 2025

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Analysis of the unprecedented crypto market liquidations triggered by the White House China 100% tariff announcement



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The trigger

On 9 October, China tightened its export-controls on rare earths and related products. These are critical materials used to manufacture a wide range of advanced technologies essential for both national security and economic interests, including high-performance magnets, semiconductors, batteries and defence systems. This step was hence seen by Washington as a threatening move against US supply chain security.

In reaction, during a White House press briefing on 10 October, the Trump administration announced new 100% retaliatory tariffs on Chinese imports alongside tighter export controls on advanced U.S. technologies. This comes as the latest volley in an escalating trade war over critical materials and technological and economic dominance.

The market reaction

USD 7 billion liquidations in the first hour

After Bitcoin set a new ATH in early October, this sudden escalation between the US and China took both traditional and crypto markets off guard. Strong risk-off sentiment took charge, roiling the markets, with investors pivoting to US treasuries and gold. The tension extended beyond traditional trading hours, leaving 24/7 traded crypto markets as the major available trading venue to reduce risk exposure.

Crypto centralised (CEX) and decentralised (DEX) exchanges subsequently experienced large, forced liquidations of leveraged longs and rapid multi-billion-dollar liquidations. This was reported by the Business Times to be as high as USD7 billion in the first hour. Although several news outlets reported this as a USD 19 billion liquidation event, the largest in industry history, other sources later estimated this number to be inflated. The sharp selloff's heavy trading volumes caused intermittent delays in several key global CEX's, although DEX's appeared to have absorbed the heavy load without notable downtime.

Although Bitcoin dropped by roughly 10% in the 24 hours following the announcement, it was relatively resilient compared to altcoins, with many experiencing significant double-digit declines (ETH and SOL roughly minus 20%, XRP more than 30%) as leveraged positions were unwound and risk-off sentiment mounted,

Equity markets were also hard hit on the day of the announcement, with the Nasdaq down 3.6% and the S&P dropping 2.7%. Compared to historical volatility, both equity indices suffered more than Bitcoin. The selloff extended into industrials and sectors exposed to China supply chain risk, but rare earth and mining stocks rose predictably with the potential for re-shoring.

Tentative Monday recovery

Shortly after lunch on Sunday 12 October, President Trump posted the below message on his Truth Social account:



Over the weekend, the crypto markets commenced a tentative rally in response to potentially easing trade-war fears, and Bitcoin edged up 3%. The change was more pronounced in the altcoin sector, with several of the major altcoins gaining back some of the ground lost over the weekend.

In the past 24 hours*, Ethereum (ETH) has recovered 7.7%, Solana (SOL) 7.1% and XRP 7.8%.

What's next

Further news – *and perhaps clarifications* – on the escalating trade war and tariff situation are likely to directly influence market direction in the short term. Nervousness is therefore likely to remain high and volatility elevated, although venue trading load looks to be rapidly normalising.

On top of tariffs, the continuing US shutdown, the default on First Brands rattling the private credit sector and the ambiguous Fed outlook are adding additional uncertainty. With funding rates compressed, institutional crypto investors are therefore adopting a cautious position. This suggests that it may take some time yet for price discovery and the bottoming process to play out.

*Source CoinmarketCap as at 13:00 CET 13.10.25

CIO view

Despite the current uncertainty and geopolitical challenges, the fundamental picture for crypto remains constructive in the medium-term. The latest US PMI (Purchase Manager Index) showed a continued expansion in service-related economic areas like finance, healthcare, software, travel, hospitality and professional services. This tends to be positive as these areas are generally more stable and lead to employment growth and earnings visibility. They also have less inventory exposure, an important aspect given the present uncertainty over tariffs and supply chains.

Although inflation is sticky, it has not yet been as significantly impacted by tariff price rises as widely expected. Anticipated positive fiscal and monetary policy actions are also expected to further improve liquidity conditions.

The Trump Administration's peace efforts in the Middle East – although still at an early and tenuous stage – may also lead to a welcome de-escalation in regional tensions.

Investors should monitor the trade situation closely, but not be overly alarmed or reactionary. Mid-term, the picture for crypto assets remains consequently supportive. Beyond the economic factors that have historically been favourable for risk assets, a range of crypto-specific fundamentals remain strong. They range from regulatory developments like spot ETFs and stablecoin legislation, accelerating institutional adoption and broadening use cases to Bitcoin financialisation and treasuries as well as real-world asset tokenization.

Overall, this weekend offers a reminder that short-term volatility remains a defining feature of crypto markets. It also highlights the sector's resilience and the powerful long-term megatrend that is driving both major institutional adoption and continual innovation.

"This weekend's crypto market volatility does not alter the strong underlying crypto and protocol specific fundamentals which continue to anchor long-term sector confidence and market resilience."

Fabian Dori Sygnum CIO



Fabian Dori
Sygnum CIO

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