# Ethereum faces liquidation risks amidst cryptocurrency market volatility



The cryptocurrency market is presently experiencing heightened volatility, with notable developments affecting both major and meme tokens. In particular, the Ethereum (ETH) market is facing significant pressures, as large holders, commonly referred to as "whales," navigate precarious positions on the decentralised lending platform MakerDAO.

Recent data from blockchain analytics platform Lookonchain indicates that approximately 125,603 ETH is at risk of liquidation, valued at around $238 million, as the price of Ethereum has dipped below critical thresholds. One prominent whale, who controls about 64,793 ETH, is reportedly just $54 away from triggering an automatic liquidation, with Ethereum trading at $1,841. This situation mirrors a previous close call on March 11, when the trader narrowly avoided liquidation by repaying a portion of their debt after a sharp price drop. Currently, their health rate stands at a precarious 1.04, indicating that any further price decrease could lead to the forced sale of their collateralised ETH.

Another trader, holding 60,810 ETH, is similarly at risk after borrowing 75.69 million DAI, with their liquidation threshold set at $1,805. Should Ethereum's price fall below this level, automatic liquidation would also occur for their position. This concentration of at-risk holdings on MakerDAO raises concerns about potential mass liquidations that could trigger significant selling pressure on Ethereum and ripple across the broader cryptocurrency ecosystem.

The recent decline in Ethereum's price is attributed to a combination of factors including broader market turbulence, lacklustre performance of Exchange-Traded Funds (ETFs), and the dumping of stolen ETH by hackers. Market instability has been exacerbated by rising inflation concerns and disappointing economic data from the United States, inducing investors to adopt a risk-off approach. Furthermore, an announcement by former President Trump regarding reciprocal tariffs has further contributed to market unease. Additionally, the recent dip in Bitcoin's price has put downward pressure on altcoins, including Ethereum.

In the same period, US-listed spot Ethereum funds saw significant outflows of over $400 million from March 5 to March 27, resulting in diminished investor enthusiasm, despite a slight reversal with investors adding nearly $5 million back into the ETFs. Traders remain optimistic that the SEC might approve the addition of staking features for existing spot Ethereum ETFs, potentially enticing further investments.

Moreover, the cryptocurrency market faced additional headwinds as hackers recently liquidated approximately 14,064 ETH from platforms THORChain and Chainflip. This influx of stolen tokens added to the existing selling pressure in the market, reflecting both the risks and the challenges surrounding Ethereum's price stability.

The precarious situation on MakerDAO not only highlights the risks of leveraged trading but also raises questions regarding the stability of the entire cryptocurrency market. The mechanism governing MakerDAO, which allows users to deposit ETH as collateral and borrow DAI, brings inherent risks. If the value of the collateral declines below a critical level, the system autonomously liquidates to maintain the stablecoin's viability, potentially causing significant losses for traders who employ leverage.

At the same time, the market has observed troubling developments in the meme token sector. On March 30, 2025, a trader suffered significant losses amounting to over $3.36 million while holding a leveraged position on the meme token $PEPE. To avoid liquidation, the trader deposited an additional 3.8 million $USDC into the Hyperliquid platform while partially closing their positions. As $PEPE traded at $0.00000236, down from a 24-hour high of $0.00000268, the ripple effect of this incident impacted other tokens within the meme sector, with $DOGE and $SHIB experiencing respective price drops of 3% and 4%.

The trading volume for $PEPE surged to $150 million within the last 24 hours, indicating robust market interest despite the volatility. Active addresses for $PEPE saw a peak, with over 5,000 new interactions documented in the same timeframe, suggesting a frenzied trading environment surrounding this meme token.

Technical analysis of $PEPE revealed that the Relative Strength Index (RSI) had dropped to 30, indicating a potential oversold condition, while the Moving Average Convergence Divergence (MACD) pointed towards continued downward momentum. Increased trading volume and volatility could either signify a market rebound or provoke further price swings.

As the cryptocurrency market grapples with these complexities, investors are left to navigate an environment characterised by uncertainty, high risk, and occasional profitable opportunities within the evolving landscape of crypto assets. The implications of these developments for market dynamics and investor sentiment remain to be seen.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://coindcx.com/blog/price-predictions/ethereum-price-weekly/> - This article provides insights into Ethereum's price volatility and volatility factors that affect its market, including macroeconomic conditions and network activity.
* <https://www.ainvest.com/news/ether-plummets-51-peak-whales-accumulate-market-volatility-2503-32/> - It highlights the challenges Ethereum faces due to market volatility and the strategic accumulation by whales, which is a key factor in Ethereum's market dynamics.
* <https://www.tradingnews.com/news/ethereum-struggles-to-hold-above-2k-usd> - This article discusses Ethereum's struggle to maintain a price above $2000, due to broader market fears, inflation concerns, and macroeconomic challenges affecting cryptocurrencies.
* <https://www.marketwatch.com/> - MarketWatch provides extensive coverage on economic indicators and market volatility, which impacts the broader cryptocurrency landscape, including Ethereum and other assets.
* <https://www.cryptocoinsociety.com/blockchain/makerdao> - This resource offers information on MakerDAO's functionality, including the use of ETH as collateral and the risks associated with liquidations, which can affect Ethereum's price stability.
* <https://www.coingecko.com/en/coins/pepe> - CoinGecko provides real-time data and analysis on meme tokens like $PEPE, offering insights into market trends and volatility within the meme token sector.