

Crypto continues to wax and wane on global macro

January saw crypto rally and sell off, primarily due to macro sentiment that's still ruling both TradFi and DeFi risk assets. The New Year looked promising, with bitcoin rallying over 12%, but uncertainty around tariffs, U.S. interest rates, the potential for a U.S. government shutdown, and broader geopolitical uncertainty saw these gains returned in the second half of the month. Throughout the same period, the U.S. indexes and precious metals continued to post gains. It's leading market participants to wonder if the cycle top has already occurred for crypto or if capital rotation is coming once TradFi assets top. While the long-term picture remains relatively clear, that risk assets will gain as fiat currencies are debased, the short- to medium-term may not be without its fluctuations.

Keep reading for the key catalysts shaping crypto in February.

U.S. Fed holds rates steady for the first time since July

The U.S. Federal Open Market Committee (FOMC) left rates on hold at 3.5% to 3.75% at its January 28 meeting — the first time rates were held steady since July. Two Fed governors, Stephen Miran and Christopher Waller [voted against the decision](#), while the other 10 governors supported it. Federal Reserve Chair Jerome Powell's comments following the FOMC meeting were hawkish, stating that the economy is looking solid.

“If you look at the incoming data since the last meeting, ... everything comes in suggesting that this year starts off on a solid footing for growth.”

- [Jerome Powell, Chair, U.S. Federal Reserve](#)

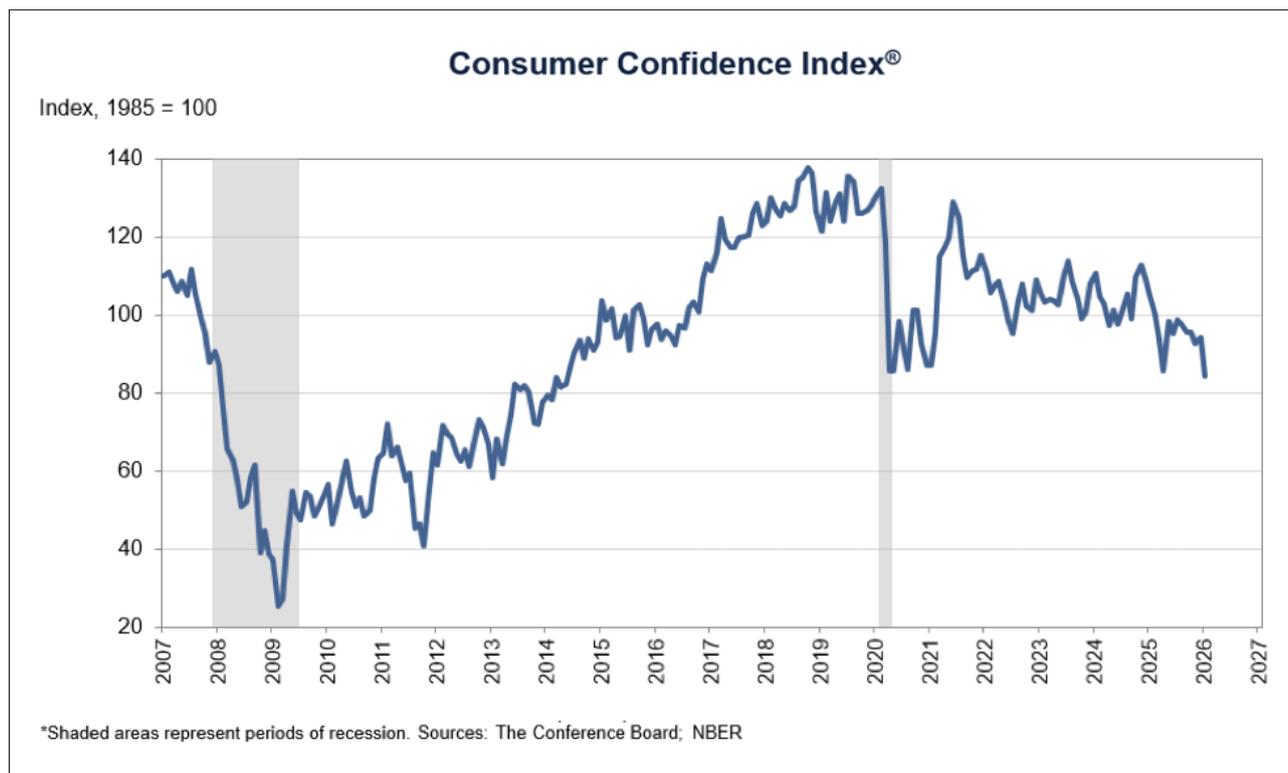
Powell's statement, a revision of fourth quarter gross domestic product (GDP) growth from 1.8% to 2.3%, and comments around declining concerns about a cooling labour market, means the board projects [only one further rate cut](#) to be delivered in 2026. The ten-year yield gained then rose further after the meeting. It's currently at [4.28%](#). Despite confidence from the Fed around economic growth and TradFi risk assets and precious metals continuing their historic gains, consumer sentiment declined to a decade low of [84.5](#) in January. It highlights the long-standing difference between market performance, the outlook of monetary policymakers and the general population.

BTC Snapshot

12-month high \$126,080
12-month low \$72,877
Price (4 Feb 2026) \$72,922

Key Market Metrics

BTC Dominance 59.46%
ETH Price \$2,147
Total Crypto Market Cap \$2.56T
Alt-Coin Market Cap \$ 1.1T



Consumer Confidence Index. (Source: [Conference Board](#))

The next U.S. FOMC meeting is on March 17. According to CME Group's Fed Watch Tool, the likelihood of a rate cut at this meeting currently stands at [9.4%](#).

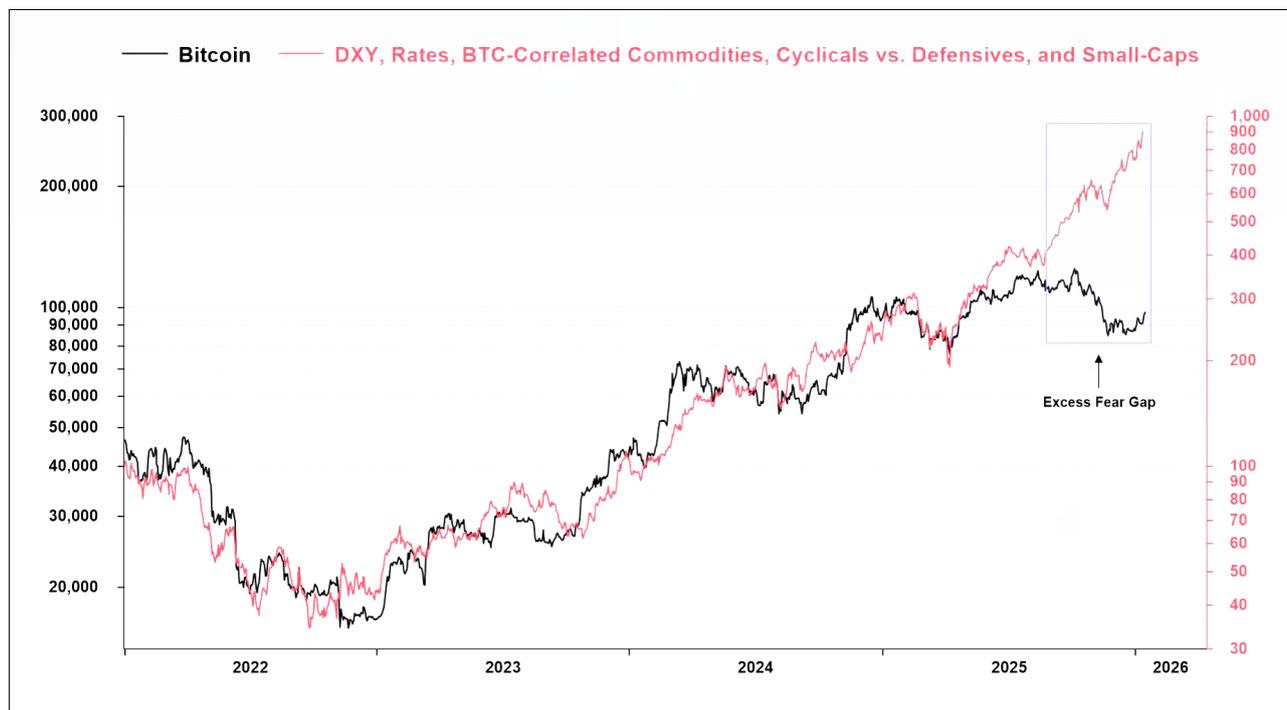
Bitcoin declines on macro headwinds

Crypto appeared to be heavily impacted by macroeconomic uncertainty throughout the New Year. Opening January at US\$87,497, bitcoin started 2026 strong with a rally to US\$97,963 before retreating on macro headwinds. Unlike the major U.S. indexes which rallied around the FOMC's January 28 meeting, bitcoin declined by around 1.7% on the day.

The divergent performance between bitcoin and TradFi risk assets could indicate that strong earnings are buoying prices across the indexes, while risks around currency debasement are seeing capital flow to precious metals. [Some analysts suggest a potential rotation into crypto](#) once gold and silver, in particular, begin to pullback further. It's important to note that regulatory clarity, U.S. Dollar strength, and macroeconomic stability will likely play a key role in whether this rotation occurs. A stronger than expected ISM Manufacturing Purchasing Managers' Index (PMI) update of [52.6](#) on Monday, February 2 saw bitcoin gain just over 5%, signalling that further signs of economic expansion could drive upward momentum. However, this data point alone wasn't enough to buoy bitcoin's price, with the cryptocurrency hitting a nine-month low of US\$71,703 on Tuesday, February 4.

"I think Bitcoin remains the outlier here, and that the events around 10/10 temporarily distorted price discovery, for reasons I've discussed at length previously... Right now, the weight of the evidence suggests liquidity is still rising and, in our view, will continue to rise, and that is what risk assets are reflecting."

- [Julien Bittel, Head of Macro Research, Global Macro Investor](#)



Bitcoin vs. DXY, rates, BTC-correlated commodities, cyclicals vs. defensives, and small-caps. (Source: [Global Macro Investor](#)) Past performance is not a reliable indicator of future results.

The chart above indicates that the leveraged liquidity flush that occurred on October 10, 2025 has distorted bitcoin’s price discovery, with potential for bitcoin to close the “excess fear gap” outlined in the chart below. This scenario would require a continued rise in global liquidity and U.S. economic expansion (ISM Manufacturing Index breaking and staying above 50).

Bitcoin closed January at US\$78,648 (-10.2%). The recent divergence between bitcoin’s performance and TradFi risk assets and precious metals suggest potential for rotation into crypto assets, including bitcoin, though the market conditions need to be right for market participants to make these moves with meaningful size.

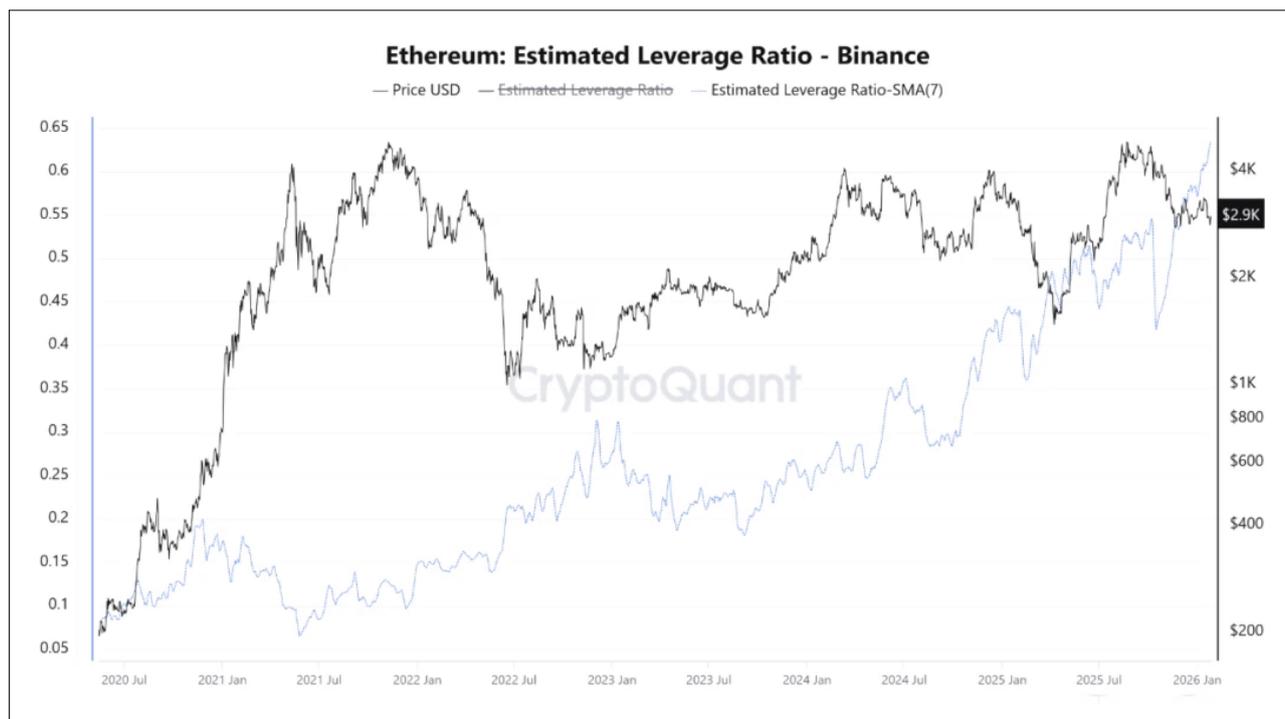
Ethereum sells off and leveraged positions reach record highs

Opening the month at US\$2,966, Ethereum sold off to a low of US\$2,072 on February 4—prices not seen since June 2025. Similar to the rest of the crypto market, ethereum’s New Year performance has underwhelmed compared to TradFi and precious metals, though some industry commentators expect that further upside could occur in the coming months.

“Gold and silver are sucking oxygen out of everything. As long as gold and silver are rising then there's a FOMO into buying that instead of crypto. When gold and silver take a break, in the past that would lead to a bitcoin and Ethereum surge afterwards.”

- [Tom Lee, Chair, Bitmine Immersion Technologies](#)

Throughout January, leveraged Ethereum positions remained at record highs, which made the asset particularly sensitive to sudden price swings, such as the sell off to end January. In this sell off, Ethereum declined by almost 30% before recovering slightly on the strong ISM Manufacturing PMI reading. Further positive [external catalysts](#) (macro conditions, spot demand or network-specific developments) will likely be required to drive upward momentum.



Ethereum: Estimated Leverage Ratio – Binance. (Source: [CryptoQuant](#))

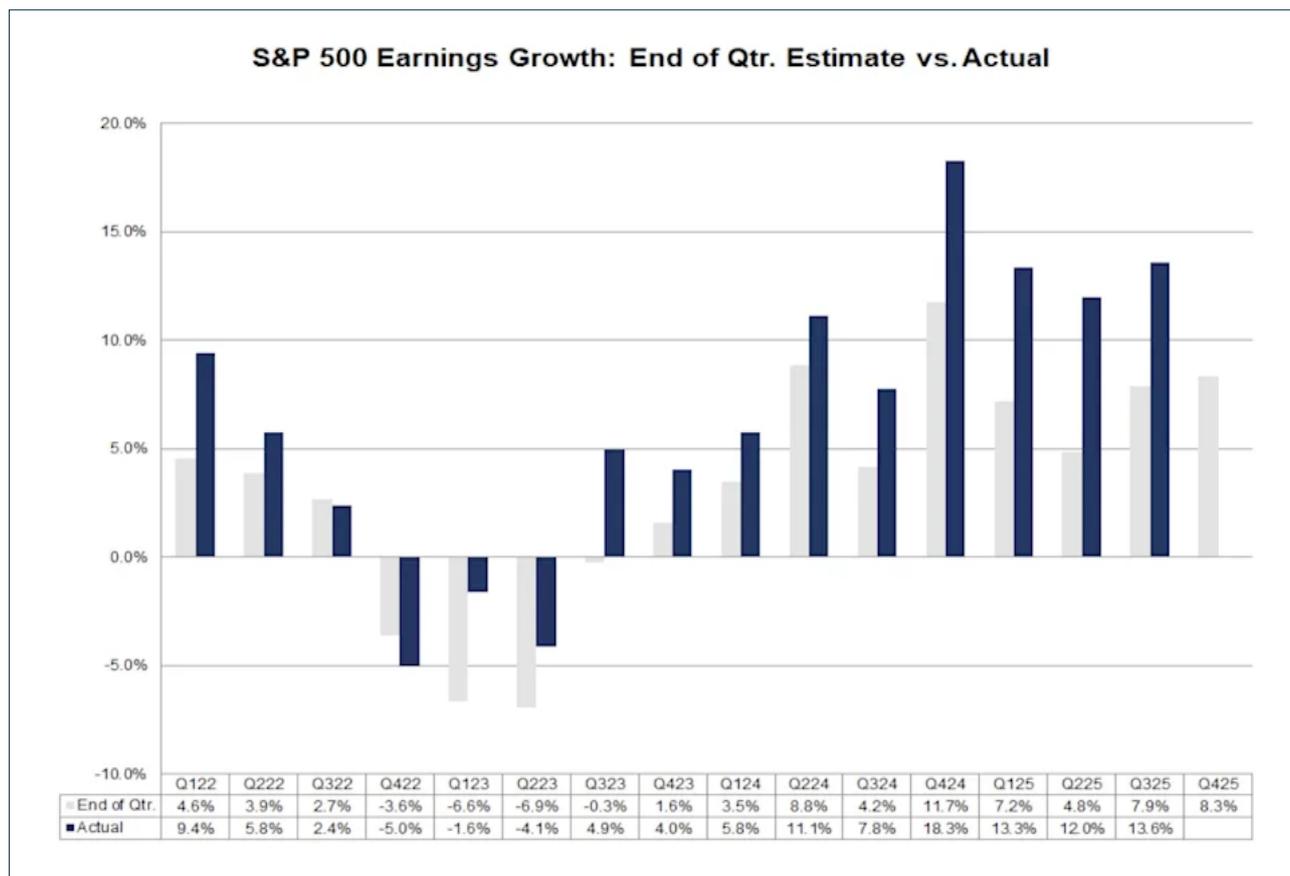
Despite Ethereum's sell off, network volume remains strong, with daily transactions reaching a record high of [2.9 million](#) on January 16 and the staking exit queue declining to zero, which suggest the fundamentals of the network remain strong. Ethereum closed January at US\$2,449 (-17.5%) and is now trading around US\$2,150.

Warsh to run the Fed from May

Back in TradFi, the Fed's monetary policy path became a little clearer towards the end of January when President Trump nominated former Fed Governor Kevin Warsh to lead the U.S. Federal Reserve after Jerome Powell's term ends on May 15. Warsh has signalled [a more market-friendly stance toward digital assets](#), but he's not expected to deliver the aggressive rate-cutting agenda that other potential nominees may have instated.

S&P 500 makes record high as TradFi and precious metals rally

While the major U.S. indexes pulled back in the middle of January on the threat of 10% tariffs on select European nations and weak December jobs data, the recovery was swift. Since hitting a monthly low of 6,789 on January, 20, the S&P 500 rallied to a new high of 7,002 on record corporate earnings, where 80% of [reporting companies beat expectations](#). Analysts expect an average 8.3% increase in earnings per share for Q4 2025, which would see ten straight quarters of a beat on earnings estimates.



S&P 500 Earnings Growth. (Source: [FactSet](#))

The Nasdaq also gained throughout late January, though Microsoft’s Q4 earnings report, which highlighted concerns around [slowing cloud growth](#), sparked a sell off. The Dow also saw gains in January, reaching a record high of 49,633 on January 12.

To end January, the S&P 500 gained 1.4%, the Nasdaq gained 0.8%, and the Dow Jones increased by 1.7%. In the weeks ahead, market participants will presumably be watching for updates on the Fed’s monetary policy agenda after Powell’s term ends, and other macroeconomic and geopolitical developments that could cause risk-off sentiment.

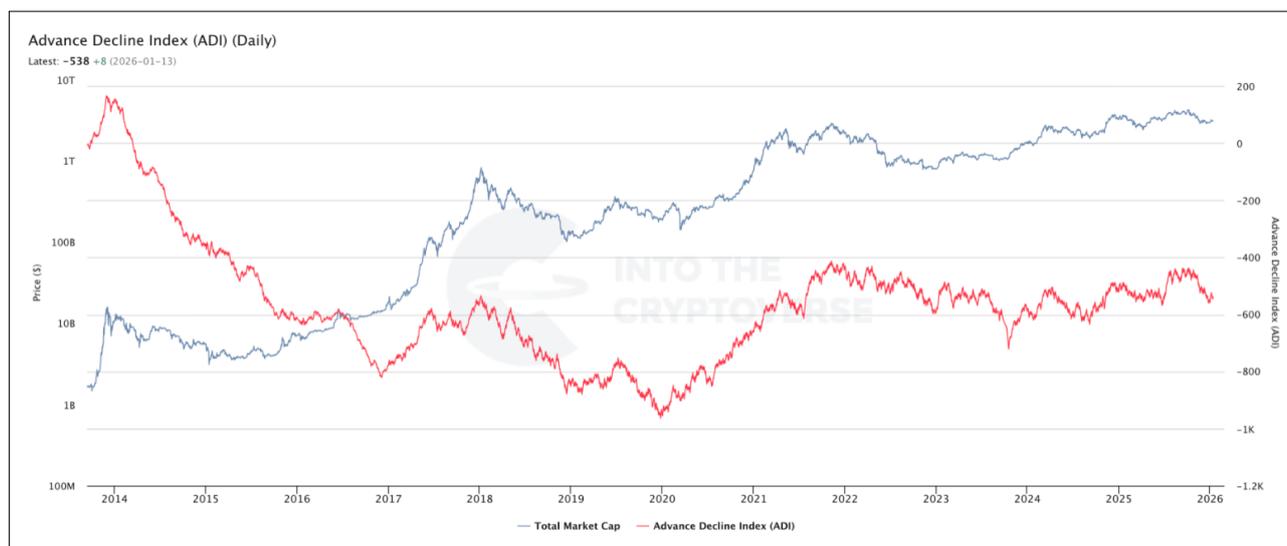
Precious metals saw record highs in January

In precious metals, gold and silver extended their historic rallies, reaching new highs of US\$5,598 and US\$119, respectively per ounce. The gains accelerated as the US Dollar Index declined to below US\$0.95—the lowest level seen since July 2020. President Trump said a [weak dollar is acceptable](#), though Treasury Secretary Scott Bessent said the country had a 'strong dollar policy'. Importantly, a continued fall in the value of the US Dollar Index could see the scenario where significant currency debasement, record monetary easing, and the acceleration of artificial intelligence converge for assets to continue making record gains. The U.S. Dollar Index recovered slightly to end the month, while gold and silver saw steep sell offs following the FOMC’s January 28 meeting. Prices have since recovered slightly, with gold and silver currently trading around US\$5,020 and US\$90, respectively, per ounce.

Monitor external catalysts in February

Following a continuation of historic rallies across TradFi risk assets and precious metals, crypto market analysts and participants are considering whether a capital rotation into crypto assets will occur or if the four-year cycle has ended.

Crypto’s market breadth appears to have tightened throughout the end of 2025 and into the New Year. The chart below demonstrates that, as bitcoin reached its October 6, 2025 all-time high of US\$126,296, most altcoins didn’t experience rallies, driving the advance decline index downward. This means that, while rallies occurred in select sectors, such as privacy and AI, broad-based speculative activity declined, which [can be typical of late-cycle behaviour](#).



Crypto advance-decline index vs total market capitalisation. (Source: [Benjamin Cowen](#))

Bitcoin closed December at US\$87,497 (-3%). The recent shifting sentiment, along with growing global liquidity, the end of quantitative tightening in the U.S., and the potential for a dovish U.S. Federal Reserve governor from May points to the potential for conditions to be right for capital to flow down the risk curve into assets like bitcoin.

Ethereum breaks new records in December

At this stage, a broad-based recovery and rally across crypto may require [external macro catalysts](#), including the U.S. ISM manufacturing Purchasing Managers Index (PMI) breaking and staying above 50, the U.S. dollar index (DXY) continuing to decline, and passage of the U.S. crypto market structure bill. Should these conditions prevail in 2026, there could be further upside for crypto.

Outside of the external catalysts required to fuel further crypto upside, it’s critical to identify what would validate or invalidate your own investment thesis. As always, sticking to your long-term goals, and making informed decisions within your risk appetite is key. If you have questions about your portfolio as you navigate the New Year, speak to your Caleb & Brown broker.

February key dates and crypto catalysts

The U.S. Federal Reserve's rate trajectory, U.S. trade policy and global liquidity are expected to influence sentiment in the weeks ahead.

February 18	March 17
U.S. FOMC January meeting minutes	U.S. FOMC rate decision

U.S. trade policy

What's at stake? Trade talks created uncertainty in markets throughout January. While the 10% tariff proposed for select European countries has now been wound back, President Trump has stated that Canada could be subject to [100%](#) tariffs if it finalises a trade deal with China.

What to consider? Expect volatility in risk assets around trade announcements. Engage with your broker to understand how tariff changes may affect your positions.

U.S. Federal Reserve rate decision (March 17)

What's at stake? The next FOMC meeting is on March 17. The meeting minutes from the January 28 meeting will be released on February 18.

What to consider? The U.S. Fed's rate trajectory will affect market sentiment. Discuss potential outcomes with your broker.

Crypto policy and legislation

What's at stake? Following passage of the CLARITY Act in the House, the Senate is considering its own version of crypto market clarity legislation, the [Responsible Financial Innovation Act of 2025](#). The Senate's crypto market structure bill, the [Digital Asset Market Clarity Act of 2025](#), passed a [12-11 markup vote](#) in the Agriculture Committee on Thursday, January 29. The bill now needs to clear the Senate Banking Committee before it heads to a vote on the Senate floor.

The [Securities Clarity Act](#) was reintroduced to the House and referred to the House Committee on Financial Services on March 26. It remains before the Committee at the time of writing.

The [Lummis Crypto Tax Bill](#) was introduced in the Senate on July 3. Senator Lummis also introduced the [21st Century Mortgage Act](#), a bill that would allow financial institutions to include a mortgage applicant's crypto holdings in the assessment process. Both bills remain before the Senate for consideration.

[State-based crypto legislation](#) is before Congress in several U.S. states. Kansas introduced a bill to establish a [digital asset reserve](#) in late January. It remains before policymakers for consideration. South Dakota also introduced legislation to [establish a BTC reserve](#).

What to consider? If you're assessing your exposure to stablecoin-related or U.S.-based crypto projects, now may be a good time to reach out to your broker to revisit your strategy.

Need help navigating the markets? Speak with your Caleb & Brown broker to align your portfolio with evolving macro and crypto developments.

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