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Cryptocurrency Brokerage

Inside the Markets
August 2026

Crypto regained moderate strength in July. Can it hold?

July was another volatile month across TradFi risk assets, shaped by strong U.S. corporate earnings, continued artificial intelligence (AI) investment, renewed escalation in the U.S.–Iran war and uncertainty around the U.S. Federal Reserve's policy outlook. While some of this uncertainty flowed into crypto, leading to overall flat trading across many assets, the recovery of exchange-traded fund (ETF) flows into bitcoin and Ethereum products led to some of June's losses being regained. Despite strength throughout July, many macro and crypto-specific uncertainties persist.

Keep reading for the key catalysts shaping crypto in August.

BTC Snapshot

12-month high	$126,080
12-month low	$57,735
Price (10 August 2026)	$65,090

Key Market Metrics

BTC Dominance	59%
ETH Price	$1,920
Total Crypto Market Cap	$2.2T
Alt-Coin Market Cap	$973B

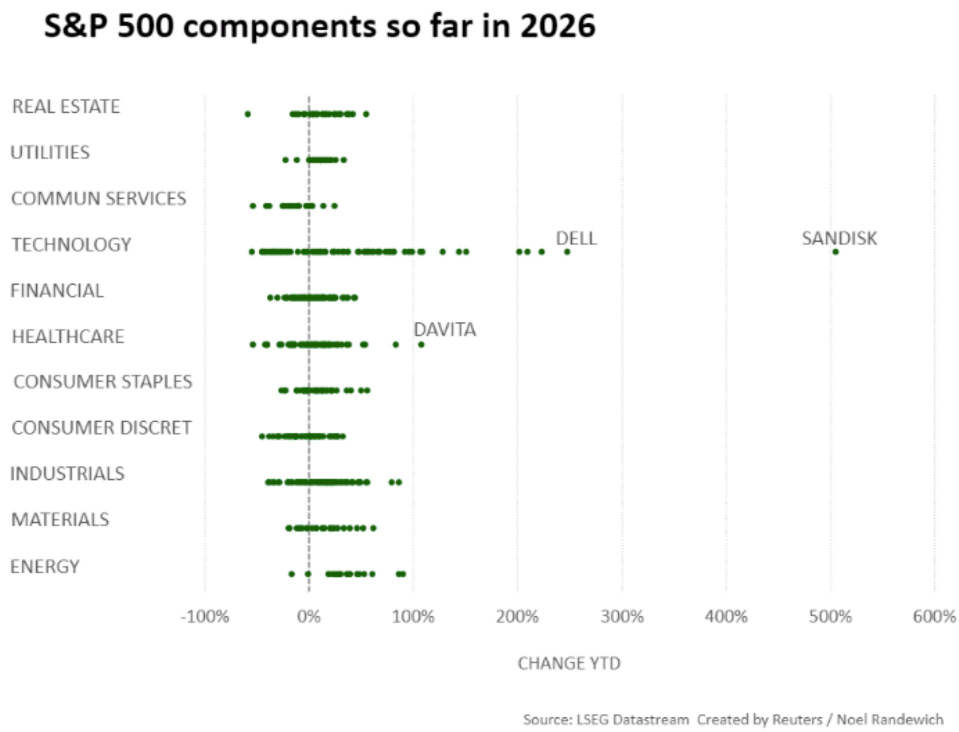
Earnings support equities, while interest rate uncertainty and geopolitics keep risk elevated

Performance across the major U.S. indices was mixed throughout July. The S&P 500 ended the month almost flat, declining by approximately 0.1%, while the Nasdaq fell 3.2% as high valuations and concerns around growing AI-related capital expenditure weighed on several heavyweight technology companies. In contrast, the Dow Jones gained approximately 0.3%, supported by a rotation into blue-chip and more defensively positioned companies.

> "There were worries that Amazon's spending was just moonshot spending, that it's irresponsible spending, and (CEO) Andy Jassy just put those fears to bed."
>
> Jake Dollarhide, CEO – Longbow Asset Management

Despite the Nasdaq's monthly decline, earnings remained one of the strongest sources of support for risk assets. Strong results and forecasts from Microsoft and Amazon helped markets regain momentum in the final two trading sessions of July, although disappointing guidance from Apple and questions around the returns being generated from elevated AI expenditure prevented a broader rally.

Similarly in the S&P 500, technology companies have achieved outsized returns. Analysts expect aggregate second-quarter earnings across the S&P 500 to increase by approximately 48% year-on-year (YoY), with technology companies accounting for a significant portion of that growth. The chart below demonstrates the sector's relative outperformance compared to other S&P 500 components throughout 2026.



S&P 500 components so far in 2026

S&P 500 components so far in 2026. Source: LSEG datastream

Past performance is not a guarantee of future results.

The tension between forecasts and earnings is likely to remain central throughout August. AI infrastructure spending continues to support revenue growth across cloud computing, semiconductors, power generation and data-centre development. However, investors are increasingly distinguishing between companies delivering measurable earnings growth and those relying primarily on optimism around future AI demand. July's performance suggests that strong results can still move markets higher, but high valuations leave technology stocks sensitive to earnings misses, capital expenditure increases and changes in forward guidance. TradFi risk assets have had a strong start to August, with the S&P 500 and Dow Jones each making new all-time highs.

The Fed keeps its cards close to its chest

Interest-rate uncertainty intensified following the Federal Open Market Committee's (FOMC) July 29 meeting. The Fed held its target range at 3.5%–3.75%, though three policymakers dissented in favour of an immediate rate rise. This prompted analysts to characterise the decision as a "hawkish hold". Fed Chair Kevin Warsh offered little forward guidance and made no commitment regarding the September meeting. Instead, policymakers appear determined to assess inflation, employment and economic activity as data is released. This represents a change from the relatively explicit policy signalling markets became accustomed to under former Fed Chair Jerome Powell's leadership.

The uncertainty is already visible in bond markets. The U.S. ten-year Treasury yield increased by almost 27 basis points in July, its largest monthly rise since March, effectively tightening financial conditions without an official rate rise. Market pricing for a September rate hike also fluctuated considerably following the FOMC's July 29 meeting, moving from approximately 77% immediately after the decision to 65% by month-end. CME's FedWatch tool currently puts the likelihood of a rate hike at the Fed's September 16 meeting at 44.4%.

> "While inflation remains elevated, we believe a cooling labor market and the limited effectiveness of monetary policy against supply-driven inflation pressures will make additional rate hikes difficult this year."
>
> Adam Schickling – Senior Economist, Vanguard

While inflation came in under forecast at 3.5% YoY in June, it remains above the Fed's 2% target. Policymakers must also account for the inflationary impact of rising oil prices, particularly if disruptions to Middle Eastern energy supply continue. A further increase in oil, wages or consumer prices could strengthen the case for a September hike. Conversely, softer employment, lower inflation or progress towards peace in the Middle East may allow the Fed to keep rates on hold. On the employment front, July's non-farm employment change came in well below forecast at -23,000, indicating that the labour market contracted substantially throughout the month.

Oil surges as markets trade shipping flows

Oil was July's standout macro performer. West Texas Intermediate crude gained 21% to close the month at US$84.67 per barrel, while Brent crude rose 24% to US$90.12—both recording their largest monthly gains since March.

The rise was driven by renewed Middle East tensions and disruptions around the Strait of Hormuz and Bab el-Mandeb, as the conflict continues to reduce the movement of oil through these critical passages. U.S. commercial crude inventories also fell to their lowest level since 2018, as domestic supply concerns also caused oil prices to rise.

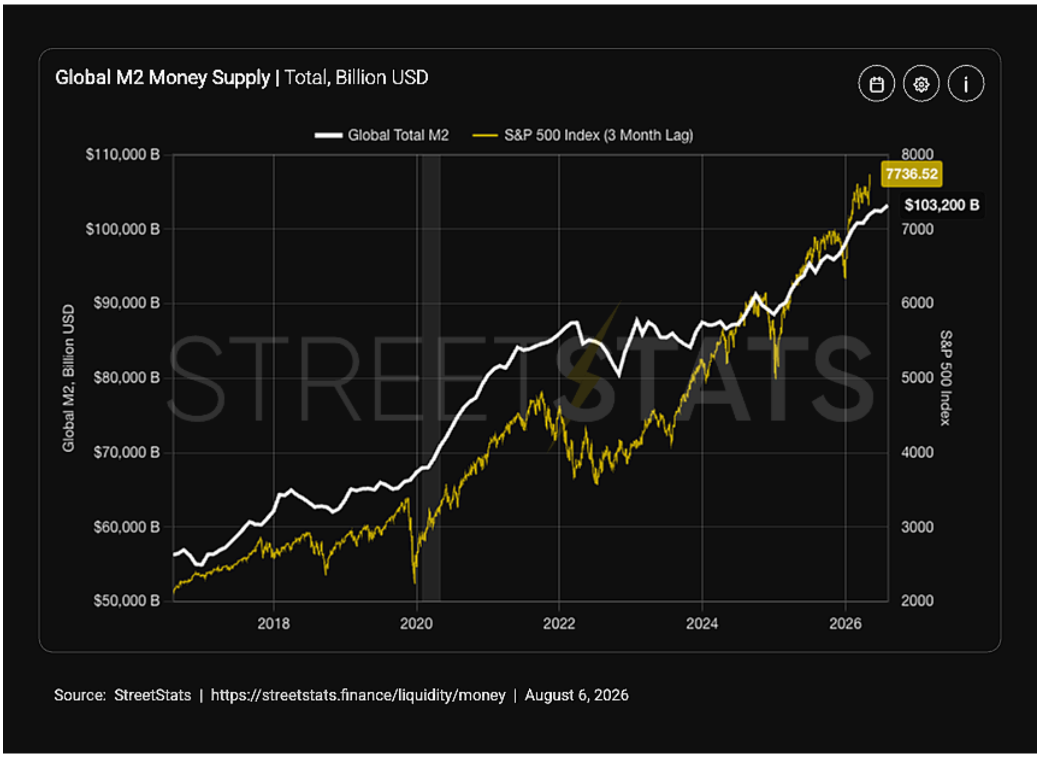
Talks involving Iran, Oman and other regional intermediaries continued into early August, and any agreement that restores more consistent shipping through the Strait of Hormuz could see volatility in oil prices subside. Until then, oil prices are likely to remain an important driver of inflation, Treasury yields and interest rate expectations.

Gold and silver performance was mixed

Gold increased by approximately 1.1% in July, ending a four-month run of monthly declines, as softer inflation readings and uncertainty around the Fed supported demand. Silver closed the month at US$57.60 per ounce, a decline of 1.8%. For the year to date, gold has declined by 6.3%, while silver has declined by 19.6%. The declines follow a historic run throughout 2025, and macro headwinds such as a strong U.S. dollar and high treasury yields making other assets more appealing in the current macro environment.

Global liquidity expands, but not at a rate that removes macro risk

Global liquidity continued to expand into July, although the pace remains relatively subdued. Dollar-denominated Global M2 increased by 1.5% over the three months to June 30, while Global M2 measured at constant exchange rates grew by 1.15%, a below-average rate compared with historical trends. U.S. and Japanese money-supply growth was relatively supportive, while expansion remained weaker in the euro zone and China.



Global M2 Money Supply vs. S&P 500 index (3-month lag). Source: Street Stats

Past performance is not a guarantee of future results.

This backdrop is not necessarily bearish. Expanding liquidity, strong earnings and continued AI investment can provide support for risk assets, particularly if inflation declines and the Fed avoids further tightening. However, liquidity growth is not currently strong enough to overwhelm every macro headwind. Elevated bond yields, geopolitical uncertainty and the possibility of additional interest rate increases mean asset performance may remain highly dependent on earnings quality and incoming economic data.

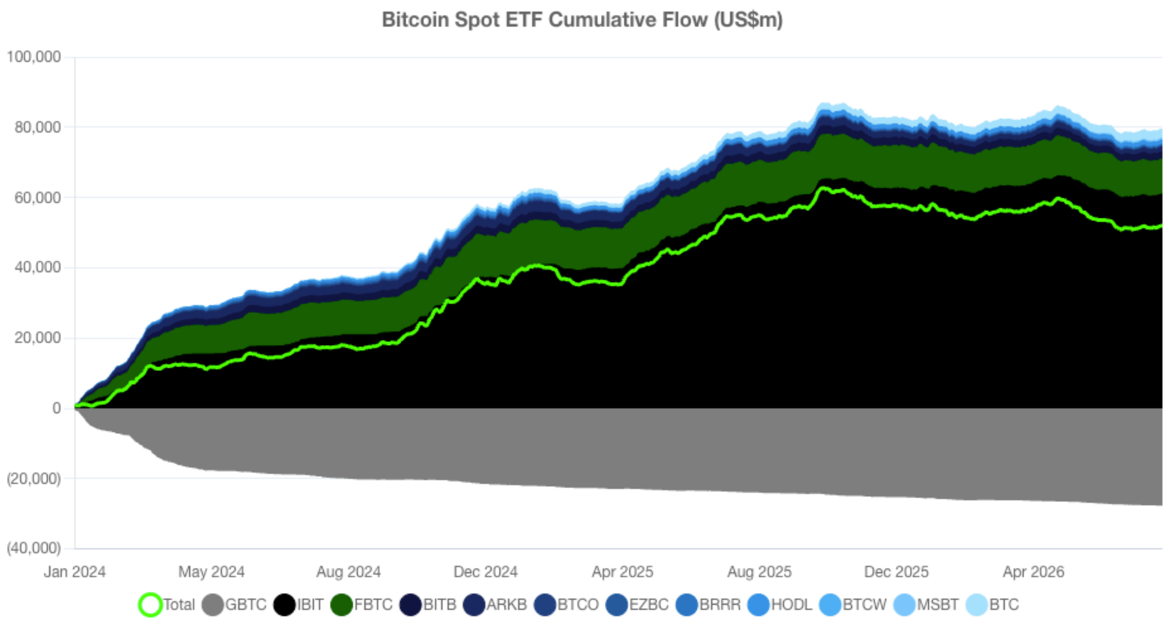
Throughout August, market participants will be watching the same push-pull that defined July: whether earnings and AI-related investment can continue supporting risk assets while oil prices, inflation and a tight-lipped Fed restrict liquidity and risk appetite. Key catalysts include U.S. employment and inflation data, second-quarter earnings, developments in AI expenditure and monetisation, U.S.–Iran peace talks, shipping activity through the Strait of Hormuz and changes in global money supply.

Monthly performance (July): S&P 500 -0.1%, Dow Jones +0.3%, Nasdaq -3.2%. Gold +1.1%, silver -1.8%, WTI crude oil +21%.

Bitcoin stabilises as institutional demand returns + Strategy starts selling

Bitcoin opened July around US$58,500 and briefly traded below US$58,000 during the first week of the month before recovering to reach a monthly high of US$66,921 on July 21. While the cryptocurrency remained almost 50% below its October 2025 all-time high, July marked the first meaningful improvement in sentiment since May, as institutional demand gradually returned following June's record ETF outflows.

The recovery wasn't driven by a single catalyst. Rather, several headwinds that weighed on bitcoin throughout June began to ease simultaneously. Spot bitcoin ETF inflows returned after experiencing their worst month since launch, while weaker U.S. employment data in early July reduced expectations that the Federal Reserve would immediately resume raising interest rates. Markets also became more comfortable with geopolitical developments in the Middle East, allowing investors to cautiously return to risk assets despite continued geopolitical uncertainty.



Bitcoin spot ETF cumulative flow (US$m). Source: Farside Investors.

Institutional participation remains the defining feature of bitcoin's current market structure. Throughout the first half of July, U.S. spot bitcoin ETFs attracted more than US$600 million over several consecutive trading sessions, led by BlackRock's IBIT. While inflows fluctuated later in the month, the reversal from June's heavy selling suggests long-term investors remain willing to accumulate bitcoin during periods of weakness rather than abandoning the asset class altogether. However, year-to-date ETF flows remain negative, indicating institutional conviction has improved but has not fully recovered.

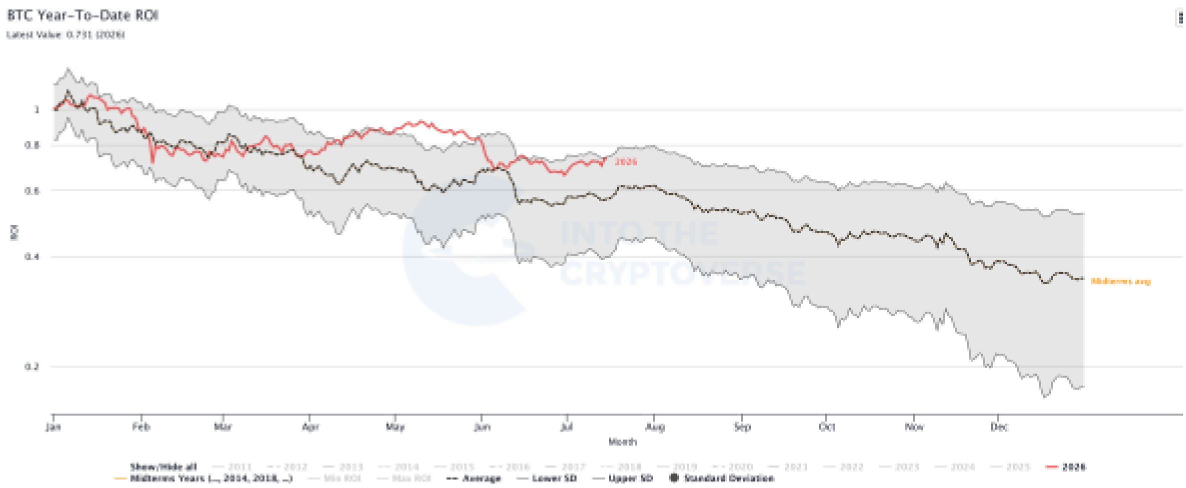
> "Against this backdrop, a return of bitcoin to a bullish trend seems conditional on a shift in the macro regime, and above all a return of demand, the only real driver capable of pushing volumes back up."
>
> On-chain Analyst, Darkfost

One of July's most closely watched developments was Strategy's largest-ever bitcoin sale. Earlier concerns that the company's Digital Credit Capital Framework would undermine confidence in corporate bitcoin treasuries initially weighed on sentiment. However, after Strategy disclosed the sale of approximately 3,600 bitcoin to replenish cash reserves and fund preferred-share obligations, the market absorbed the news remarkably well. Bitcoin briefly fell below US$62,000 on July 6 before recovering within the same trading session, suggesting buyers were willing to absorb supply that previously may have triggered a much deeper sell off.

The relatively muted reaction highlights an important change in market dynamics. Earlier in bitcoin's history, unexpected selling from a major holder often triggered cascading liquidations and prolonged declines. Throughout July, however, futures markets remained orderly, funding rates stayed broadly positive and leverage failed to unwind aggressively. Similarly, bitcoin's sell off on July 31, which coincided with Strategy reporting a Q2 loss of US$8.3 billion was subsequently recovered over the following five days. This suggests institutional participation is helping improve market resilience, even while overall sentiment remains cautious.

> "Carrying each prior midterm's second-half path forward from here tilts the historical risk toward renewed second-half weakness, potentially including a fourth-quarter leg lower. Two of the three prior midterm cycles bottomed within the midterm year itself, in December 2018 and November 2022, while the 2014 cycle low did not arrive until January 2015."
>
> Benjamin Cowen, Founder – Into the Cryptoverse

Although bitcoin has recovered from June's lows, sustained upside will likely require either stronger liquidity conditions or greater confidence that the U.S. rate-hiking cycle has concluded. Plus, the upcoming U.S. midterm elections in November also present further uncertainty, especially given the current administration's heavy focus on regulatory clarity for crypto and typical market dynamics in previous midterm years. Benjamin Cowen's July 2026 bitcoin cycle memo points to the potential for further downside in the second half of the year, not only because current prices are only around 50% below the 2025 all-time high, but also due to the four-year calendar pointing to the potential that near-term strength isn't necessarily indicative of a market bottom.



Bitcoin year-to-date ROI. Source: Benjamin Cowen.

Past performance is not a guarantee of future results.

Bitcoin's return on investment (ROI) for the year to date is around 0.73, currently above the average for a midterm election year. Of course, past performance and cycles aren't an indicator of future results, though if the current year-to-date ROI were to return to the average around 0.49, this means further downside may occur in the second half of the year.

Given other macro headwinds across risk assets, caution and taking time for research while markets are relatively quiet can be productive before a broad and sustained turnaround in sentiment and further growth in institutional and retail capital flows. To summarise, smart money positions themselves before broader turnarounds.

The coming months may determine whether July represents the beginning of a broader recovery or simply another relief rally within a larger consolidation. Market participants will likely continue watching ETF flows, U.S. inflation, labour market data, and the Fed's interest rate outlook for confirmation that financial conditions are becoming more supportive over the long term. Developments surrounding Strategy's treasury management, progression of the CLARITY Act and global liquidity will also remain important crypto catalysts.

Bitcoin closed July around US$62,800, gaining 7.4% for the month. While the recovery was encouraging after June's capitulation, sentiment remains highly dependent on macroeconomic conditions and institutional capital flows. Continued ETF inflows, easing inflation and improving liquidity could provide the foundation for further gains, though elevated interest rates and geopolitical uncertainty suggest volatility is likely to remain a defining feature of the market throughout August and the months ahead.

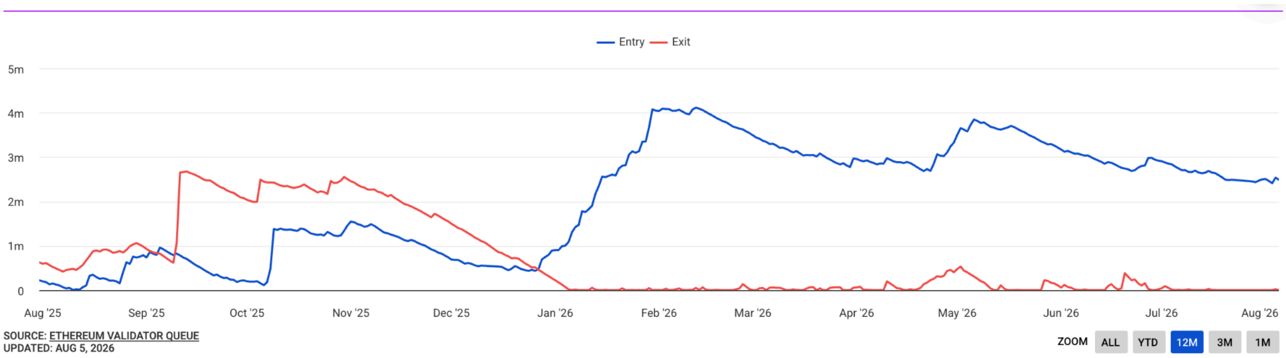
Institutional accumulation continues as Ethereum rebounds

Ethereum opened July at US$1,570, rallied to a monthly high of US$1,980 on July 27 before easing into month-end to close at US$1,860. Outperforming much of the broader digital asset market as institutional demand accelerated, strong spot Ethereum ETF flows, growing corporate treasury allocations and continued network participation supported sentiment throughout July.

U.S. spot Ethereum ETFs recorded their strongest month since October 2025, attracting inflows of US$365 million. BlackRock's iShares Ethereum Trust led much of the demand, while several other issuers also experienced consistent inflows throughout the month. Unlike previous cycles, where demand was largely retail-driven, July reinforced the growing role TradFi institutions are playing in Ethereum's ecosystem.

> "In July, ETH outperformed the Nasdaq 100 by 2,500 basis points. This is the largest outperformance since July 2025, and we believe it is reflective of the strengthening fundamentals of crypto."
>
> Tom Lee, Chair – BitMine

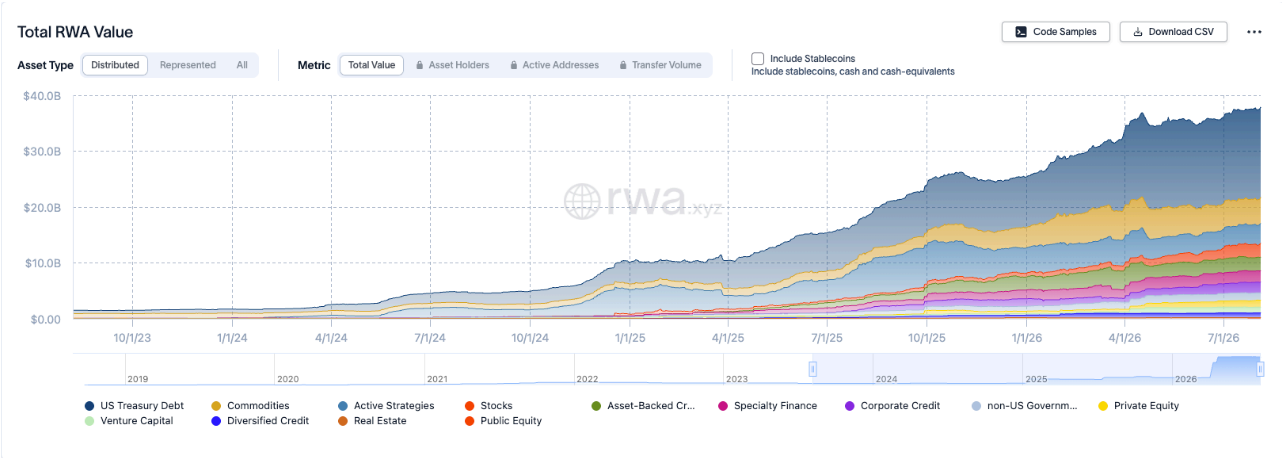
Ethereum's underlying network fundamentals remain strong. As of early August, the validator entry queue was 2.5 million ETH, significantly larger than the exit queue of 128 ETH, indicating continued demand for staking despite recent price volatility. Further, over 34% of Ethereum's circulating supply is now staked, reducing liquid supply while strengthening network security. Unlike previous market cycles, where prolonged price weakness often resulted in validators leaving the network, participation has remained resilient throughout 2026.



Ethereum validator queue YTD. Source: The Block.

Past performance is not a guarantee of future results.

One of the most notable trends throughout July was the continued growth of tokenised real-world assets on Ethereum, with distributed asset value currently sitting at almost US$38 billion across all chains, doubling since August 2025. Financial institutions are increasingly using the network for tokenised money-market funds, treasury products and settlement infrastructure.



Tokenised real world assets on Ethereum. Source: rwa.xyz.

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Combined with continued growth in stablecoin issuance, these developments reinforce Ethereum's position as the leading blockchain for institutional financial applications, especially as organisations like EthSystems, founded by the Ethereum Foundation's Institutional Privacy Task Force, work to build privacy and compliance infrastructure that meets the demands of established financial institutions.

> "Privacy is what preserves the dignity, safety and security of everyone on a network, from individuals to institutions. It is why Ethereum has won institutional capital and is on its way to win institutional commerce. No central bank, asset manager or government will run operations in full view of the world. For them, privacy isn't a feature. It is the requirement, and it is the difference between Ethereum holding billions today and running trillions tomorrow."
>
> Mo Jalil – Co-Founder and CEO, EthSystems

Ethereum closed July around US$1,860, gaining 18.5% for the month. While price remains well below the August 2025 all-time high, July demonstrated that institutional demand continues strengthening despite ongoing macroeconomic uncertainty. As with bitcoin, the direction of inflation, interest rates and global liquidity will likely determine whether these improving fundamentals translate into sustained price appreciation throughout the remainder of 2026.

Institutional confidence returns to crypto, but macro remains in control

July marked a noticeable improvement in sentiment across digital assets. Institutional demand returned through both bitcoin and Ethereum ETF inflows, corporate treasury adoption continued expanding and several on-chain metrics strengthened, suggesting the weakness seen throughout May and June was driven more by macroeconomic conditions than deteriorating crypto fundamentals. Despite this improvement, market participants will presumably remain cautious as markets continue balancing strong network adoption against geopolitical uncertainty and a hawkish U.S. Federal Reserve.

Regulatory developments also remain in focus. The U.S. Digital Asset Market CLARITY Act, which aims to establish a clearer regulatory framework for cryptocurrencies, remains before the Senate after advancing through committee earlier this year. Though lawmakers tried to negotiate ethics provisions and stablecoin rules to enable passage ahead of the August recess, it didn't happen. Senate Majority Leader John Thune (R-S.D.) moved to set up a procedural vote on the bill when lawmakers return from their August recess from September 14 for a three-week session.

If you have questions about your portfolio as you navigate the weeks ahead, book a call with your Caleb & Brown broker.

August key dates and crypto catalysts

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

August 19
U.S. FOMC July meeting minutes

U.S. trade policy

What's at stake? New Section 301 tariffs came into effect on July 24, 2026, imposing a 10% or 12.5% duty on imports from 60 countries, covering around 99% of imports into the U.S. This replaces the Section 122 tariffs. There is no pre-determined expiration date on these tariffs, giving Section 301 an automatic statutory expiration date of July 24, 2030.

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

U.S. Federal Reserve rate decision (September 16)

What's at stake? The next FOMC meeting is on September 16. The meeting minutes from the FOMC's July meeting will be released on August 19, and the September 16 meeting minutes will be available on October 7.

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? The Senate's crypto market structure bill, the CLARITY Act, passed a Senate Committee markup vote on May 14, 2026. The bill will now proceed to a final vote on the Senate floor. Senate Majority Leader John Thune (R-S.D.) moved to set up a procedural vote on the bill when lawmakers return from their August recess from September 14.

The Securities Clarity Act was reintroduced to the House and referred to the House Committee on Financial Services on March 26, 2025. It remains before the Committee at the time of writing.

Senator Lummis introduced the Lummis Crypto Tax Bill and the 21st Century Mortgage Act in 2025. Both bills remain before the Senate.

State-based crypto legislation remains before legislatures in several U.S. states.

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.

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