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Cryptocurrency Brokerage

Inside the Markets

July 2026

# Crypto sell off deepens on ETF outflows and geopolitical uncertainty

U.S. TradFi assets retreated from their most recent all-time highs in June, with the exception of the Dow Jones, which made small gains, presumably as market participants rotated out of highly volatile tech and artificial intelligence (AI)-focused equities and into blue-chip companies. Similarly, sell pressure spread across crypto too, as continued uncertainty in the Middle East, a hawkish U.S. Federal Reserve and continued crypto exchange-traded fund (ETF) outflows drove risk-off sentiment.

**BTC Snapshot**

| | |
|---|---|
| 12-month high | $126,080 |
| 12-month low | $57,735 |
| Price (6 July 2026) | $63,500 |

**Key Market Metrics**

| | |
|---|---|
| BTC Dominance | 58.6% |
| ETH Price | $1,780 |
| Total Crypto Market Cap | $2.3T |
| Altcoin Market Cap | $1T |

Keep reading for the key catalysts shaping crypto in July.

## Economic resilience and geopolitical uncertainty see mixed performance in June.

June was shaped by a push-pull between resilient U.S. growth, elevated interest rates, AI-driven equity momentum and renewed Middle East risk. Early in the month, stronger labour and activity data kept pressure on U.S. Treasury yields and reduced expectations for near-term rate cuts. Risk assets were also challenged by the U.S.–Iran conflict and concerns around the Strait of Hormuz, which initially lifted oil prices and inflation concerns before prices reversed sharply as ceasefire and peace-talk headlines improved.

Despite **concerns around potential interest rate hikes and uncertainty around whether AI will continue to fuel upward momentum across financial markets, H1's performance demonstrated that the broader upward trend has been strong.** For example, the Dow Jones gained 8.9% in its strongest H1 performance since 2021 (it gained 12.7% in H1 2021).

> "For me the lesson of the first half of 2026 is that earnings matter more than just about anything, except for maybe interest rates."
>
> Tim Holland, Chief Investment Officer - Orion

Similarly, the S&P 500 and Nasdaq gained 9.6% and 12%, respectively. And the Russell 2000 closed H1 22% up, marking its best performance for the first six months of the year since 1991. This performance was largely driven by a "valuation catch up story" for semiconductor and semiconductor equipment companies. Zooming out to see the broader uptrend amongst the periods of volatility driven by interest rate expectations and geopolitical uncertainty shows that strong earnings and AI optimism has had enough bullish momentum to regain any pullbacks. The question now is whether that strength will remain throughout the second half of 2026. Aside from company earnings, key economic data may influence market moves (more on that below).

Of note is the relative lack of breadth across the types of companies that have driven the upward momentum in H1. Key contributors to the Nasdaq's rally included memory-chip and central processing unit producers, and chip equipment companies. These companies made up over half of the index's gains. A similar story exists in the S&P 500, where much of its H1 gains were driven by tech heavy weights, such as Alphabet, Nvidia and Apple.

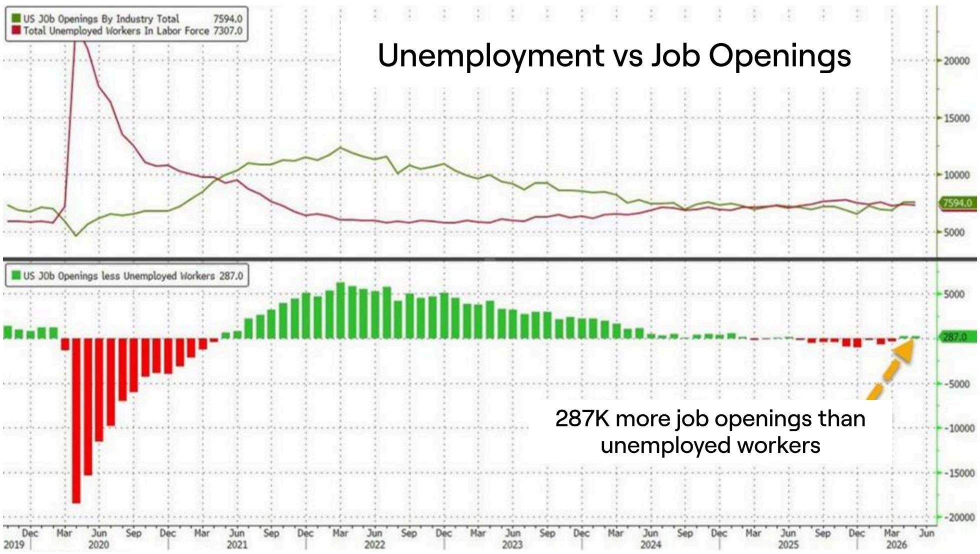
| Nasdaq 100 Index Contributions | |
|---|---|
| **Ticker** | **YTD** |
| *MU* | 26% |
| *AMD* | 16% |
| *INTC* | 14% |
| *AMAT* | 10% |
| *LRCX* | 9% |
| *KLAC* | 6% |
| *SNDK* | 5% |
| *MRVL* | 5% |
| *CSCO* | 4% |
| *WDC* | 4% |
| ***Top 10*** | **99%** |

| S&P 500 Index Contributions | |
|---|---|
| **Ticker** | **YTD** |
| *MU* | 17% |
| *AMD* | 11% |
| *INTC* | 9% |
| *GOOGL* | 8% |
| *AMAT* | 7% |
| *NVDA* | 6% |
| *LRCX* | 6% |
| *SNDK* | 5% |
| *AAPL* | 5% |
| *KLAC* | 4% |
| ***Top 10*** | **78%** |

Top performers in Nasdaq and S&P 500 in H1 2026. Source: Market Watch. *Past performance is not a guarantee of future results*

## U.S. employment rebounds, while inflation hits three-year high

Adding to the U.S. economy's resilience is a rebound in employment. In May, job openings jumped by 9,000, which is the largest increase since May 2024. And in April, the 698,000 new jobs added to the economy was the biggest monthly addition since September 2022. Due to this recent growth, the ratio of job openings to unemployed workers is 1.0—the highest since January 2025. At the time of writing, there are now 287,000 more vacancies than unemployed people.




U.S. job openings. Source: ZeroHedge.

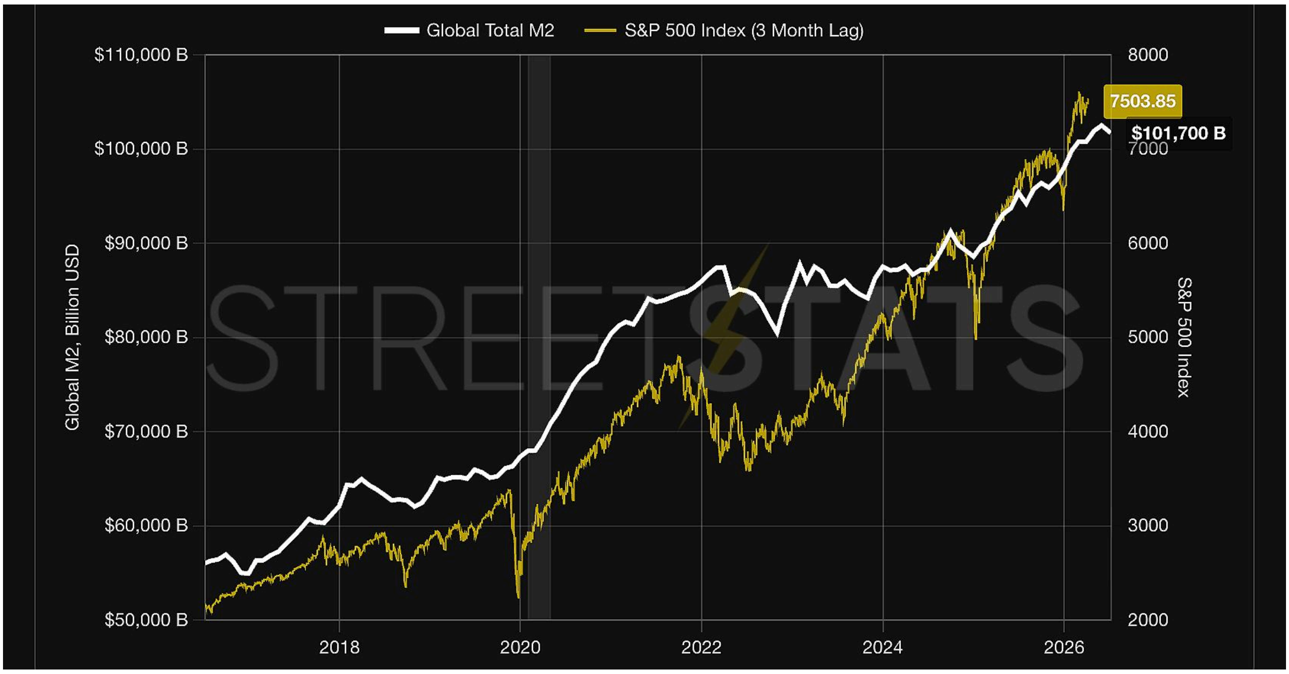
Despite the recent growth in job openings, June's non-farm payroll change came in well below forecast at 57,000 (vs. a forecast 114,000), indicating that, while there are currently more job openings than jobseekers, this may be over-inflating labour market expectations. Further, the Personal Consumption Expenditures (PCE) index rose by 4.1% for the 12 months to May 31, 2026—the highest rate of inflation in three years. As the Fed's preferred inflation gauge, the high PCE reading has markets concerned that, while a rate hike may not come at the Federal Open Market Committee's (FOMC) meeting on July 29, additional rate hikes in 2026 haven't been ruled out. **The FOMC will presumably be watching closely for further developments in the labour market and consumer inflation in the months ahead.**

## No conditions present for increased liquidity, yet

Bond yields declined from their May highs in June, though Kevin Warsh's hawkish stance in his first meeting as U.S. Federal Reserve Governor on June 17 and subsequent speaking engagements suggest monetary policy will still be set based on economic data as it's released (not political or market pressure). The two-year yield finished June up 16 basis points at 4.14%, while the ten-year yield declined slightly to end the month at 4.44%. The bond market, the Fed's Hawkish stance and Global M2 Money Supply (see chart below) suggest that rates could be higher for longer as prices remain elevated and economies, particularly the U.S. labour market remains resilient in the face of ongoing uncertainties.

> "We're probably close to peak inflation and peak rates. We had significant headwinds the last five years, and I think the headwind is going to abate and turn into a tail wind."
>
> Amy Zhang - Portfolio Manager, Alger

Should price pressures and higher borrowing costs remain, companies with more floating-rate debt, usually smaller high-risk equities, may need to refinance faster than established large-cap companies. **Further, while the rate hiking cycle may be coming to an end, it doesn't mean the conditions are present for rate cuts or accommodative monetary policy**. This typically requires an external catalyst, economic deterioration, and zero or near-zero interest rates.




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

*Past performance is not a guarantee of future results*

By month-end, equities remained supported by confidence in earnings and the AI investment cycle, although performance diverged. The Dow gained, while the S&P 500 and Nasdaq slipped after a strong May. Oil was the standout mover, falling over 20% as supply fears eased.

**Throughout July,** markets are likely to remain highly sensitive to inflation data, labour market strength and developments in the Middle East. The sharp fall in oil prices may help ease headline inflation pressure, but the Fed is still watching core inflation, wages and AI-driven demand. If growth remains strong, markets may need to price in higher-for-longer rates, or even renewed hikes. If inflation cools and geopolitical risk stays contained, risk assets could continue to find support from earnings, liquidity and AI infrastructure spending.

**Monthly performance (June):** S&P 500 -1.1%, Dow Jones +2.5%, Nasdaq -0.3%.

## Warsh: Data, not interest rate speculation, should move markets

The FOMC held rates at 3.5%–3.75% at its June 17 meeting. **Warsh's early message has been: less forward guidance, more dependence on incoming data.** He said markets function better when they respond to data rather than trying to pre-empt the Fed's reaction function, and noted the Middle East has "some effect" on the Fed's day job even if it is not the Fed's responsibility.

> "For me the big tell about Warsh is the focus on productivity growth. As long as he gets that he is more likely to ease or hold into growth and even rising headline CPI, just as Greenspan did...it should suppress PCE inflation. My guess "productivity" will be the key word markets learn to look out for."
>
> Raoul Pal - Founder/CEO, Global Macro Investor

The FOMC meets next on July 29. CME's Fedwatch tool puts the likelihood of rates staying on hold at 78.1%. Currently, the same tool marks a 44.4% chance that interest rates will rise at the Fed's September 16 meeting.

## Sell pressure continued for BTC in June

Bond yields declined from their May highs in June, though Kevin Warsh's hawkish stance in his first meeting as U.S. Federal Reserve Governor on June 17 and subsequent speaking engagements suggest monetary policy will still be set based on economic data as it's released (not political or market pressure). The two-year yield finished June up 16 basis points at 4.14%, while the ten-year yield declined slightly to end the month at 4.44%. The bond market, the Fed's Hawkish stance and Global M2 Money Supply (see chart below) suggest that rates could be higher for longer as prices remain elevated and economies, particularly the U.S. labour market remains resilient in the face of ongoing uncertainties.

On June 26, approximately US$10.6 billion of bitcoin options expired, with 80% of contracts worthless at the time of expiry. Leveraged liquidations presumably accelerated sell pressure. Despite the weakness, bitcoin's market dominance remained resilient around 59%, suggesting capital largely exited crypto altogether rather than rotating aggressively into altcoins. **The rotation out of crypto aligns with earlier analysis that suggests markets are in a stage of late-cycle resilience.** This means investor appetite for riskier assets remains subdued, but it is a good time for research and strategy.

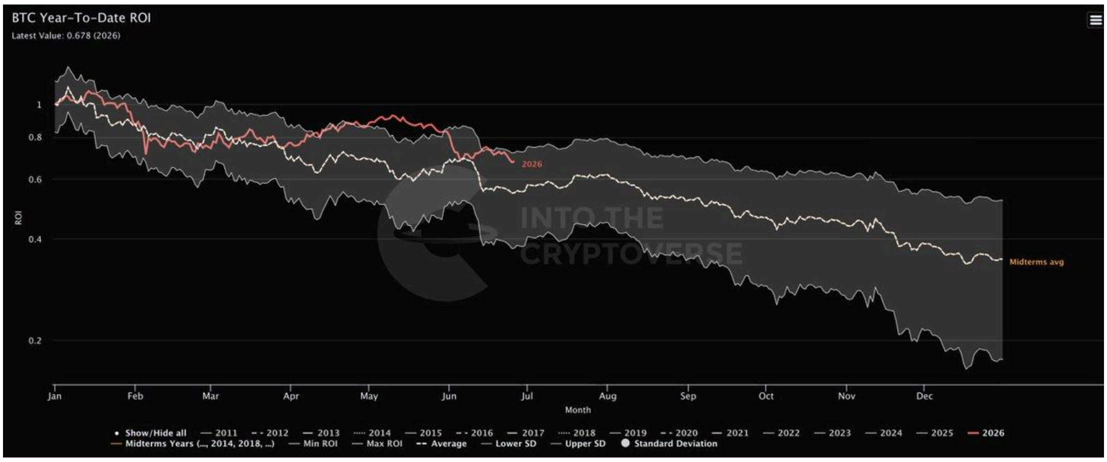
Adding to concerns throughout June was Strategy's performance. Stretch (STRC) fell to a new all-time low of US$71.25 on June 26, below its par value of US$100. In the same week, Strategy's stock fell to a 12-month low of US$94.13.

> "Strategy remains committed to bitcoin as its primary treasury reserve asset. At the same time, Digital Credit requires liquidity, discipline, and active capital management."
>
> Michael Saylor - Executive Chair, Strategy

While company Chair Michael Saylor said the business remains focused on "disciplined capital allocation, credit quality, and long-term value creation," a "Digital Credit Capital Framework" has now been developed. The framework authorises management to sell up to US$1.25 billion of the company's bitcoin treasury to replenish cash reserves, fund dividends and interest payments, or support share buybacks. It marks a notable shift from his long-standing commitment to never sell the company's bitcoin holdings.

> "I stated that I ignore bitcoin as an investment in the 1st half of midterm years. The second half of midterm years usually marks the accumulation zone/market cycle bottom. Today (July 1st), bitcoin put in a new low, justifying the views I held for the 1st half of the year."
>
> Benjamin Cowen, Founder - Into the Cryptoverse

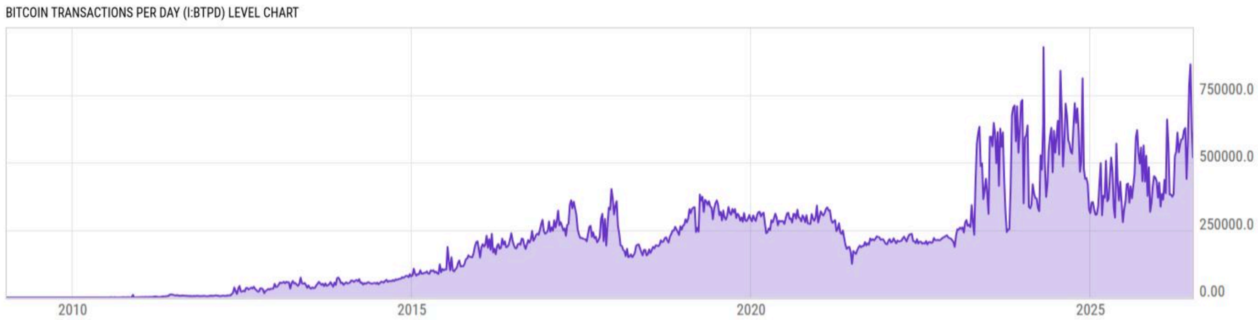
**The last month's capitulation in bitcoin is currently being compared to previous midterm years, where price continues to fall before making a bottom sometime in the second half of the year.** As outlined in the chart below, bitcoin could have further downside if market dynamics and sentiment don't recover in the near term. Coupled with the broader four-year cycle, ongoing economic and geopolitical uncertainty and lack of capital flowing down the risk curve, risk assets like bitcoin could see further capitulation before a meaningful turnaround in sentiment.




BTC year-to-date ROI. Source: Into the Cryptoverse. *Past performance is not a guarantee of future results*

Through to June 29, bitcoin ETFs saw outflows of over US$5 billion. Further, the current production cost for one bitcoin is around US$78,000—above the market price, which may see miners suspend operations or transition into AI infrastructure. As always, holding a long-term view is key to withstanding market swings and risk-off sentiment. Recent developments are a reflection of sentiment, rather than an indication of structural or fundamental network issues.

Bitcoin's on-chain metrics are strengthening. Analysts point to rising active addresses, transaction volumes and network usage as signs of growing fundamental demand, even as price action deviates from historical adoption curves. Daily transactions on the network are now over 800,000, over double the lows from 2025. Plus, current network activity is only 7% below its September 2024 all-time high.



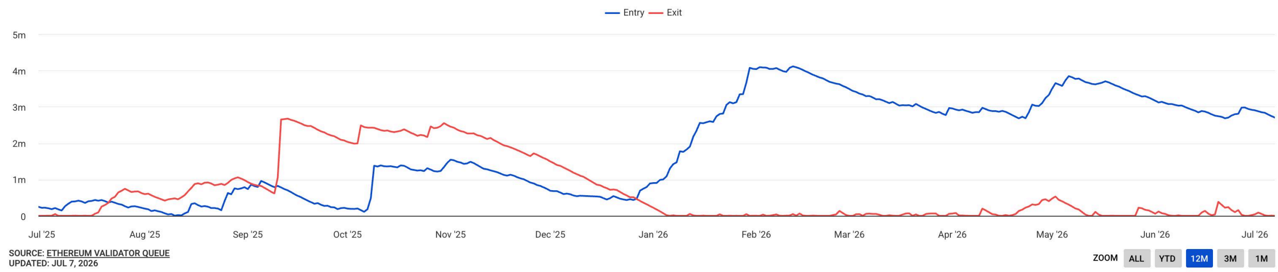

Bitcoin transactions per day. Source: YCharts.

**Bitcoin closed June at US$58,526 (-20.5%).** Sell pressure remains, though the sustained sell off throughout June could see a small recovery as sellers are naturally exhausted and bitcoin becomes oversold. This has played out in recent days as bitcoin gained to around US$64,000, though it's not enough to point to a turnaround in sentiment. **Now continues to be a time for research and strategy, allowing for the opportunity to identify your own catalysts for getting positioned in the markets moving forward.**

## Risk-off sentiment saw Ethereum sell off throughout June

Ethereum opened the month at US$2,004, declined to a monthly low of US$1,505 on June 6, gained throughout mid-June, and sold off into the end of the month. As with other risk assets, the broader global macro landscape, plus risk-off sentiment across crypto increased sell pressure.

**Like Bitcoin, Ethereum's fundamentals are strong, despite the recent price weakness. As of July 1, the validation queue remains firmly positive.** There are 2.9 million ETH in the entry queue versus 40,720 ETH in the exit queue, as outlined in the chart below. Notably, the exit queue has more than halved since the start of June, indicating sustained demand for staking and engaging with the network.

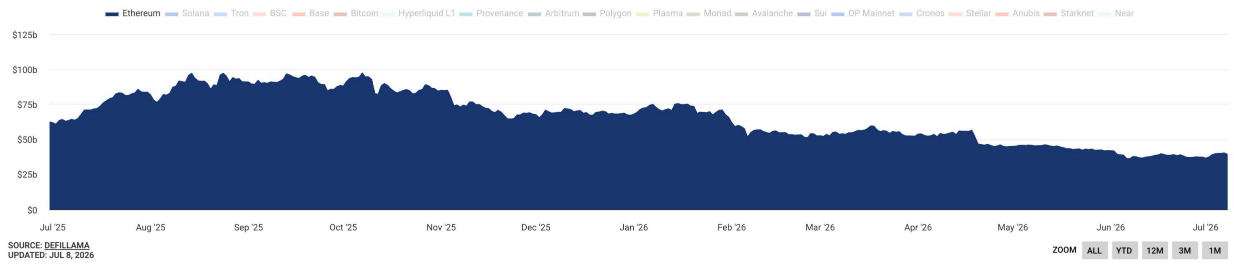



Ethereum validator queue YTD. Source: The Block. *Past performance is not a guarantee of future results*

Bitmine continued accumulating Ethereum in June. The company now holds 5.7 million ETH, equating to around 4.7% of supply. The company was added to the Russell 1000, 2500, and 3000 indexes on June 26. Its debut on these indexes emphasises the company's emergence as a business worthy of large-cap index listing and presence as a key player at the intersection of TradFi and DeFi.

> "We are nearing quarter-end for June, and it is not surprising to see 'window dressing' leading to investors reducing their holdings in assets which have fallen in the past three months."
>
> Tom Lee, Chair - BitMine

Total value locked (TVL) on the Ethereum network declined slightly in June, which aligns with the validator exit queue shrinking as some stakers withdrew their ETH from the network. As of July 1, TVL was US$37.6 billion, and 63.1 million transactions were completed in June—a slight decrease from the 68 million completed in May.




Ethereum TVL June 2025 to June 2026. Source: DefiLlama. *Past performance is not a guarantee of future results*

As mentioned by BitMine Chair, Tom Lee above, holders may have been trimming their positions heading into the end of Q2 and H1. Plus, the stability in Ethereum dominance hovering around 10% in June indicates that capital hasn't been allocated to other coins. Instead, it has been withdrawn from crypto, perhaps until further buying opportunities are presented.

**Ethereum closed June at USD$1,569 (-21.7%)** as risk-off sentiment prevailed throughout the month. The network's fundamentals remain strong, indicating that there may still be potential for upside in the long term, though market sentiment will need to considerably improve. Sentiment continues to be influenced by the catalysts that have been shaping the market's moves in recent years: geopolitics, inflation, interest rate expectations, and corporate crypto treasury trends.

## Capital remains sidelined from crypto while market participants await turnaround

June was characterised by broad-based deleveraging across digital assets rather than the start of an altcoin rotation. Persistent ETF outflows, elevated interest rate expectations and geopolitical uncertainty pushed investors toward cash and traditional defensive assets instead of cryptocurrencies. Almost US$4 billion flowed out of digital asset investment products during the month, while the Crypto Fear & Greed Index fell into Extreme Fear territory.

Altcoins generally underperformed bitcoin, with few signs that a traditional "altcoin season" is developing. Capital largely remained concentrated in bitcoin or exited the asset class entirely, leaving Ethereum dominance subdued and most alternative cryptocurrencies struggling to attract fresh inflows. There were isolated pockets of strength, most notably XRP and HYPE, which attracted positive ETF flows, but these were exceptions rather than evidence of a broad market rotation. **For now, crypto markets continue to be driven primarily by macroeconomic conditions, crypto ETF flows and interest rate expectations rather than crypto-specific catalysts.**

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

# July 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.

| July 29 | August 20 |
|---|---|
| U.S. FOMC July meeting | U.S. FOMC July meeting minutes |

## U.S. trade policy

**What's at stake?** President Trump's universal tariffs were announced following the Supreme Court's ruling, though developments in this area have slowed since the Iran War started.

**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 (July 29)

**What's at stake?** The next FOMC meeting is on July 29. The meeting minutes from the FOMC's July meeting will be released on August 20.

**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, though the timing is unclear. The Senate is now in its July recess, and there is a narrow window when the Senate resumes business before its August recess. If the bill doesn't pass before the August recess, it may be delayed by the upcoming midterm election cycle.

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.

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 Congress 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 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.**