Caleb & Brown

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Cryptocurrency Brokerage

Inside the Markets

September 2026

Crypto finds momentum as institutional and spot demand return

August was a strong month for risk assets, particularly crypto, as bitcoin, Ethereum and other coins made strong gains throughout the final weeks of the month on the U.S. Treasury's announcement of its expanded bond buyback program. While the initial hype has dissipated, markets have remained steady, presumably as market participants await the Fed's direction at its September 16 meeting. Similarly, TradFi risk assets were sensitive to global macro developments and earnings, though renewed uncertainty in the Middle East saw TradFi risk assets decline into the end of the month.

Keep reading for the key catalysts shaping crypto in September.

BTC Snapshot

12-month high	$126,080
12-month low	$57,735
Price (7 September 2026)	$79,290

Key Market Metrics

BTC Dominance	59.1%
ETH Price	$2,486
Total Crypto Market Cap	$2.7T
Alt-Coin Market Cap	$1.1T

Earnings and AI support equities, but bond markets and geopolitics raise the stakes

U.S. equities gained throughout August despite considerable volatility around interest rates, the Middle East and consumer spending. The S&P 500 gained 2.6%, the Nasdaq rose 3.9%, and the Dow Jones increased 1.3%, marking the Dow's fifth consecutive monthly gain. The Nasdaq was the strongest performer as optimism around artificial intelligence (AI) returned following another round of strong technology earnings.

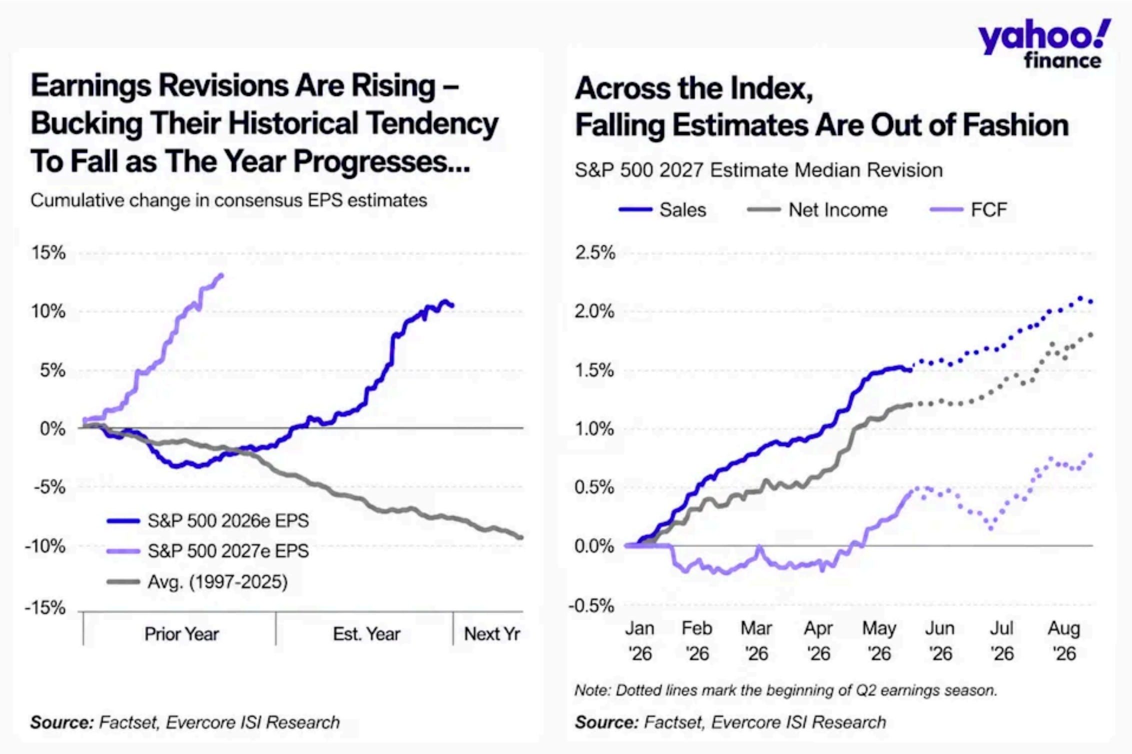
Corporate earnings remained one of the most significant supports for TradFi risk assets. Aggregate second-quarter earnings for S&P 500 companies increased by approximately 52% year-on-year, with technology sector profits rising around 74%. Even excluding substantial mark-to-market gains on AI investments held by companies such as Alphabet and Amazon, earnings increased by approximately 33%, the strongest underlying growth since 2021. Around 85% of S&P 500 companies also beat analyst expectations, while forecasts for third-quarter earnings have continued to improve.

"Having learned the lessons of Y2K, investors have sought diversification even as the indices hit new highs. The 2020s AI Bull has yet to reach the heights and length of the innovation-driven Bulls of the 1990s and 1920s, while overall corporate leverage remains subdued, underscoring potential for further upside and FOMO fueled by investors' preference for equities and appetite for call options, until it isn't."

Julian Emanuel, Analyst - Evercore ISI

AI remained central to that strength. Nvidia's August earnings helped alleviate concerns that spending on data centres and AI infrastructure may be nearing a peak. The company forecast approximately 70% revenue growth for its next fiscal year, sending Nvidia shares sharply higher and lifting semiconductor stocks including Intel, Micron and Broadcom. Salesforce and CrowdStrike also raised revenue forecasts, suggesting AI-related investment remains supportive beyond semiconductor companies alone.

As outlined in the chart below, earnings revisions have continued rising throughout 2026, bucking the trend for estimates to typically fall as the year progresses. It underscores the strength still present in the market, though the myriad of uncertainties that persist in the background, shouldn't be ignored.



Earnings revisions throughout 2026. Source: Factset, Evercore ISI Research

Past performance is not a reliable indicator of future results.

Valuations remain elevated and investors continue distinguishing between companies delivering measurable earnings growth and those primarily benefiting from the AI narrative. Approximately one-third of the S&P 500's second-quarter earnings-per-share growth was generated by AI infrastructure companies, meaning the broader index remains sensitive to any slowdown in capital expenditure or demand.

U.S. retail paints a mixed picture of the consumer

Outside technology, August's retail earnings presented a more mixed outlook. Walmart reported a rare quarterly sales miss despite raising its annual outlook, while both Walmart and Target reported smaller basket sizes as households became increasingly selective with their spending. Home Depot and Lowe's continued benefiting from smaller maintenance and seasonal projects, though consumers remained reluctant to commit to larger renovations that require financing.

At the other end of the market, Dollar General and Dollar Tree exceeded sales expectations as lower-income households increasingly sought cheaper essential goods. Meanwhile, higher-income consumers continued supporting luxury and premium brands. The divergence suggests aggregate consumer spending has not collapsed, but households are becoming more deliberate as elevated fuel prices, borrowing costs and inflation constrain disposable income.

This consumer divide may become increasingly important throughout September. Retail earnings suggest the U.S. economy remains resilient, but that resilience is uneven—and prolonged high interest rates or another spike in energy prices could put further pressure on discretionary spending.

Treasury steps into the bond market as yields surge

Interest rate uncertainty intensified in August. Long-term U.S. Treasury yields climbed as investors weighed persistent inflation, the deteriorating U.S. fiscal position and continued Middle East risk. The 30-year Treasury yield reached 5.34%, its highest level since 2007, while total U.S. public debt surpassed US$40 trillion. And it wasn't just U.S. yields that gained, global yields hit their highest point since 2008 in August, as detailed in the chart below.

Gauge of global bound yields hits highest point since 2008. Source: Bloomberg Global Aggregate Treasury Index

In response to the peak in yields, U.S. Treasury Secretary Scott Bessent announced that the Treasury would double its planned buybacks of longer-dated bonds from US$2 billion to at least US$4 billion per operation. The increased purchases will apply to 10- to 30-year securities and are scheduled to run from September 9 through November 4. The announcement temporarily pushed the 30-year yield down from its highs to around 5.15% and was framed by Treasury as an effort to improve liquidity and prevent disorderly market moves rather than to explicitly control bond prices. However, yields have since risen slightly to around 5.2%.

> "If the administration could engineer a material change in fundamentals via a smaller deficit this would be a game-changer. But we and our policy colleagues are extremely skeptical."
>
> Krishna Guha, Head of Economics and Central Bank Strategy - Evercore ISI

The distinction is important. Buybacks may support liquidity at the long end of the Treasury curve, but they do not address the underlying drivers of higher yields, including fiscal deficits, inflation and growing government borrowing requirements. Markets will therefore be watching closely to see whether the September operations meaningfully reduce volatility or simply provide temporary relief.

Warsh keeps a September hike firmly on the table

As bond yields gained, the Fed has simultaneously become more hawkish. At the Jackson Hole symposium in late August, Federal Reserve Chair Kevin Warsh indicated policymakers may need to take further action if inflation fails to move convincingly towards the central bank's 2% target. Markets subsequently increased the probability of a 25-basis-point rate hike at the September 15–16 FOMC meeting to around 64–65%, up from approximately 36% before his remarks. CME's FedWatch tool currently puts the likelihood of a September rate hike at 62.4%.

"…while this summer's [inflation] readings were better than expected, they do not tell me that underlying trends have meaningfully improved. We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do. That's our job, our mandate and our charge to keep."

Kevin Warsh, Chair – U.S. Federal Reserve

July's Personal Consumption Expenditures inflation reading reinforced the concern, with headline inflation reaching 3.7% year-on-year. Yet the Fed is confronting conflicting signals. Employment weakened considerably in June and July, while the latest Beige Book showed only modest economic and employment growth. August's non-farm payroll then came in at 162,000, roughly three times the 53,000 expected, with unemployment holding at 4.1% and average hourly earnings up 3.1% year-on-year. That removes much of the labour-market argument against tightening, and futures markets moved to price a September hike at around 62% immediately after the release.

September's decision therefore remains highly data dependent. Warsh has deliberately avoided ruling out a hike, and with August employment now landing firmly on the hawkish side, the CPI and PPI releases due days before the meeting are the remaining swing factor.

Precious metals rebound as investors hedge macro uncertainty

Precious metals were among August's strongest performers. Gold gained approximately 9.7%, its strongest monthly rise since January, while silver rallied around 15%. Gold finished August near US$4,433 per ounce and silver around US$66.24.

The rally reflected several competing forces. Rising geopolitical risk, concerns around government debt and the Treasury's intervention in long-duration bond markets supported demand for alternative stores of value. At the same time, expectations for higher interest rates and a stronger U.S. dollar placed pressure on precious metals late in the month. Gold fell more than 3% immediately following Warsh's Jackson Hole remarks, demonstrating how sensitive the asset remains to changing rate expectations.

The sharp monthly gains nonetheless represent a significant turnaround from the weakness seen earlier in 2026. Heading into September, gold and silver are likely to remain influenced by the same competing forces: elevated Treasury yields and the possibility of a rate hike on one side, and fiscal uncertainty, geopolitical risk and demand for defensive assets on the other.

Oil remains reactive to developments in the Strait of Hormuz

West Texas Intermediate (WTI) crude finished August modestly higher, gaining approximately 2% for the month after July's 21% surge. WTI settled around US$85.76 per barrel at month-end as renewed U.S.–Iran hostilities increased geopolitical risk.

The apparent stability in August's oil moves masks substantial volatility. On August 23, the U.S. expanded sanctions against Iran, targeting 60 individuals, entities and vessels while threatening secondary sanctions against countries continuing to trade with Tehran. Five areas of Iran's economy—including shipping, technology, gold and digital assets—were also placed on notice for potential further restrictions.

Economic pressure escalated again on August 28 when the U.S. targeted six UAE branches of Egyptian lender Banque Misr over approximately US$1.8 billion of transactions allegedly connected to Iranian shadow banking. Two days later, U.S. forces struck Iranian rocket launchers on Larak Island after intelligence suggested Iran was preparing to deploy mines into the Strait of Hormuz. Iran subsequently launched missiles towards U.S. forces in Jordan.

These developments keep energy markets vulnerable to rapid repricing. Approximately one-fifth of global oil historically passed through the Strait of Hormuz, and while U.S.-escorted shipping has improved flows from earlier in the conflict, volumes remain below pre-war levels. Analysts continue to expect WTI to average above US$80 in 2026 because Middle East supply risks remain unresolved.

Oil is therefore likely to remain one of the most important macro variables in September. Another escalation could lift energy prices, inflation expectations and bond yields simultaneously, strengthening the Fed's case for tighter monetary policy.

Global liquidity continues expanding, but momentum has slowed

Global liquidity is growing, although expansion remains subdued compared with historical periods of strong monetary expansion. Dollar-denominated Global M2 increased 1.13% over the three months to July 31, while Global M2 at constant exchange rates grew by only 0.97%, which StreetStats classifies as significantly below its historical average.

This continues the pattern highlighted in the previous outlook: liquidity is growing, but not quickly enough to eliminate macro risk. The Treasury's intervention in long-duration bonds may marginally improve financial conditions, but elevated yields and the possibility of another Fed rate increase mean monetary conditions remain restrictive.

Throughout September, market participants will be watching whether strong corporate earnings and AI investment can continue supporting risk assets as the macro backdrop becomes increasingly complicated. The September 16 Fed decision, Treasury's expanded long-duration bond buybacks, U.S. employment and inflation data, developments in the U.S.–Iran conflict, oil flows through the Strait of Hormuz, and global liquidity will remain key catalysts. Retail earnings also suggest consumer resilience should no longer be taken for granted, particularly if high fuel costs and borrowing rates persist.

Monthly performance (August): S&P 500 +2.6%, Dow Jones +1.3%, Nasdaq +3.9%

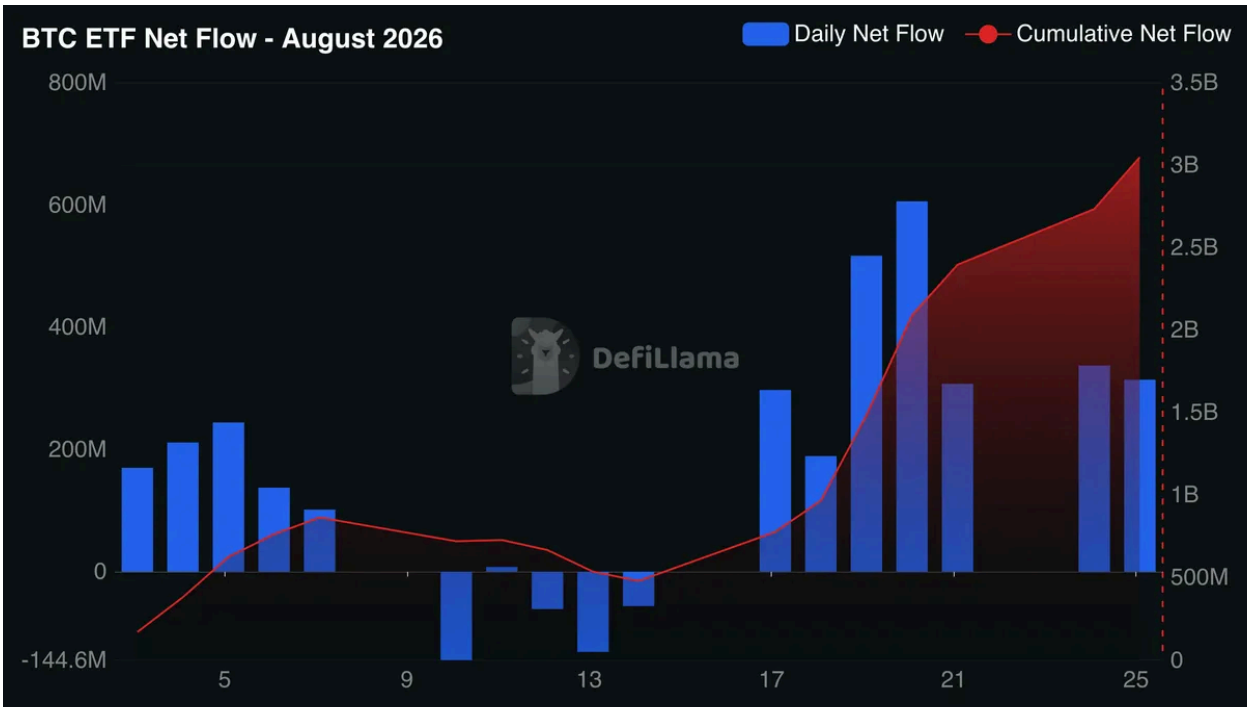
Gold +9.7%, silver +15%, WTI crude oil +2%.

Bitcoin breaks higher as ETF demand and liquidity improve

Bitcoin opened August at US$62,818, traded to a monthly low of US$62,216 on August 3, and spent much of the first half of the month consolidating between US$62,000 and US$65,000. Momentum shifted sharply from August 19, when bitcoin broke above US$70,000 before rallying to a monthly high of US$81,350 on August 28. The cryptocurrency ultimately closed the month at US$78,558, gaining almost 25%—its strongest monthly performance since November 2024.

The rally coincided with a meaningful improvement in institutional demand. U.S. spot bitcoin exchange-traded funds (ETFs) recorded approximately US$3.52 billion of net inflows during August, their strongest month of 2026 and a significant increase from approximately US$172 million in July. The strongest period came during the second half of the month, when ETF products recorded several consecutive inflow sessions as bitcoin moved towards US$80,000.

This strengthens the argument that August's move was supported by spot demand rather than excessive leverage. DefiLlama analysis found that spot participation increased materially during the breakout, while ETF flows turned consistently positive after mid-August. Perpetual futures volumes also increased, but the broader data suggests institutional and spot buyers were important drivers of the rally rather than leveraged speculation alone.



BTC ETF Net Flow August 2026. Source: DefiLlama

Past performance is not a reliable indicator of future results.

One of the most significant macro catalysts was the U.S. Treasury's August 19 announcement that it would increase buybacks of long-dated government bonds. The move helped push longer-term yields lower and weakened the U.S. dollar, improving financial conditions for risk assets. Bitcoin subsequently rallied more than 20% over the following week, while analysts described the move towards US$80,000 as a liquidity-driven shift supported by both Treasury policy and improving ETF demand.

The rally also coincided with a renewed "debasement trade", where investors sought exposure to assets such as bitcoin and gold amid concerns around inflation, growing U.S. government debt and the long-term purchasing power of the dollar. Over seven trading sessions in late August alone, approximately US$2.5 billion flowed into U.S. spot bitcoin ETFs, the strongest stretch since October 2025.

"The strong trigger in bitcoin was driven by Treasury's move to buy back bonds at the longer end of the yield curve. We are not macro experts, but we do know bitcoin historically has had a positive reaction to liquidity expansion. And this year's apathy towards bitcoin and crypto markets was a combination of tighter markets post Iran conflict, with rising risks of inflation and a very strong AI/semis trade pulling all the liquidity away."

Gautum Chhugani, Managing Director - Bernstein

Strategy remained another important source of market interest, although its behaviour changed considerably throughout the month. The company sold 1,638 bitcoin for approximately US$104.7 million in early August, followed by another 1,690 bitcoin for approximately US$108.6 million between August 3 and 9. The proceeds were largely used to fund preferred-share obligations and repurchases, continuing the active treasury management framework introduced earlier in the year.

However, by the end of August, that direction had reversed. Between August 24 and 30, Strategy purchased 4,603 bitcoin for approximately US$369.7 million, its first acquisition since June. The purchase brought total holdings to 845,050 BTC, acquired at an average price of approximately US$75,412 per bitcoin. Importantly, the rally had also pushed Strategy's treasury holdings back above their average acquisition cost.

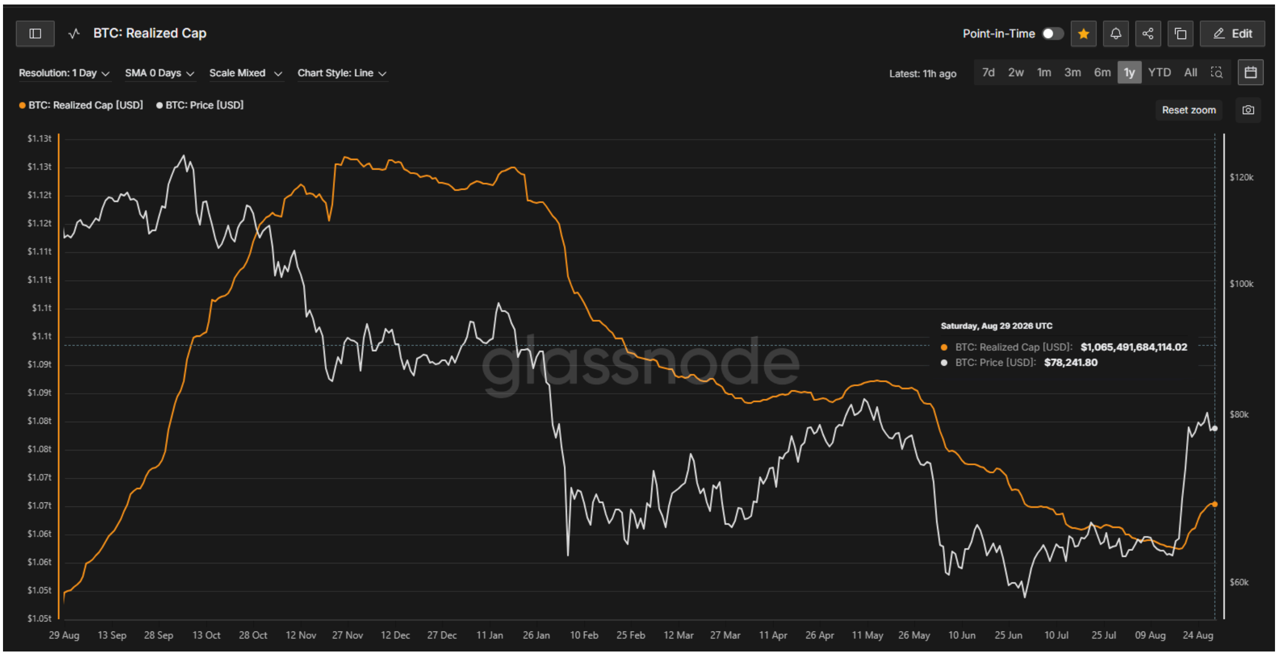
This reversal is notable. Strategy moved from selling bitcoin below its average acquisition price early in the month to buying again above US$80,000 by month-end. It suggests the company remains committed to its long-term bitcoin treasury strategy despite introducing greater flexibility around sales and liquidity management.

"The base case into the fourth quarter is a midterm correction that resolves into recovery rather than a recessionary top."

Benjamin Cowen, Founder – Into the Cryptoverse

Despite August's strong performance, historical cycle dynamics continue to suggest caution. Benjamin Cowen's August macro risk memo places bitcoin in a "bottom-watch" environment rather than confirming that the cycle low is already in. The report argues that 2026's midterm-election dynamics still favour increased volatility during September and October, particularly while liquidity remains restrictive and the Federal Reserve maintains a hawkish bias.

Bitcoin's on-chain indicators also improved throughout the month. Realised capitalisation began recovering from recent lows, suggesting new capital is gradually entering the network rather than merely circulating between existing holders. Bitcoin dominance also remained elevated around 59.5%, indicating that the recovery continues to favour bitcoin over broader altcoin speculation.



Bitcoin realised capitalisation. Source: Glassnode.

Past performance is not a reliable indicator of future results.

Heading into September, the main question is whether August's rally represents the beginning of a sustained recovery or another strong move within a broader late-cycle consolidation. ETF flows, the Fed's September 16 rate decision, U.S. employment and inflation data, Treasury bond buybacks, geopolitical developments and global liquidity will remain critical catalysts.

Bitcoin closed August at US$78,558, gaining almost 25% for the month. The improvement in institutional demand and liquidity conditions is encouraging, but September has historically been one of bitcoin's weaker months, while the Fed continues to leave the door open to another rate hike.

Ethereum rallies as institutional accumulation and staking demand strengthen

Ethereum opened August around US$1,860 and traded relatively sideways throughout the first half of the month before rallying sharply from August 19. ETH broke above US$2,000 and continued gaining to reach a monthly high of approximately US$2,566 on August 27, before closing the month around US$2,468. The move represented a gain of approximately 33% for August, outperforming bitcoin and extending the recovery that began in July.

The rally coincided with improving conditions across risk assets and crypto. The U.S. Treasury's August 19 announcement that it would expand buybacks of long-dated government bonds helped ease pressure in bond markets and improve risk appetite, while institutional demand for crypto remained resilient. Ethereum appeared particularly sensitive to the change in liquidity expectations, gaining around 30% in the week following the announcement.

"We believe this upside move in ETH was overdue given the strengthening fundamentals in crypto, the multiple tailwinds of Wall Street tokenisation, and agentic-AI."

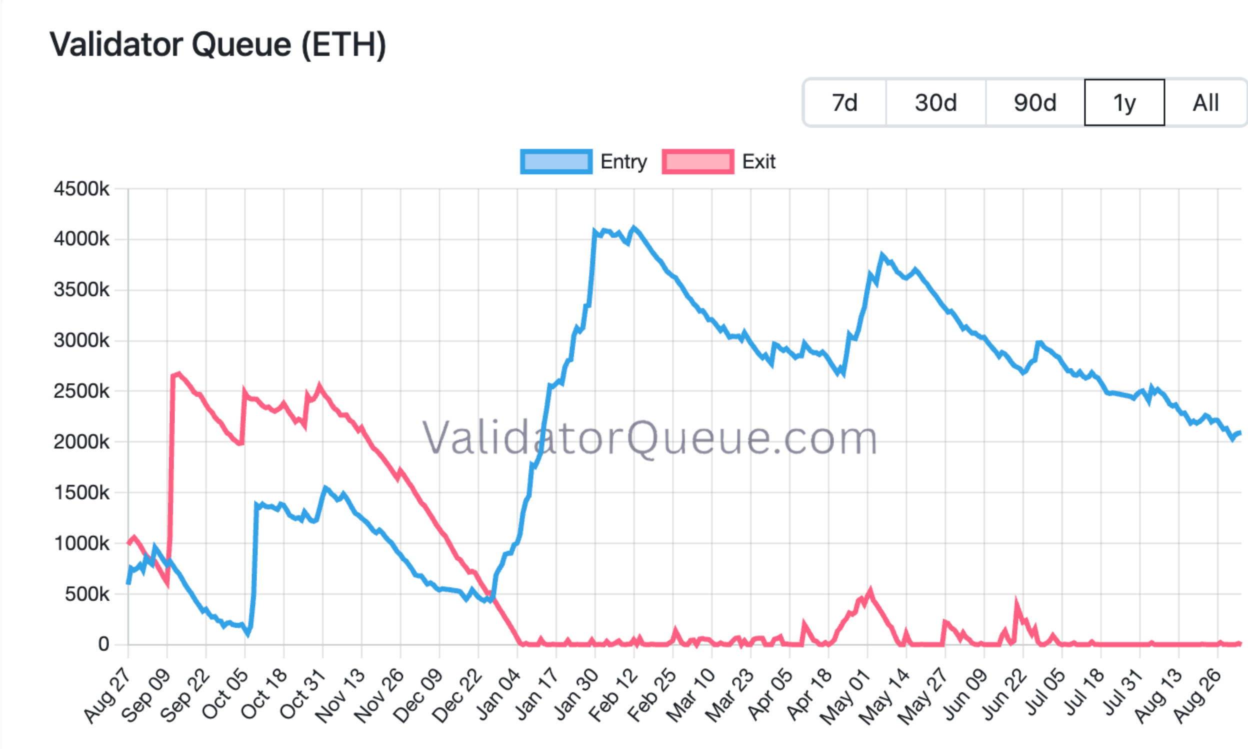
Tom Lee, Chair – BitMine

Importantly, August's price performance was accompanied by continued institutional accumulation rather than a deterioration in the network fundamentals highlighted in previous outlooks. BitMine continued buying ETH every week throughout August. Its holdings increased from approximately 5.8 million ETH at the beginning of the month to 5.9 million ETH by August 30, equivalent to approximately 4.9% of Ethereum's circulating supply.

The company acquired 53,501 ETH in the final week of August, bringing the value of its Ethereum holdings to approximately US$14.8 billion at the time. BitMine is now approaching its stated target of owning 5% of Ethereum's circulating supply, making it the world's largest corporate holder of ETH and the second-largest publicly listed crypto treasury behind Strategy.

BitMine is also increasingly using its holdings as a productive treasury asset rather than simply holding ETH. As of August 23, approximately 5.07 million ETH (86% of its holdings) was staked through its MAVAN platform and staking partners. The company estimated that its staking position could generate approximately US$390 million in annualised revenue once fully staked, at a 2.63% seven-day yield.

Ethereum's broader staking metrics tell a similar story. By August 30, approximately 42 million ETH, almost 35% of circulating supply, was staked, reaching a record high. The validator entry queue stood at approximately 2.06 million ETH, resulting in an estimated waiting period of more than 35 days for new validators.



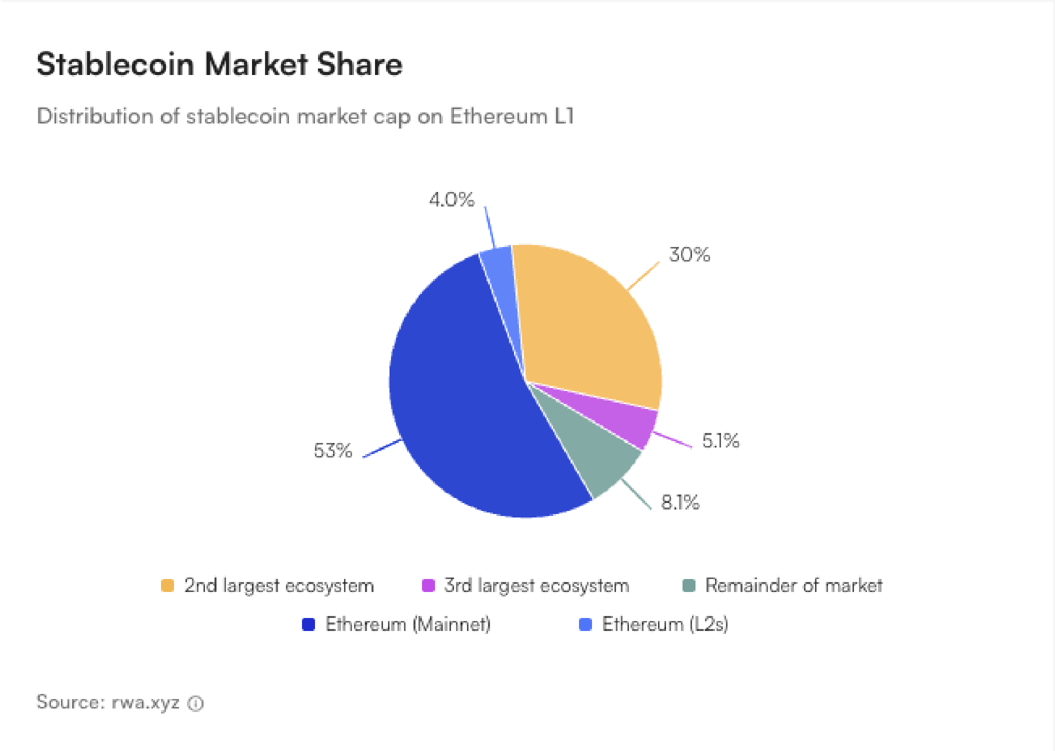
Validator queue (ETH) 1Y. Source: ValidatorQueue.

Past performance is not a reliable indicator of future results.

This is significant because Ethereum has now experienced several months of considerable price volatility without a corresponding decline in staking participation. Instead, an increasing proportion of supply is being committed to network validation, reducing the amount of liquid ETH available to trade while demonstrating sustained demand for participation in the network.

Another notable development was the improvement in the **ETH/BTC ratio**. By mid-August, the ratio had climbed to approximately 0.03 and moved above the longer-term downtrend that had been in place for several years. BitMine Chair Tom Lee attributed the change partly to growing adoption of tokenisation and agentic AI applications on Ethereum. Previous periods of sustained ETH/BTC strength have coincided with increased activity across Ethereum's ecosystem, although past performance is not an indicator of future results.

The institutional use case highlighted throughout previous outlooks also remains intact. Ethereum continues to host much of the activity associated with stablecoins, tokenised real-world assets and decentralised finance. As of early September, stablecoin supply has continued growing, reaching roughly US$159 billion on the Ethereum mainnet, plus another US$12.1 billion across Ethereum L2s. Ethereum mainnet now hosts roughly 57% of global stablecoin supply, or about 61% including its layer 2s as outlined in the chart below.



Stablecoin supply on Ethereum, 2025–2026. Source: RWA.xyz / Ethereum Foundation.

Past performance is not a reliable indicator of future results.

August's rally therefore differs from purely speculative periods in previous cycles: price appreciation is occurring alongside corporate accumulation, record staking participation and continued development of Ethereum-based financial infrastructure.

Ethereum closed August around US$2,468, gaining 32.7% for the month. August provided stronger evidence that the institutional and network fundamentals discussed throughout 2026 are beginning to translate into price performance. However, whether that momentum continues throughout September will likely depend on the Fed's September 16 decision, global liquidity, institutional flows and whether capital continues moving further down the risk curve.

Institutional demand accelerates as crypto sentiment improves

August marked the strongest improvement in digital asset sentiment in several months. Bitcoin and Ethereum gained approximately 25% and 33%, respectively, while institutional demand accelerated through U.S. spot ETFs. Bitcoin and Ethereum ETFs attracted a combined US$2.6 billion during their strongest week since October 2025, while Ethereum ETF demand was particularly strong relative to the asset's market size.

Importantly, August's rally appeared to be driven primarily by spot buying rather than excessive leverage, suggesting improving underlying demand. Treasury bond buybacks, lower yields and a weaker U.S. dollar also provided a more supportive liquidity backdrop. However, September brings renewed uncertainty, with rising oil prices and U.S.–Iran tensions increasing inflation risks, while markets price a meaningful probability of a September rate hike.

Regulation will also remain in focus when Congress returns from its August recess from September 14. The CLARITY Act remains an important potential catalyst as lawmakers attempt to establish clearer market structure rules for digital assets.

Overall, August provided encouraging evidence that institutional demand is rebuilding, though the Fed's September rate decision, inflation and employment data, geopolitical developments and global liquidity will likely determine whether the recovery can extend.

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

September key dates and crypto catalysts

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

September 16
U.S. FOMC meeting

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. These tariffs carry no negotiated end date, but the action is subject to a statutory four-year review, which falls due on 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 September meeting will be released 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.