

Crypto shrugs off a Fed hike and a CLARITY setback. Can it hold?

September tested risk assets from several directions at once. The U.S. Federal Reserve raised rates for the first time since 2023, long-dated Treasury yields climbed to multi-decade highs and oil pushed back above US\$100 per barrel, leaving U.S. equities split between an AI-led Nasdaq and a sharply weaker Dow Jones. Crypto still finished the month higher, as spot ETF demand helped bitcoin and Ethereum recover from mid-month lows. The question for October is whether that demand can keep outrunning higher rates, elevated energy prices and a crowded calendar of data, earnings and politics.

Keep reading for the key catalysts shaping crypto in October.

BTC Snapshot

12-month high	\$116,410
12-month low	\$57,718
Price (12 October 2026)	\$83,599

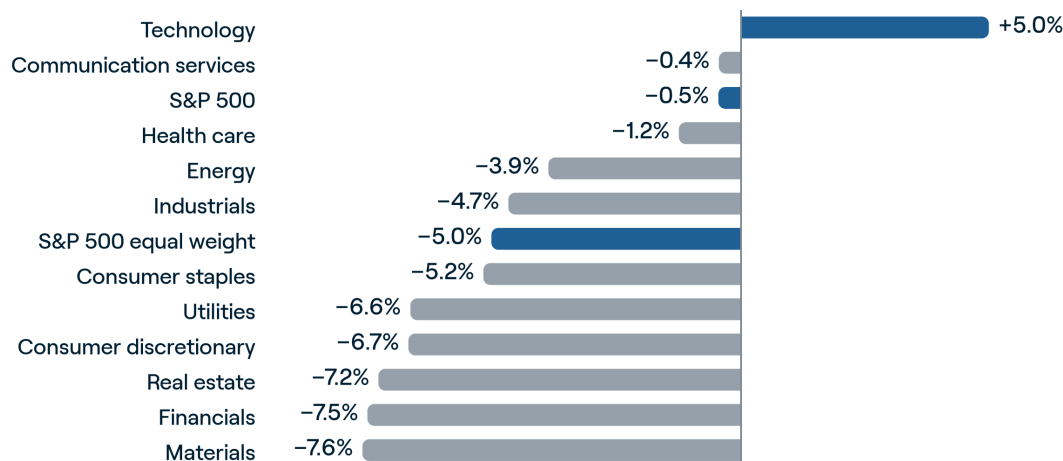
Key Market Metrics

BTC Dominance	59.6%
ETH Price	\$2,533
Total Crypto Market Cap	\$2.8T
Alt-Coin Market Cap	\$1.1T

AI leadership splits a narrow equity market as rates and oil bite

U.S. equities delivered a divided September. The S&P 500 slipped 0.5% and the Dow Jones fell 4.3%, while the Nasdaq rose 1.9%. The Dow's decline ended a five-month winning streak, presumably as the Fed's rate hike, rising bond yields and higher energy costs weighed most heavily on banks, consumer companies and industrials.

The market was also historically narrow. Technology was the only S&P 500 sector to finish higher, while the equal-weighted S&P 500 fell almost 5%. Bespoke Investment Group noted that the equal-weight fund trailed its cap-weighted equivalent by 4.6 percentage points, a gap exceeded only twice since 2003.



S&P 500 sector performance and the equal-weighted S&P 500, September 2026 (%). Source: [SPDR sector ETFs and S&P Dow Jones Indices via Yahoo Finance](#)

Past performance is not a reliable indicator of future results.

Artificial intelligence (AI) drove the market in both directions. On September 14, chip and data-centre stocks fell sharply after Anthropic CEO Dario Amodei wrote in a weekend essay that "we must slow the pace at which we improve the capabilities of AI models", while stopping short of calling for a halt. The PHLX Semiconductor index fell almost 6% that day. A week later, Meta's new AI agent, Muse, topped Apple's App Store and the Nasdaq rose 2.3% to its first record close since June.

"The U.S. economy, the U.S. stock market, the trajectory of U.S. earnings and U.S. profit margins are all in on this capex spend."

Peter Boockvaar, Chief Investment Officer – One Point BFG Wealth Partners

That dependence cuts both ways. Semiconductor stocks gained around 9.5% in September, while banks lagged after the Fed's decision, with Goldman Sachs and Bank of America each down around 12%. Consumer confidence also fell to 81.9 on the Conference Board's measure.

Earnings expectations, however, keep improving. FactSet expects third-quarter S&P 500 earnings to grow 29.5% year-on-year (YoY), and a record 72 companies have issued positive guidance. Because forecasts have risen faster than prices, the index's forward price-to-earnings ratio has eased to 19.0. The S&P 500 then closed above 7,800 for the first time on October 6, before AI stocks pulled back on reports that OpenAI's annualised revenue was well below earlier estimates.

Earnings season starts with the major U.S. banks on October 13 and 14, and the test is whether AI spending keeps translating into earnings as higher rates start to weigh on lending and the consumer.

Warsh delivers the first Fed hike since 2023 and leaves the door open

The Federal Open Market Committee (FOMC) raised its target range by 25 basis points to 3.75%–4.00% on September 16, its first hike since 2023. The decision was unanimous, the statement dropped language blaming elevated inflation on supply shocks, and 16 of 18 participants now expect at least one further increase before the end of 2026.

"Yet, for more than five years, inflation has been running above target. So our predominant focus is on the price-stability side of our mandate. The plain fact is that inflation is too high and has been for too long."

Kevin Warsh, Chair – U.S. Federal Reserve

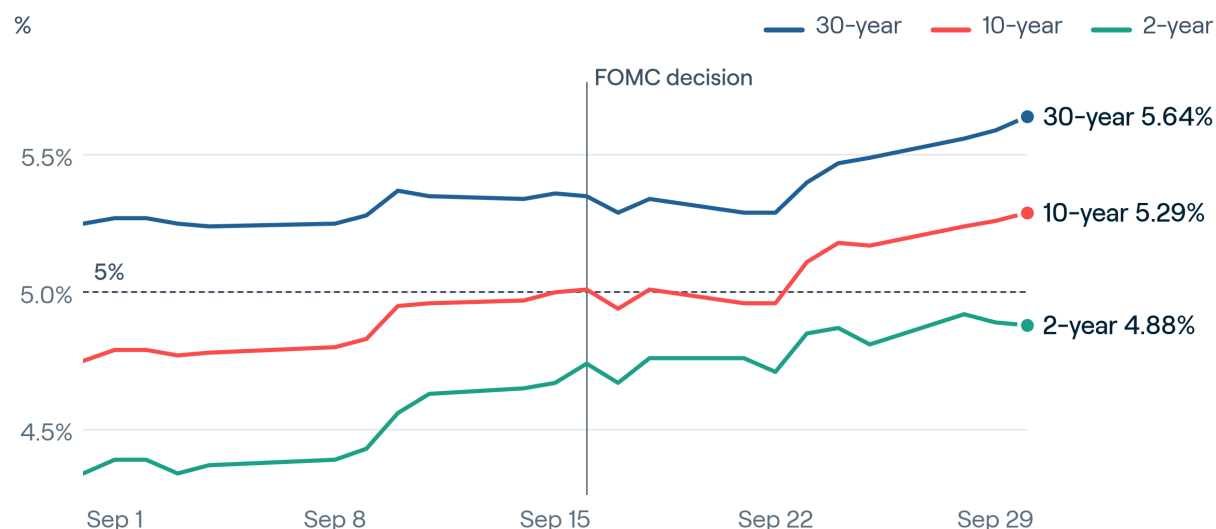
The minutes of the meeting, released on October 7, reinforced that message: most participants judged that another increase "would likely be appropriate by year end", while keeping each meeting open.

Recent data has been mixed. August's consumer price index (CPI) rose 3.4% YoY, and the Fed's preferred gauge, the personal consumption expenditures (PCE) index, also rose 3.4%, with core PCE at 3.0%, both below forecasts, partly because of a methodology update. The labour market softened more clearly. September's non-farm payroll change came in at 29,000 versus a forecast 90,000, unemployment rose to 4.2% and August's gain was revised down from 162,000 to 133,000.

Softer data has cooled expectations for an October move. Futures priced a roughly 70% chance of an October hike in late September. As of October 11, CME's FedWatch tool put the likelihood of a rate hike at the Fed's October 28 meeting at 17.2%, while still implying around an 86% chance of at least one hike by the December 9 decision.

Bonds kept repricing. According to U.S. Treasury data, the 2-year and 10-year yields each rose 54 basis points in September, to 4.88% and 5.29% respectively, while the 30-year rose 39 basis points to 5.64%. In early October, the 10-year reached its highest level since 2002. Warsh pointed to economic strength, AI-related borrowing and geopolitics, while the minutes also flagged uncertainty around the Treasury's expanded bond buybacks.

September's CPI on October 14 is likely to be the main swing factor heading into the October 27–28 meeting. A softer labour market gives the Fed room to pause, but with yields near multi-decade highs and inflation well above 2%, both futures pricing and the September minutes still point to a further hike before year-end.



U.S. Treasury par yields, 2-, 10- and 30-year, September 2026 (%). Source: [U.S. Department of the Treasury](#).

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Oil climbs back above US\$100 as Middle East supply risks intensify

West Texas Intermediate (WTI) crude gained 5.4% in September to settle at US\$90.42 per barrel on September 30, while front-month Brent rose 14.4% to US\$103.53 after peaking near US\$109 on September 15, according to the U.S. Energy Information Administration (EIA).

The EIA attributed the rise to attacks on tankers, the U.S. blockade on Iranian oil exports and attacks on Saudi pipeline infrastructure. Brent was back above US\$100 in early October, and attacks on shipping around the Strait of Hormuz intensified again over the weekend of October 10-11 as efforts to end the conflict stalled. The EIA now expects Brent to average US\$105 per barrel in the fourth quarter, US\$14 above its previous forecast, which keeps oil central to the inflation outlook and the case for tighter policy.

Gold and silver retreat as yields and the dollar climb

Precious metals reversed August's gains. Spot gold fell approximately 6.5% in September to around US\$4,159 per ounce, ending a two-month winning streak, while spot silver fell around 9% to approximately US\$60 per ounce. Rising yields, the Fed's hike and a firmer U.S. dollar, up around 2% for the month, presumably outweighed safe-haven demand, and gold slipped further after the October 7 minutes.

Global liquidity grows, but momentum remains below average

Global liquidity is still expanding, but slowly. According to [StreetStats](#), dollar-denominated Global M2 rose 1.17% over the three months to August 31, which it classifies as a normal pace, while Global M2 at constant exchange rates grew only 0.87%, well below its historical average. That is not fast enough to offset tighter monetary policy and higher bond yields.

Throughout October, market participants will be watching the October 28 Fed decision, September's CPI and PCE data, third-quarter earnings, Treasury yields, oil flows through the Strait of Hormuz and the build-up to the November 3 midterm elections.

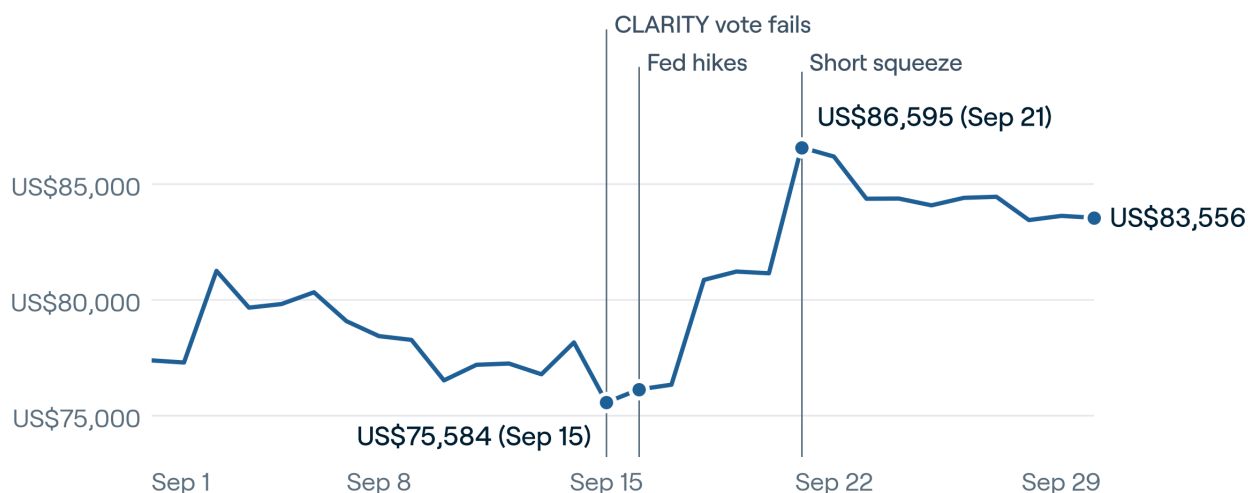
Monthly performance (September): S&P 500 -0.5%, Dow Jones -4.3%, Nasdaq +1.9%

Gold -6.5%, silver -9.3%, WTI crude oil +5.4%

Bitcoin climbs through the Fed hike as spot ETF demand returns

Bitcoin opened September at US\$78,563 and drifted sideways before falling to a monthly low of US\$74,888 on September 15, the day the CLARITY Act stalled in the Senate and the eve of the Fed's hike. It then rallied sharply, reaching a monthly high of US\$87,397 on September 21 during a short squeeze. Bitcoin closed the month at US\$83,556, gaining 6.4%, and completed its strongest third quarter since 2017, up around 43% according to CoinGlass data.

US\$

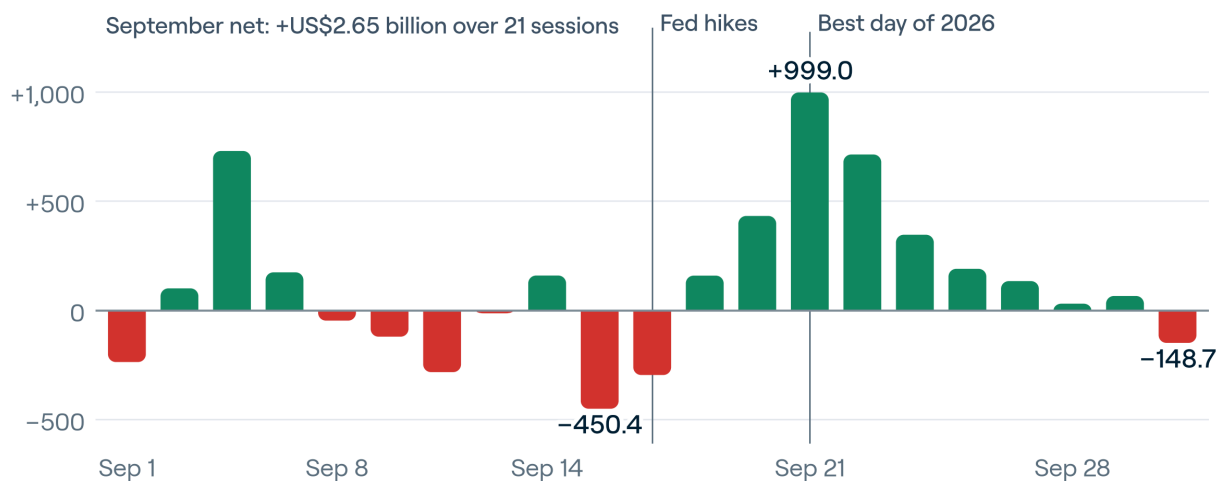


Bitcoin daily close, September 2026 (US\$). Source: [Coinbase](#)

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Institutional demand drove the recovery. U.S. spot bitcoin exchange-traded funds (ETFs) took in around US\$2.65 billion in September, their second-best month of 2026 after August, including US\$999 million on September 21, the largest single day of the year. A nine-session inflow streak from September 17 added more than US\$3 billion and turned 2026's net ETF flows positive on September 22.

US\$ million



U.S. spot bitcoin ETF daily net flows, September 2026 (US\$m). Source: [Farside Investors](#)

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Leverage played a part too, with around US\$648 million of short positions liquidated as bitcoin pushed towards US\$85,000 on September 21. That build-up unwound into quarter-end, and some analysts argue spot buyers are doing most of the work.

"Our read is unchanged: spot buyers, not leverage, are carrying this rally, and that is the sturdier base."

Matt Mena, Senior Associate, Research - 21Shares

Corporate treasuries kept buying. Strategy acquired 2,615 bitcoin in September, lifting its holdings to 847,666 BTC at an average acquisition price of US\$75,437. It also faces an index decision from MSCI, due by October 16, on whether companies that mainly hold digital assets should remain in its global indices.

On-chain data suggests the rally is real, but not yet broad. Glassnode estimates that new money from ETFs, stablecoin growth and corporate treasuries accounted for less than two fifths of the US\$12.8 billion rise in bitcoin's realised capitalisation over the 30 days to October 5, so much of the move reflects existing holders trading at higher prices. Sentiment held up regardless: the Crypto Fear & Greed Index never registered "fear" in September and briefly reached "extreme greed" on September 22.

"Bitcoin is where the memo was wrong. It rallied from about US\$63,000 to about US\$83,000, through its May high and its 50-week moving average."

Benjamin Cowen, Founder - Into the Cryptoverse

Cowen concedes the rally has outrun the weaker midterm-year path flagged in the previous outlook, but still sees rising oil, Fed tightening and higher long-term yields as a "triple squeeze" on non-yielding assets. Early October has been choppy: bitcoin rose above US\$87,000 on October 2, fell to around US\$80,300 on October 8 amid more than US\$1 billion of liquidations, and was trading around US\$83,600 at the time of writing. ETFs recorded US\$485 million of outflows on October 7, their largest single day since June.

Bitcoin closed September at US\$83,556, gaining 6.4% for the month. October has historically been one of bitcoin's stronger months, finishing higher in 10 of the last 13 years according to 21Shares, but this year it will likely hinge on ETF flows, Treasury yields and the October 28 Fed decision.

Ethereum outperforms as BitMine nears its 5% target

Ethereum opened September around US\$2,467 and traded to a monthly low of approximately US\$2,355 on September 2. It stayed range-bound through the CLARITY Act vote and the Fed's decision, before rallying to a monthly high of approximately US\$2,807 on September 21. Ethereum closed the month around US\$2,684, outperforming bitcoin for a second consecutive month.

U.S. spot Ethereum ETFs attracted around US\$831 million in September, less than half of August's US\$1.85 billion but still their second-best month of 2026, including a record US\$270 million on September 21. That momentum has since faded, with nine straight sessions of outflows from September 29 to October 9 totalling almost US\$700 million.

BitMine kept buying every week, lifting its holdings from 5.90 million ETH on August 30 to 6.02 million ETH by October 4, around 4.9% of Ethereum's circulating supply, although its weekly purchases slowed. At Token2049 on October 7, Tom Lee said BitMine will stop buying once it reaches 5% of supply, which he put at roughly 100,000 ETH away. Ethereum fell more than 4% that day.

"It took us a little over a year. More importantly, we did this all in the middle of a bear market."

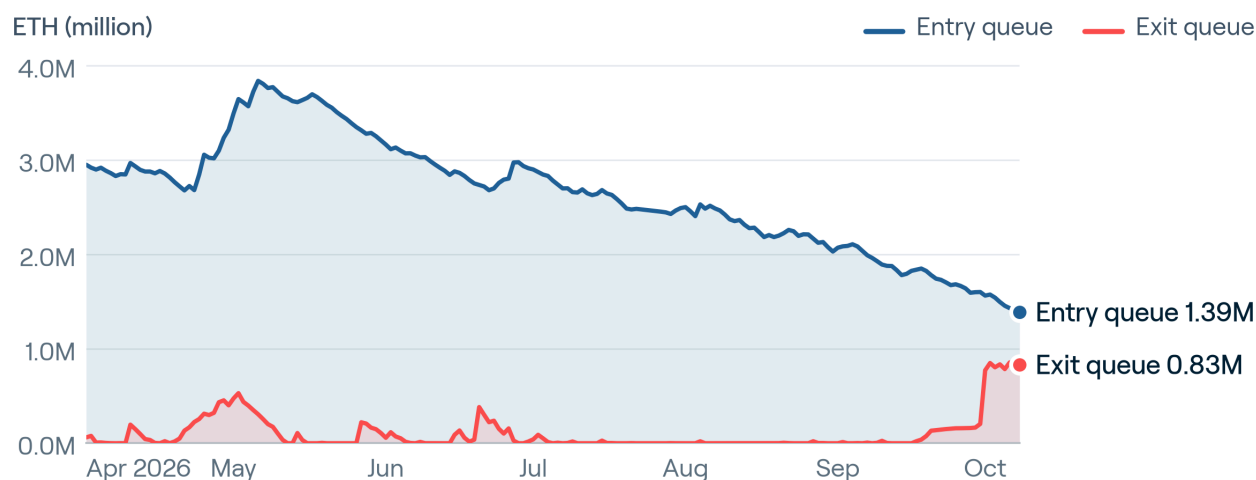
Tom Lee, Chair - BitMine

Losing BitMine's steady demand would put more weight on ETF flows and broader institutional appetite.

Staking participation kept rising. According to validatorqueue.com, around 43.7 million ETH, or 35.8% of supply, was staked at the end of September, a record. The validator entry queue kept shrinking, from around 2.0 million ETH at the end of August to around 1.4 million ETH in early October, a backlog clearing rather than a surge in new demand, while the exit queue jumped from around 200,000 ETH to more than 800,000 ETH.

Ethereum's role in tokenised finance remains intact. On DefiLlama's basis, stablecoin supply on the Ethereum mainnet stood at around US\$147 billion at the end of September, around 47% of supply across all chains, or a little over half including Ethereum's layer 2 networks. The ETH/BTC ratio reached its highest level since late January in mid-September, before slipping back after Lee's comments.

Ethereum closed September around US\$2,684, gaining 8.8% for the month. October will test whether ETF demand and staking participation can offset the slowdown, and eventual end, of BitMine's purchases.

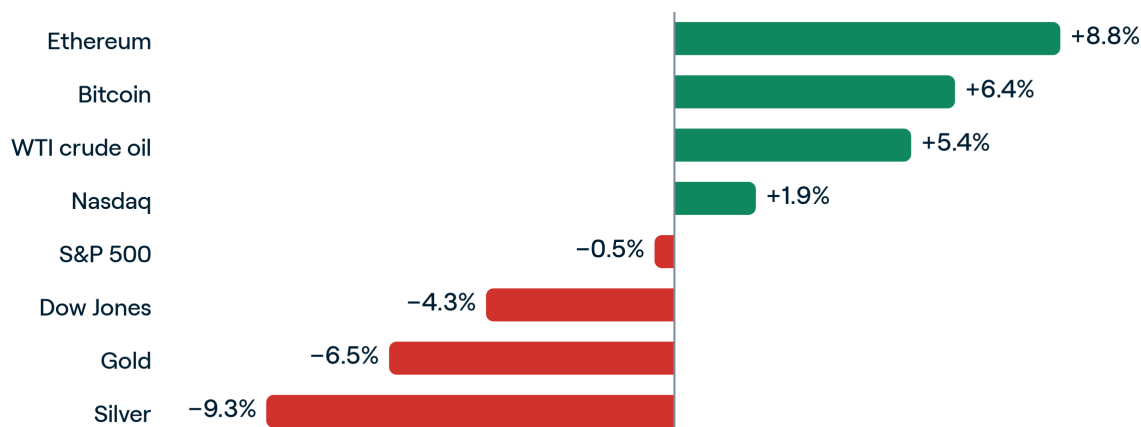


Ethereum validator entry and exit queues, April to October 2026 (ETH). Source: validatorqueue.com

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Spot demand carries crypto, but macro and policy remain in control

Crypto showed real resilience in September. Bitcoin and Ethereum gained 6.4% and 8.8% respectively, outperforming the S&P 500 and the Dow Jones despite a Fed rate hike, multi-decade-high yields and a failed Senate vote on the CLARITY Act.



Performance across major assets, September 2026 (%). Source: [Coinbase](#), [FRED](#), [Reuters](#) and [Kitco](#)

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The month was also a reminder of crypto's risks. September was the worst month of 2026 for crypto hacks, with PeckShield recording US\$766.5 million in losses, led by the US\$387 million breach of the Bitget exchange, which Chainalysis has linked to North Korea.

On regulation, the Senate's procedural vote to begin debate on the CLARITY Act failed 49–50 on September 15, short of the 60 votes required. Congress is in recess until November 9, and as of October 11, prediction market Polymarket put the chance of it becoming law in 2026 at around 5%. Markets largely looked past the setback, presumably because regulators are moving ahead anyway. On September 17, the SEC granted an innovation exemption allowing qualifying platforms to trade tokenised U.S. stocks on public blockchains.

“Crypto has been in a ‘heads we win big; tails we still win’ scenario on regulation. Until a new administration takes over in Washington, the SEC and CFTC will have free rein to set the agenda for crypto.”

Matt Hougan, Chief Investment Officer – Bitwise

Traditional finance kept building too: [21 banks including Goldman Sachs, Bank of America and Citi](#) announced plans for a joint U.S. dollar stablecoin, [Circle's Arc network went live](#) with BlackRock, DTCC and Visa among its validators, and [The Clearing House picked Quant](#) for its tokenised-deposit network.

Overall, September showed spot demand rebuilding, but the recovery remains sensitive to macro conditions. October will likely hinge on the Fed's decision, inflation data, Treasury yields, oil and ETF flows, with the November midterm elections close behind.

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

October key dates and crypto catalysts

The U.S. Federal Reserve's rate trajectory, inflation data, Middle East tensions, third-quarter earnings and the approaching U.S. midterm elections are expected to influence sentiment in the weeks ahead.

October 14 Wed	U.S. CPI (September), with PPI on October 15
October 16 Fri	MSCI index decision on non-operating companies (deadline)
October 20 Tue	SEC comment deadline for proposed Regulation Crypto Assets
October 28 Wed	U.S. FOMC rate decision
October 29 Thu	U.S. Q3 GDP (advance) and PCE (September)
October 31 Sat	Mt. Gox repayment deadline
November 3 Tue	U.S. midterm elections
November 6 Fri	U.S. non-farm payrolls (October)

U.S. trade policy

What's at stake? Section 301 tariffs of 10% or 12.5% on most goods from 60 economies, which together [supply around 99% of U.S. imports](#), have applied since July 24, 2026. They remain in force while challenges by 25 states and several small businesses proceed before the U.S. Court of International Trade, and the U.S. and China have [extended their trade truce](#) to January 10, 2027.

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 (October 28)

What's at stake? The next FOMC meeting is on October 27–28, with the decision due on October 28 and its minutes on November 18. There are no new economic projections until the December 8–9 meeting.

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 [CLARITY Act](#) (H.R. 3633) passed the House on July 17, 2025 and the Senate Banking Committee on May 14, 2026, but fell 49–50 on its first Senate floor vote on September 15, 2026, short of the 60 votes required. No new vote is scheduled, and Congress is in recess until November 9. On September 16, two House committees advanced crypto bills: the [American Reserve Modernization Act](#) (H.R. 8957), which would write the Strategic Bitcoin Reserve into law, passed 28–21, and the [Digital Asset Tax Certainty Act](#) (H.R. 10357) passed 38–5. Both await House floor votes. The [Securities Clarity Act](#) (referred to the House Committee on Financial Services on March 26, 2025), the [Lummis Crypto Tax Bill](#) and the [21st Century Mortgage Act](#) remain in committee, and [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.

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