

Ahead of the curve

Market Update

Slowest month since 2023

July's slow pace continued over the past week, with BTC falling 3% to \$63,300 while remaining stuck in a narrow consolidation range. Market activity stayed muted across the board, putting July 2026 on track for the lowest average daily BTC spot trading volume since November 2023. CME open interest remains near multi-year lows, perpetual futures open interest has stalled around 300,000 BTC, and average daily spot volume came in at just \$2.2 billion for the month.

Strategy increased its USD reserve by \$525 million to \$3.75 billion while refraining from buying BTC for a fifth straight week, leaving it with enough cash to cover roughly two years of dividend obligations. The company also announced its first STRC buyback program, signaling it intends to buy whenever STRC trades below \$100. Attention now turns to this week's FOMC meeting, where markets remain split between a 25bps rate hike and unchanged rates, with the uncertainty likely contributing to a cautious backdrop and BTC's weak start to the week.

BitMEX shutting down

BitMEX is shutting down, marking the end of one of crypto's most influential exchanges. It pioneered the perpetual swap, set the standard for offshore BTC derivatives, and once accounted for 40% of offshore BTC open interest. Its decline accelerated after the DOJ's 2020 action, and by the first half of 2026 its market share had fallen to just 0.6% as competition, changing market structure, and regulation eroded its position.

The closure follows similar announcements from smaller exchanges such as BitMart and AscendEX, highlighting the pressure facing offshore trading venues. While regulation and institutional competition have played a role, persistently weak trading volumes and shrinking revenues appear to be the main drivers behind these shutdowns.

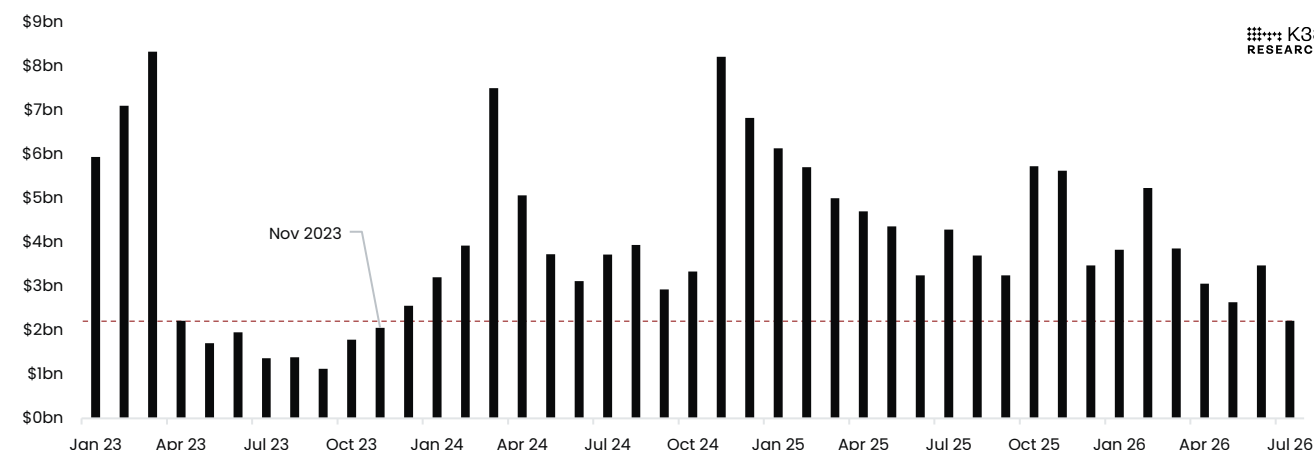
At its peak, BitMEX likely generated around \$500 million in annual revenue and built a sizeable BTC treasury through its insurance fund, which once held more than 36,000 BTC. Although the firm reduced the fund significantly in late 2025, its accumulated BTC likely left it with a strong balance sheet, making this a financially viable exit for an exchange whose influence had long been in decline.

Elevated FOMC uncertainty

Ahead of this week's FOMC meeting, markets remain unusually divided, pricing a 66.3% probability of unchanged rates and a 33.7% probability of a 25bps hike. The uncertainty reflects the Fed's reduced use of forward guidance under Chair Kevin Warsh, as well as mixed inflation signals, with recent cooling offset by risks from higher oil prices, Strait of Hormuz disruptions, and renewed tariff proposals.

Bitcoin's correlation with equities has softened as it continues to consolidate near \$60k while the Nasdaq has maintained strong momentum. With BTC showing persistent relative weakness but holding above key long-term support, and the Nasdaq entering July from a position of strength, this week's FOMC meeting may have a more limited impact on BTC than in previous periods of heightened policy uncertainty.

Figure 1: Average Daily Spot Volume BTC, Per Month



Source: Tradingview, Bitcoinity *Includes Bitwise 10 exchanges

Digital Assets

Signals from the market

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By the numbers

BTCUSD \$63,300

7d: **-3%**

30d: **5%**

ETHUSD \$1,875

7d: **-1%**

30d: **18%**

Open Interest (BTC futures and perps)

\$32.1bn

508,000 BTC (**-2.1%** last 7 days)

Average daily BTC spot volume

\$2.1bn (**-4%** last seven days)

BTC 90-d correlations (One Week change included)

ETH	Gold	S&P 500	DXI
0.90 (0.0)	0.41 (-0.01)	0.55 (-0.02)	-0.33 (0.01)

Percentage of Total Market Capitalization

Three week change in percentage points

BTC	ETH	Stablecoins	Rest
58.6% (-0.1%)	10.4% (0.2%)	11.8% (0.2%)	19.2% (-0.3%)

Last week of top 50 by market cap

	Ticker	7d	YTD
Gainers			
1	SHIB	9%	-33%
2	OKB	4%	-22%
3	UNI	3%	-35%
Losers			
1	NEAR	-16%	10%
2	HYPE	-13%	114%
3	ZEC	-13%	-9%

Spot Market

Sleepy July

The slow pace of July continued over the past week, with BTC remaining in consolidation and posting a weekly decline of 3%, currently trading at \$63,300. Passivity continues to define market conditions, with activity staying subdued across products. July 2026 is on track to record the lowest average daily BTC spot trading volume since November 2023. CME open interest remains near lows not seen since 2023, while perp open interest continues to stagnate around 300,000 BTC.

Over the past week, Strategy announced that it had increased its USD reserve by \$525 million to \$3.75 billion while refraining from buying BTC for a fifth consecutive week. The company's cash reserve can now cover roughly two years of dividend obligations. In addition, the company announced its first-ever STRC buyback, stating its intention to be a regular buyer of STRC whenever it trades below \$100.

This week's main event is the FOMC meeting. Markets remain divided, pricing a 33% probability of a 25 bps rate hike and a 66% probability of unchanged rates. Citadel Securities wrote yesterday that it expects the Fed to raise rates. The uncertainty heading into the meeting may amplify FOMC-related volatility while also encouraging a more cautious market backdrop, potentially explaining BTC's weak start to the week.

Headlines last week

[BitMEX to shut down permanently after 11 years](#)

[Strategy extends bitcoin pause to five weeks, sells \\$544.5 million in MSTR as USD reserve hits \\$3.75 billion](#)

[Former bitcoin miner Poolin files Chapter 11, sets \\$52 million floor bid for Texas operations](#)

[EU adds HTX to Russia sanctions list, barring transactions starting Aug. 23](#)

[BitMart to wind down trading platform as global CEO says he was not consulted](#)

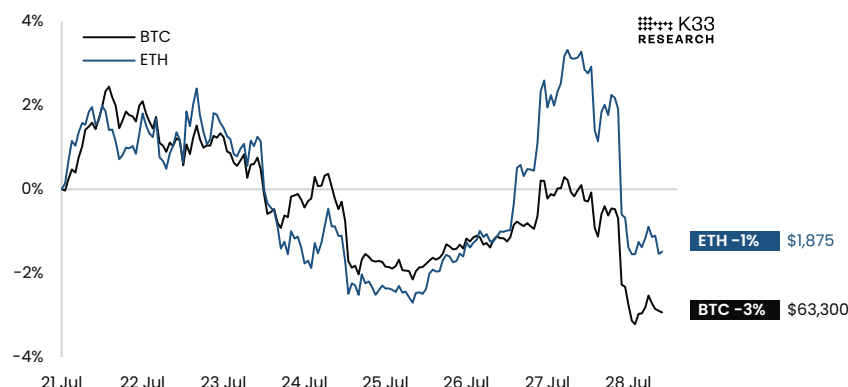
[Galaxy cuts Clarity Act passage odds to 30%, says bill needs 'last-ditch effort'](#)

Calendar

Wednesday, July 29

- U.S. Interest Rate Decision (Exp: unchanged)

Figure 2: Last Week's Performance BTC and ETH



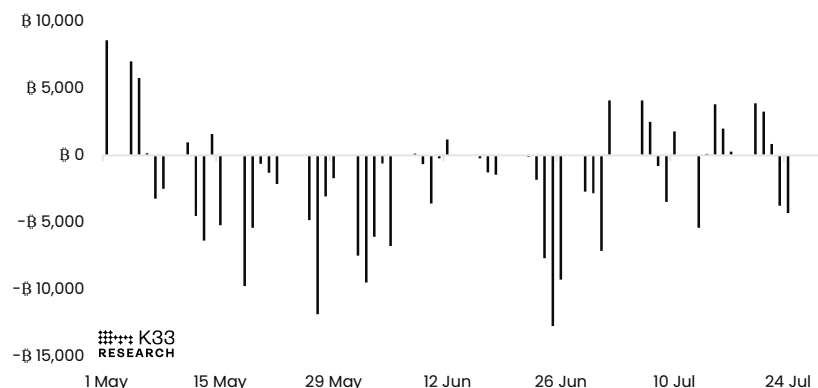
Source: Tradingview, (Coinbase, Binance)

Net weekly outflows again

The past week saw modest outflows of 3,965 BTC following relatively heavy outflows on Thursday and Friday last week, bringing the recent trend of net inflows to an end.

Flows normalized again on Monday, resulting in a small net inflow of 11 BTC, potentially indicating that last week's outflows reflected only a temporary acceleration in selling pressure.

Figure 3: Daily Global Net BTC ETP Flows



Source: K33 Research

Spot Market

Lowest spot volume month since November 2023

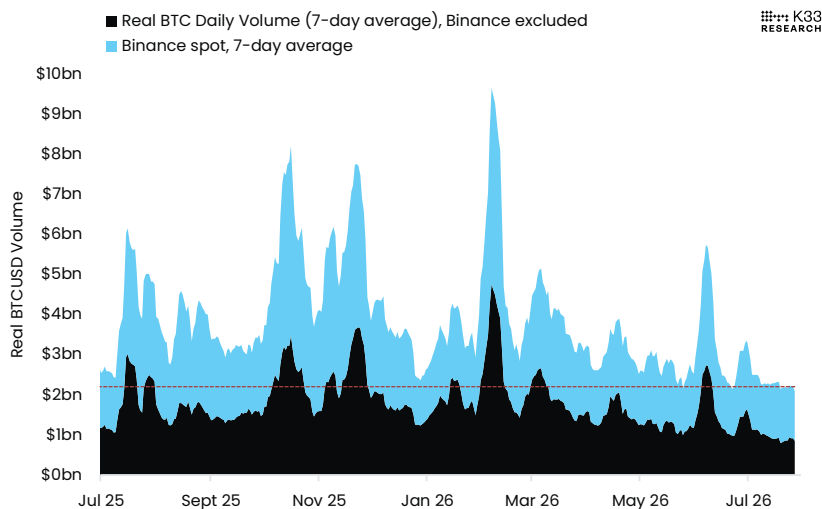
Average daily spot trading volume has hovered near yearly lows throughout the week, with seven-day average daily volume currently sitting at \$2.1 billion, down 4% from last week's level.

Throughout July, spot trading volume has remained between \$2 billion and \$3 billion. Average daily spot volume across the exchanges covered by our metric came in at \$2.2 billion, marking the lowest monthly average since November 2023.

Fear and Greed

Now: 29 (Fear)
Last week: 29 (Fear)
Last month: 18 (Extreme Fear)

Figure 4: Real BTCUSD Daily Volume* (7-day average)

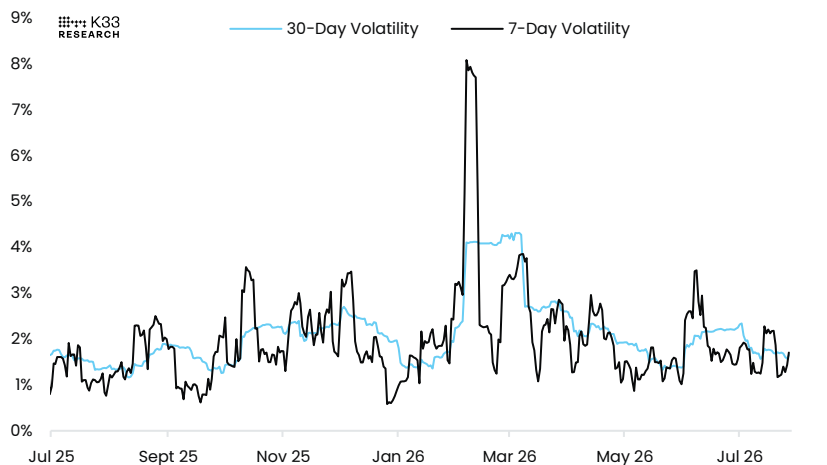


Source: Tradingview, Bitcoinity *Includes Bitwise 10 exchanges

Volatility stays soft

Bitcoin has spent the past few weeks consolidating between \$63k and \$66k, keeping 30-day volatility below 1.7% throughout the week. Meanwhile, the moderately choppy, low-volume consolidation has contributed to a modest increase in 7-day volatility, which closed yesterday at 1.7%.

Figure 5: BTC-USD Volatility



Source: Tradingview (Coinbase)

Derivatives

CME, Futures and ETFs

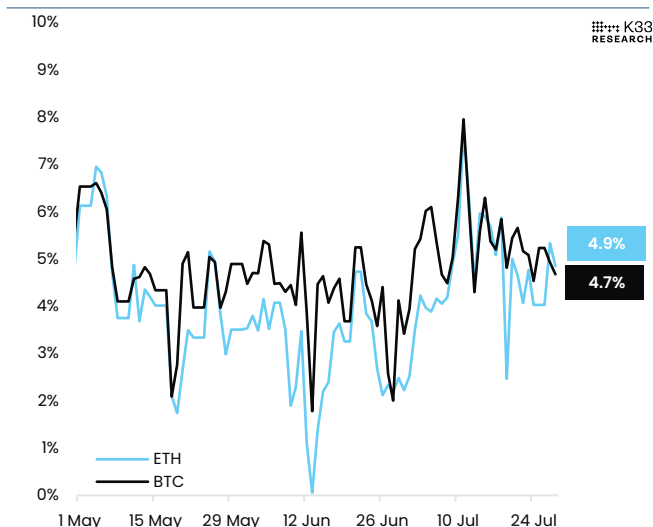
Passivity continues to define conditions on CME.

CME's annualized BTC futures basis drifted modestly lower throughout the week and is currently hovering just below 5%, highlighting persistently defensive sentiment and limited appetite to add long exposure. The term structure remains stable, with August futures trading at a 0.4% premium to July contracts.

Alongside lower yields, positioning remains subdued. CME open interest hovered between 95,000 BTC and 102,000 BTC over the past week and remains at levels not seen since 2023.

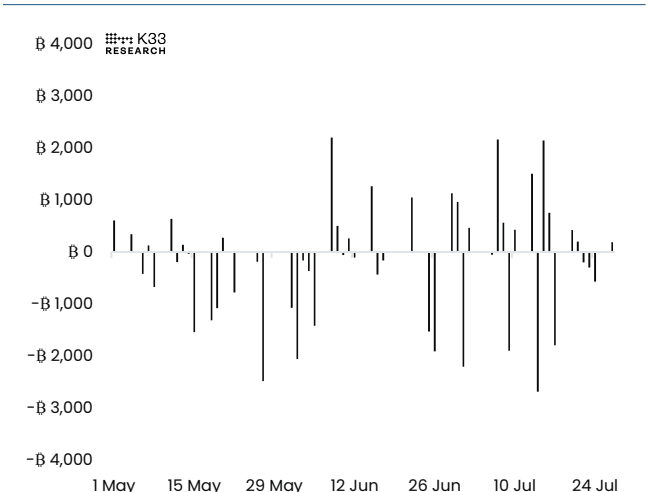
This week marks the expiry of the July futures, which may push open interest to new yearly lows. Ahead of expiry, CME open interest stands at 100,025 BTC.

Figure 6: Basis trends lower
CME BTC and ETH Futures Annualized Rolling 1mth Basis



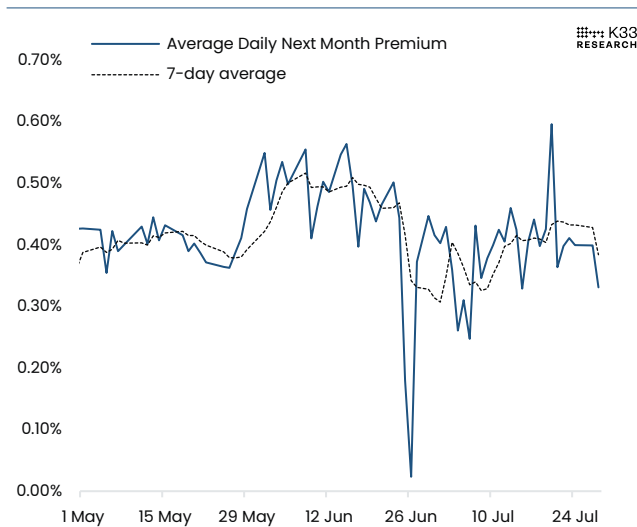
Source: Tradingview

Figure 8: Passive days in ETFs
Futures-based ETFs: Net Flow – BTC Equivalent



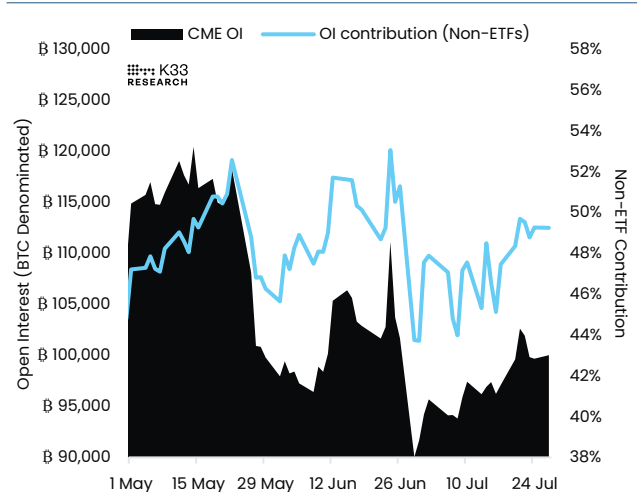
Source: ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

Figure 7: Contango stays stable at 0.4%
CME BTC Futures: Average Daily Next Month Premium



Source: Tradingview

Figure 9: Steady low participation
CME BTC Futures: Open Interest



Source: CME, ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

Derivatives

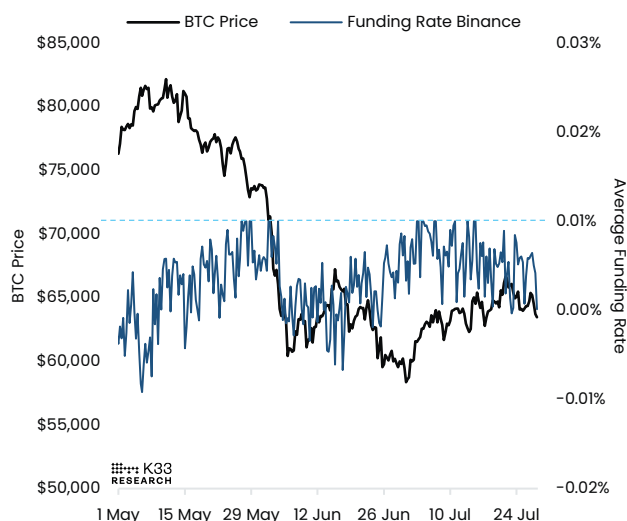
Perpetual Swaps and Options

Perpetual swaps

We continue to see a summer hiatus in perp markets. Over the past week, BTC perpetual open interest saw only minor fluctuations, remaining close to 300,000 BTC throughout the period. Funding rates also stayed within the same range as the previous week, with annualized funding rates hovering predominantly between 5% and 7%, while briefly falling toward 0% in a few intervals.

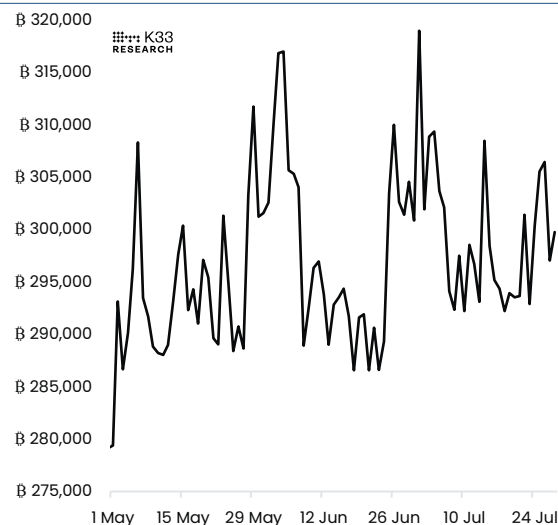
Overall, the subdued conditions in perp markets highlighted in last week's report persisted throughout this week.

Figure 10: Modest decline in funding rate APY
Bitcoin Perpetuals: Funding Rates vs BTC Price



Source: Binance, Laevitas

Figure 11: Open interest continues to hover around 300k BTC
Bitcoin Perpetuals: Open Interest

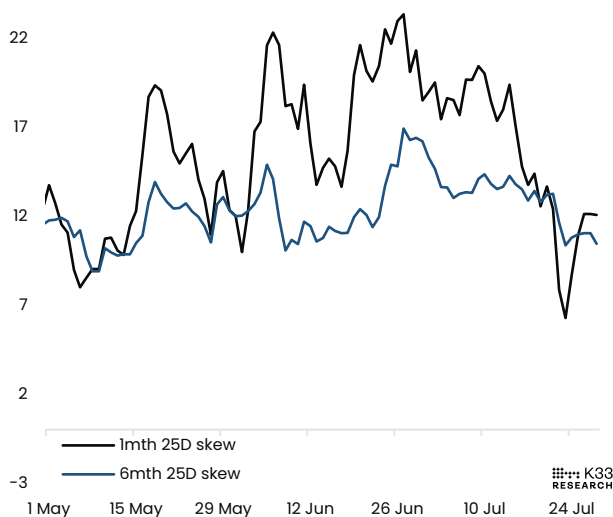


Source: Laevitas

Options

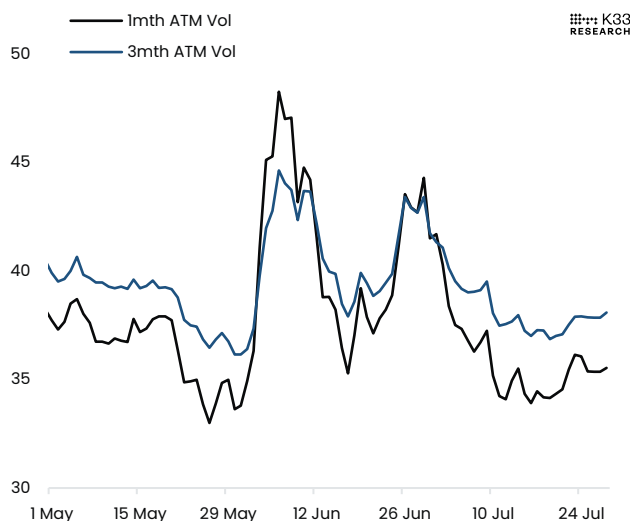
On July 23, the 1-month 25-delta skew briefly fell to 6.28, marking its lowest level in six months and indicating a modest improvement in sentiment. The lower downside insurance premium coincided with BTC trading at the top of its range above \$66k. Following BTC's recent retracement, however, the skew has climbed back into double digits.

Figure 12: Skews briefly visit six-month lows
BTC Options - 25D Skew (1mth + 6mth)



Source: Laevitas

Figure 13: IVs trends back to late May lows
BTC Options - Implied Volatility



Source: Laevitas

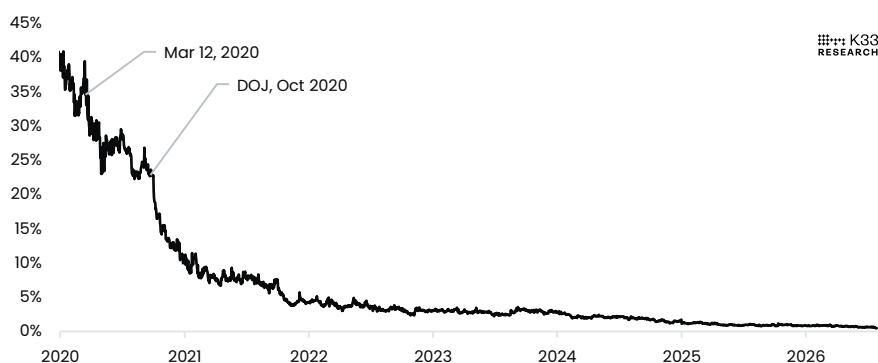
A deeper dive

No more coconuts, BitMEX is shutting down

BitMEX is shutting down. The exchange popularized the perpetual swap, defined the contract standards that peers later copied (Binance and Bybit), and became the go-to battleground for liquidations and leverage. The shutdown is not a big surprise. After 2020, the exchange has seen dwindling relevance and collapsing volumes. As we entered the decade, BitMEX's BTC OI accounted for 40% of all BTC derivatives OI in the offshore market. On March 12, 2020, BitMEX liquidations were likely one of the key drivers behind the extremely sharp BTC collapse (50% in one day), and the selloff ended only after BitMEX went offline due to a reported DDoS attack. BitMEX had already begun losing market share by then. However, the most significant decline occurred in October 2020 when the DOJ targeted BitMEX. By the end of 2020, BitMEX accounted for 11% of the market, down from 40% at the start of the year. As the years passed, BitMEX's dominance declined further amid the growing popularity of linear perps, new margin models, and altcoins, ending H1 2026 with a meager 0.6% share of offshore BTC OI.

BitMEX is the highest-profile exchange to announce a winddown this summer because of its once-dominant position. Two smaller exchanges, BitMart and AscendEX, have also announced shutdowns. Competition from institutional alternatives and regulatory hurdles such as MiCA may be the final nails in the coffin for these exchanges, but dwindling trading volumes, and therefore shrinking revenues, are the root cause.

Figure 14: BitMEX Offshore Crypto Derivatives, Market Dominance



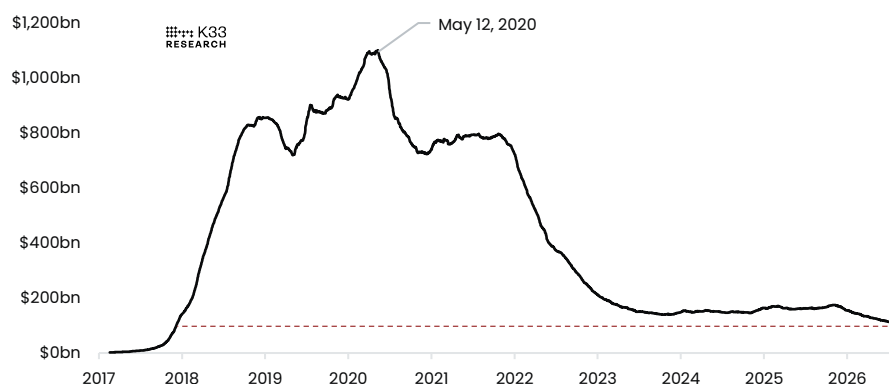
Source: K33

A revenue machine, likely concluding with a sizeable bonus at rest

BitMEX's rolling 365-day volume has declined to levels not seen since before BTC derivatives gained widespread adoption in 2018. Its peak 365-day BTC inverse perpetual volume was reached on May 12, 2020, when annualized volume surpassed \$1 trillion. Under the conservative assumption that BitMEX generated 0.05% in revenue on notional trading volume, the exchange produced annual revenue of roughly \$500 million at its peak.

Alongside strong revenues, BitMEX became an early and significant BTC accumulator through its growing insurance fund, which was funded by derivatives liquidations. The insurance fund peaked at more than 36,000 BTC, and in November 2025 the firm announced that it would reduce the fund to 3,600 BTC. It remains unclear whether the remaining 33,000 BTC was sold into the market. At the time, however, it was worth nearly \$3 billion. Regardless, the retained BTC accumulated through the insurance fund likely left the company with a substantial balance sheet. Combined with its collapsing relevance and trading activity, the time had come to shut down operations. With that, one of the most influential crypto exchanges is approaching the end of its life.

Figure 15: Rolling 365d Volume, BitMEX Inverse BTC Perpetual



Source: Tradingview

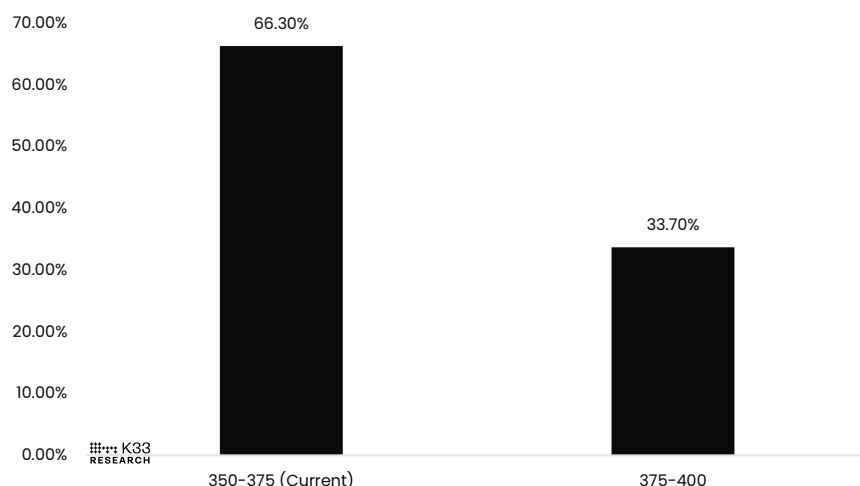
A deeper dive

Elevated FOMC uncertainty

Ahead of this week's FOMC meeting, the market is unusually divided, with implied probabilities assigning a 66.3% chance of unchanged rates and a 33.7% chance of a 25 bps hike. Following new Fed Chair Kevin Warsh's shift away from forward guidance, markets appear to be entering FOMC meetings with greater uncertainty around policy outcomes.

The split in rate expectations reflects similarly divided views on inflation. Inflation has cooled after reaccelerating in April and May, supporting the case for unchanged rates. However, upside inflation risks remain elevated amid higher oil prices, continued disruptions in the Strait of Hormuz, and renewed tariff proposals from Trump.

Figure 16: July 29, FOMC Target Rate Probabilities



Source: CME

Softer correlations

Bitcoin's correlation with equities has softened over the past few weeks amid its ongoing consolidation. The 30-day correlation between BTC and the Nasdaq currently stands at 0.43, in line with the lower end of its five-month range.

The divergence is not surprising. Zooming out, BTC has been in a persistent downtrend since October, exhibiting sustained relative weakness. However, its inability to break meaningfully below \$60k suggests the market does not view levels below the 200-week moving average as attractive selling opportunities. In contrast, the Nasdaq has maintained strong momentum, particularly in Q2, when it gained 26%, while BTC declined 14.2%.

With the Nasdaq entering July on the back of strong momentum and increasingly stretched positioning, while BTC continues to consolidate near multi-year lows, softer correlations are to be expected. As a result, this week's FOMC meeting may have a more muted impact on BTC than is typically the case during periods of elevated policy uncertainty.

Figure 17: 30-day correlations BTC vs Nasdaq



Source: K33

Why we choose the charts we do

Heavy Bitcoin focus

The crypto market is heavily correlated. Movements in BTC tend to be reflected by sharper moves in altcoins. In many ways, BTC is the lower beta exposure alternative to crypto and the definite market leader. However, don't worry – whenever we find a topic, a coin, or some tendencies worth drilling deeper into – we will. This report will get you the most important information from the crypto market.

Market by the numbers

We highlight the most critical market data by numbers in this table. A glance at these data should be sufficient to assess the state of the market superficially.

Open interest is an essential underlying market driver. Crypto tends to be very volatile, and leverage exacerbates volatility. We have had frequent massive liquidation cascades throughout the last years, mostly towards the downside, but we've periodically seen short squeezes emerge. During the March 12th collapse in 2020, cascading liquidations were the root cause of the absolute carnage in the market. You should always pay close attention to open interest if you aim to be an active participant in the market. Our derivatives pages will contribute to delivering you a directional assessment of the data.

The spot volume is an efficient way to gain an overview of the general activity in the market.

Correlations have been growingly important in the last year due to the complicated macro picture post-COVID. It's important to be aware of BTC's, for now, close relationship with U.S. equities and its inverse relationship with the dollar strength index (DXY). However, the current correlation regime is unlikely to be as strong as today forever. Through awareness of correlation trends, you may be able to execute trading strategies before the market catches up to correlations breaking.

The simplified market cap distribution box allows you to assess the general risk sentiment in the market quickly. In general, the "Rest" category may be used as a proxy for risk aversion in the market. Currently, BTC, ETH, and stablecoins represent nearly 75% of the crypto market, which is telling for a risk-averse crypto market.

The two charts on the first page illustrate the two most interesting topics covered in our market analysis. A more thorough examination of these charts is found in the last section of the report, where we dive deeper into two topics that currently seem to drive the market.

Spot Primer

Top 3 coins

We explore the last week's performance of the top 3 cryptocurrencies to assess deviations and opportunities within the safer bracket of digital assets. Currently, BTC, ETH, and BNB represent the three largest. Both ETH and BNB have a thriving DeFi user base and unique drivers of price and demand, which could generate temporary or long-term correlations within crypto to decline as trading opportunities arise or spread trade opportunities.

Indexes

We use the Bletchley Indexes to gauge and assess market activity across BTC and altcoins grouped by market cap size. Documentation for the index weights may be found at through [this link](#).

Volume

The BTC spot volume is an efficient way to communicate the general activity in the market. It may help you identify frantic market bottoms or peaks. Our volume data is based on Bitwise's 10. In 2019, Bitwise explored wash-trading and market manipulation in the spot market, leading to this index. In general, our volume assessment likely underestimates the volume to some degree, as legitimate volumes in other exchanges are excluded. However, the volume estimate is a good proxy for general activity in the market.

We differentiate Binance's volume from the remainder of the exchanges due to Binance's removal of trading fees this summer. We believe a substantial amount of the recent trading volume on Binance is related to "in-organic" trades, i.e., high-volume trading strategies that were not economically feasible prior to fees being removed. Of course, removing fees has likely also contributed to moving traders from alternative exchanges over to Binance.

Volatility

Volatility is a topic well worth paying attention to. In specific periods, such as the current – where BTC trails in a shallow volatility regime, new trading opportunities emerge related to options and straddles. This chart is handy to pay close attention to, as it may help you enhance your ability to act on opportunities in the market when activity is low and options are becoming cheap.

Derivatives primer

Why should you care about derivatives flows?

The crypto market is periodically extremely volatile, and activity in derivatives enhances the market reactions. Crypto derivatives are at the cutting edge of financial innovation, the offshore market is periodically wild, and animal spirits tend to take over. Derivatives more or less always carry a clue of overheating in the market or full-on depression. It's highly actionable and worthwhile understanding if you aim to be an active crypto market participant.

The market is also clearly divided. There are two branches worth monitoring – institutional and offshore. Both components periodically lead the market, and assessing sentiment and general risk aversion in these two provides you the tools to understand dangers or opportunities on the horizon.

CME – The importance of a cash-based futures market in BTC

Institutional traders strongly impact BTCs price discovery, as identified both by [Bitwise](#) and by [us](#). However, many institutional traders have limitations regarding access to crypto markets or even related to holding BTC. CME provides the most accessible, most efficient access to crypto markets for those traders. CME also has the added caveat of a familiar clearinghouse structure, leading to fewer barriers to entry for crypto exposure for institutional traders.

We assess institutional sentiment by monitoring the futures basis and contract spreads between the front month (upcoming expiry) and the near month (next expiry). In general, a positive and high futures basis on CME indicates a positive sentiment, whereas a negative basis indicates the opposite. We include Binance's basis to compare offshore and CME premiums to highlight different sentiments between institutional traders and retail. While Binance have institutional traders, they also enable easy access to derivatives for retail, which may provide useful information ahead of periods of distress.

We monitor aggregated ProShares flows, meaning inflows and outflows to both ProShares' long BTC ETF (BITO) and short BTC ETF (BITI) on the CME page. In the chart, inflows to BITI will be calculated as a negative flow impact, while inflows to BITO will be calculated as a positive flow impact. The opposite is true for outflows from the ETFs mentioned above. ProShares are by far the largest U.S. BTC ETF provider, holding a substantial amount of BTC contracts on CME. Retail and institutions have access to BITO and BITI. Periods of strong aggregated flows to BITO may substantially impact CME's basis. An interesting scenario that has yet to emerge would be one scenario with neutral flows but a rising CME basis. In this scenario, one can assume that certain institutional players actively add long BTC exposure.

We further monitor CME's open interest and the contribution of ETFs to the open interest to assess the degree of activity in CME futures.

Perpetual swaps

Perpetual swaps are the most frequently traded derivative in crypto markets. It's an everlasting futures-like instrument, utilizing funding rates to secure that perp prices align with spot markets. There are certain intricate nuances to funding rates, for instance, varying funding intervals and varying neutral funding rate thresholds. In normal conditions, Binance and Bybit's funding rate sits at 0.01% every eight hours – meaning longs pay shorts a fee. This structural element in crypto derivatives may lead to a natural structural contango. They may be utilized for cash and carry strategies (albeit in a non-arbitrage fashion, assuming that funding rates will average around neutral terrain).

During roaring markets, funding rates tend to be pushed towards extreme highs due to enormous demand to go long, leading perps to trade at a substantial premium over spot. By assessing funding rates, you may be able to act on market moves and liquidation cascades prior to a liquidation cascade. Similarly, funding rates may sit in extremely negative terrain during bear markets, foreshadowing potential short squeezes.

We monitor open interest in perps to better gauge the risks of soaring volatility and market instability. We monitor open interest in notional value, i.e., in BTC, to have a clear eye on the relative leverage in the market. Currently, the open interest sits at all-time highs in notional value. This is a dangerous trend, and we view it as likely that this will generate a dramatic reaction when BTC breaks out of its prolonged consolidation. Cascading liquidations may occur in both directions, so the open interest is best used as a proxy for how volatile a spike may be.

Options

We monitor two options charts. The 25-delta skew, which is a metric comparing the implied volatility of a 25-delta put option vs. a 25-delta call option, normalized by at the money implied volatility. Counter-intuitively, when the 25d skew is positive, traders are paying more for puts than calls and may be assessed as cautious/bearish behavior in the options market. The opposite is true when skews are negative. Skews trending in a certain direction may also elaborate on repositioning from options traders and is worth paying attention to. We show the 1-month skew for contracts expiring by the end of the month, and the 6-month skew, for contracts expiring half a year from now to assess differences in positioning across maturities.

The implied volatility illustrates options traders' forward-looking assessment of volatility – or the options pricing. Implied vols in BTC are rarely trailing below 60 for long, and this has previously been a good time to enter straddle strategies.

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