Ahead of the curve
Market Update

Digital Assets
Signals from the market

Vetle Lunde
Head of Research
vetle@k33.com
+47 416 07 190

Multiple catalysts on the horizon
BTC briefly rallied 5% from $77k to $81k on Thursday before reversing in a classic Bart pattern, leaving prices roughly flat on the week. Derivatives activity remains subdued, with stagnant open interest, falling yields, and limited demand, making BTC especially sensitive to macro headlines. Friday's CPI release and next Wednesday's FOMC are the key near-term volatility catalysts, alongside the September 15 Clarity Act cloture vote.

Strategy could also become an important source of BTC demand again. After boosting USD reserves, raising dividends, selling BTC, and buying back STRC, the preferred closed last week at $97.8 ahead of its September 15 dividend record date. With STRC trading unusually close to par this near a record date, Strategy may soon resume issuance and use the proceeds to purchase BTC.

Hands remain off
BTC derivatives activity remains subdued across both CME and perpetual futures. CME open interest has risen modestly and contango has widened, with October trading at a 0.5% premium to September, the widest since December 2025, but annualized futures premiums remain below 5%, pointing to cautious positioning. Perpetual markets show a similar trend, with funding rates averaging 5.2% over the past week and briefly falling toward 0% over the weekend, while a short-lived rebound in open interest has fully reversed to around 320,000 BTC. Overall, leverage remains low and sentiment is gradually turning more defensive.

BTC shows headline sensitivity
BTC remains highly sensitive to shifts in U.S. rate expectations, with Thursday's rally following more dovish Fed signals before strong payroll data reversed the move and left prices broadly flat on the week. With the FOMC approaching, Thursday's PPI and Friday's CPI releases are key volatility catalysts, while the September 15 Senate cloture vote on the CLARITY Act adds a crypto-specific risk event. Markets are currently positioned for the bill not to pass in 2026, with Polymarket pricing just a 16% chance of enactment by year-end.

The changing derivatives market structure
BTC perpetual futures open interest stands at 320,000 BTC, with Hyperliquid accounting for 34,500 BTC and now ranking as the third-largest venue by BTC perp open interest. It trails Binance and Bybit, which hold 43.5% and 19.4% of total open interest respectively, but has clearly established itself as the largest venue outside the two dominant exchanges.

TradFi perpetuals have also become increasingly important on crypto exchanges. Binance's 30-day average TradFi perp volume overtook BTCUSDT perp volume in July and has remained higher since. That said, TradFi perp volume has trended lower over the past month, while BTC perp volume has moved higher, suggesting that Binance traders may be rotating back into crypto as activity in crypto perps starts to recover.

By the numbers

BTCUSD $78,387
7d: **0%**
30d: **21%**

ETHUSD $2,473
7d: **0%**
30d: **29%**

Open Interest (BTC futures and perps)
$38.5bn
492,000 BTC (**-0.7%** last 7 days)

Average daily BTC spot volume
$2.6bn (**-18%** last seven days)

BTC 90-d correlations (One Week change included)

ETH	Gold	S&P 500	DXY
0.90 (0.00)	0.54 (0.02)	0.38 (0.02)	-0.40 (-0.03)

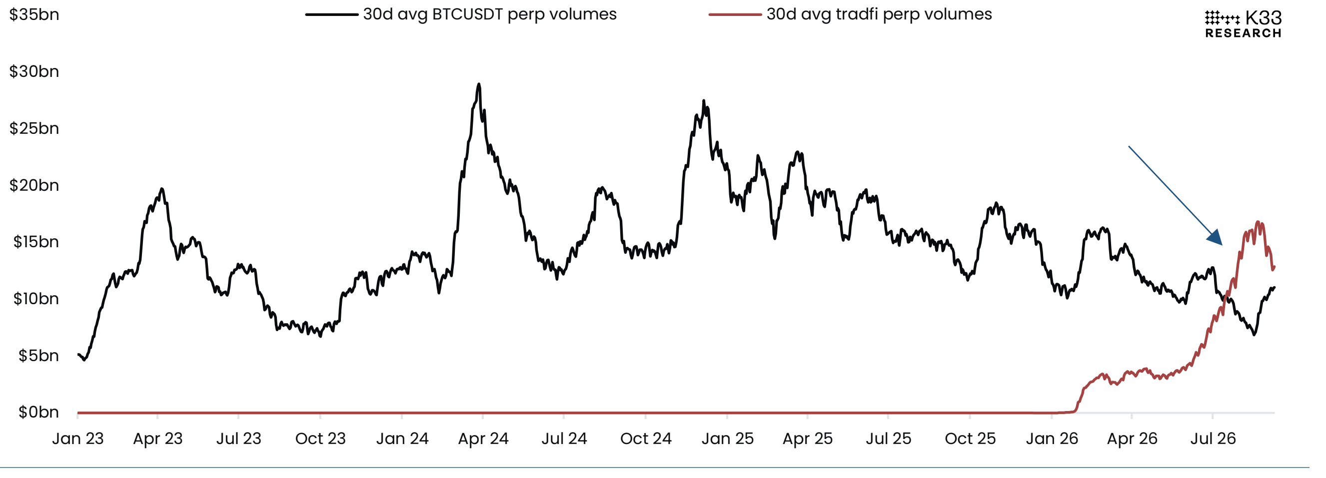
Percentage of Total Market Capitalization
Three week change in percentage points

BTC	ETH	Stablecoins	Rest
58.9% (-0.8%)	11.3% (0.0%)	9.7% (-0.1%)	20.1% (0.9%)

Last week of top 50 by market cap

	Ticker	7d	YTD
Gainers			
1	ZEC	35%	126%
2	DOT	25%	40%
3	UNI	17%	21%
Losers			
1	XMR	-4%	15%
2	LEO	-3%	-4%
3	PUMP	-2%	104%

Figure 1: 30-day Average Binance Perp Volume: BTCUSDT Perp, vs All Binance TradFi Perps



Source: K33

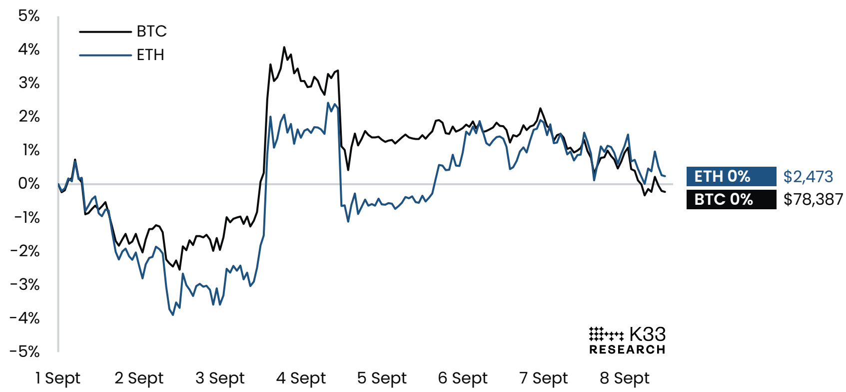
Spot Market

Multiple catalysts on the horizon
A 5% gain on Thursday took BTC from $77k to $81k in four hours before a classic "Bart pattern" emerged. Prices initially stabilized, but renewed selling pressure met limited demand, leaving BTC flat week over week. This choppy price action comes amid subdued derivatives activity, with stagnant open interest and falling yields. Activity is drying up again, while BTC remains highly sensitive to headlines.

This matters as several catalysts are now approaching in close succession, as discussed on page six. BTC's price action this week reinforced its sensitivity to macro data. The rally coincided with Warsh opening the door to a hold rather than a hike, while the reversal followed strong labor data that lifted hike expectations. Friday's CPI release and next Wednesday's FOMC therefore stand out as key volatility catalysts. The Clarity Act cloture vote is also scheduled for September 15 and could trigger volatility, even as the market remains heavily positioned for Clarity not to pass in 2026.

Another factor that may soon become market relevant is Strategy's ability to absorb BTC through STRC. After increasing its USD reserves from $1bn to $6bn, raising dividends, selling BTC, and conducting STRC buybacks, STRC closed last week at $97.8, with its next dividend record date on September 15. This is the closest STRC has traded to par this near a record date since mid-May, increasing the likelihood that Strategy could resume STRC issuance and deploy the proceeds into BTC, either around this record date or an upcoming one. A meaningful source of BTC demand may therefore soon re-emerge.

Figure 2: Last Week's Performance BTC and ETH

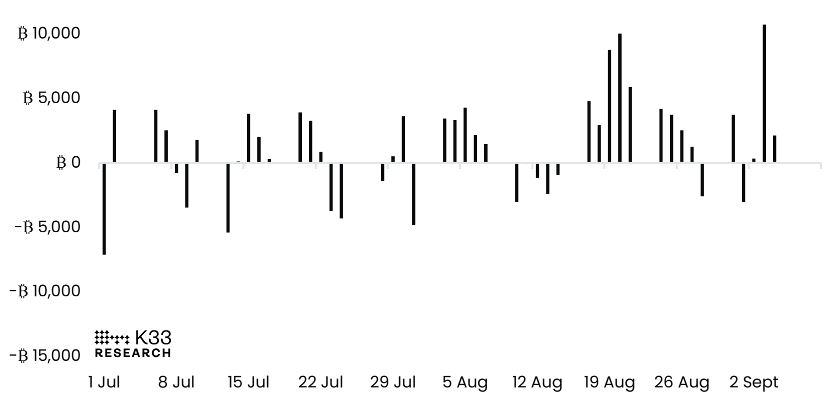


Source: Tradingview, (Coinbase, Binance)

Strongest daily inflow since April 2025
Bitcoin ETPs added 10,713 BTC on September 3, marking the strongest daily inflow since April 22, 2025, when daily inflows reached 13,154 BTC. The surge in flows coincided with BTC's strong 5% gain on the day.

Outside of September 3, flows were materially more modest, with net weekly inflows totaling 13,852 BTC.

Figure 3: Daily Global Net BTC ETP Flows



Source: K33 Research

Headlines last week

Liquid Network attacker returns 3,400 BTC after bug fix, retains nearly 600 BTC

Coldcard exploiter moves 45% of funds stolen from 'Wave 3' attacks, Galaxy says

Coinbase seeks SEC greenlight to list equity perpetuals

Strategy repurchases $176 million of STRC shares, makes no bitcoin purchases or sales

Calendar

Thursday, September 10
- U.S. PPI (Exp: 0.4% MoM)
- ECB Interest Rate Decision (Exp: 25bps hike)

Friday, September 11
- U.S. CPI (Exp: 0.4% MoM)

Tuesday, September 15
- Senate Clarity Act Cloture Vote

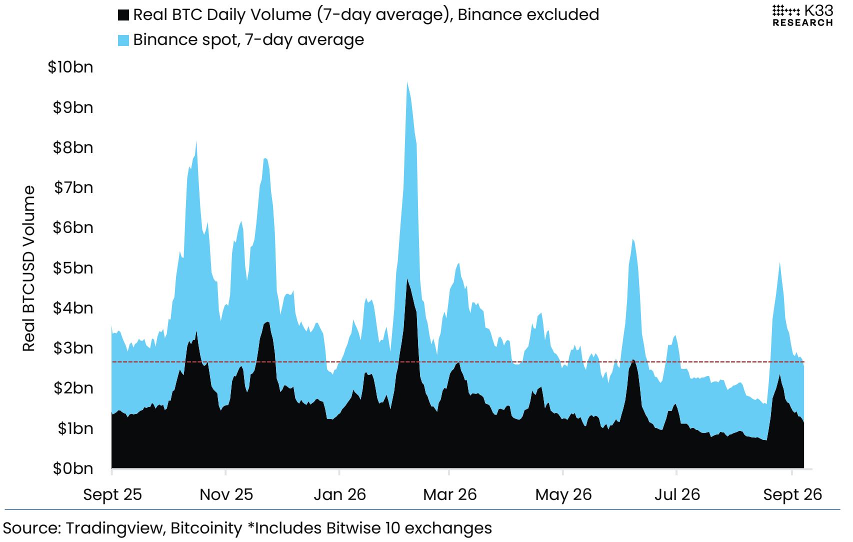
Wednesday, September 16
- U.S. interest rate decision (Exp: 25bps hike)

Friday, September 18
- Bank of Japan interest rate decision (Exp: 25bps hike)

Spot Market

Volumes sloping even lower
Bitcoin spot volumes declined by a further 18% over the past week, falling back toward the lower end of the range observed between January and May as trading activity softened amid BTC's continued consolidation. Despite the decline, spot volumes remain markedly above the deeper lows seen during June through August, suggesting that the seasonal summer lull in trading activity has run its course.

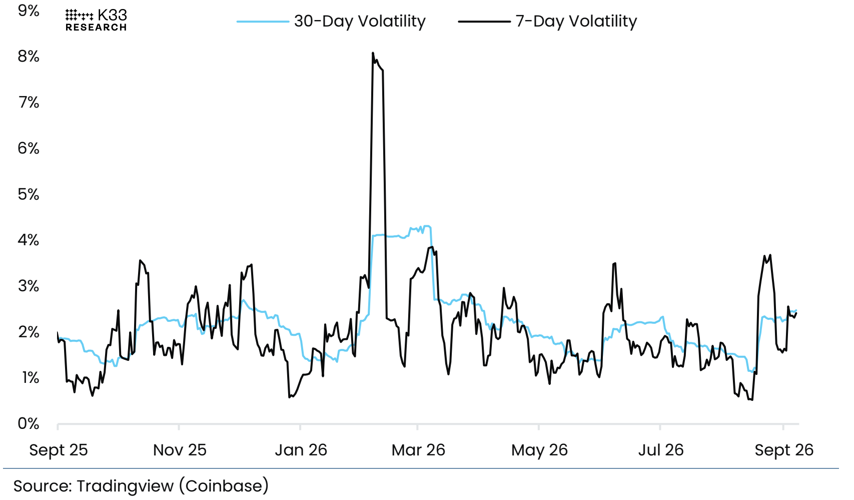
Figure 4: Real BTCUSD Daily Volume* (7-day average)



Source: Tradingview, Bitcoinity *Includes Bitwise 10 exchanges

Volatility stays elevated
While Bitcoin consolidated throughout the week, volatility remained elevated, largely driven by the sharp 5.1% daily gain on September 3, when BTC rose from $77,307 to $81,264.BTC has since retraced part of that move, keeping 7-day volatility elevated, while 30-day volatility has climbed to 2.48%, its highest level since April 1, 2026.

Figure 5: BTC-USD Volatility



Source: Tradingview (Coinbase)

Fear and Greed

Now: 69 (Greed)
Last week: 69 (Greed)
Last month: 30 (Fear)

Derivatives
CME, Futures and ETFs

While contango has widened and open interest has climbed moderately, CME activity remains modest.

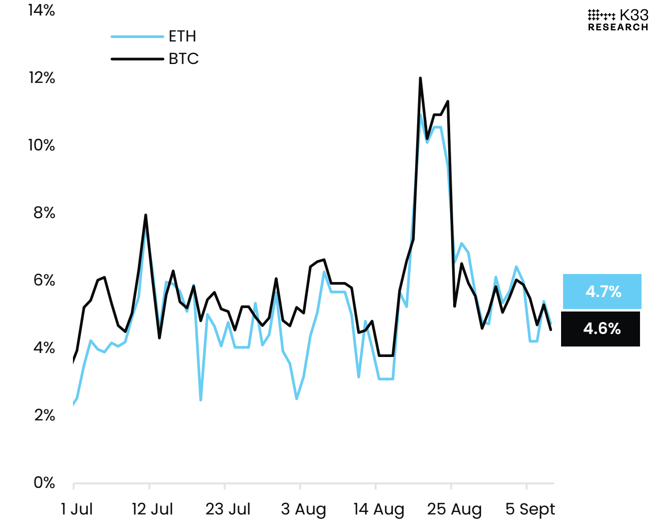
CME's annualized BTC futures premium has declined back below 5%, mirroring the regime seen from July to mid-August. This points to a reluctance to add directional exposure and reflects a still-cautious bias on CME.

While the basis remains low, we note a steady and significant increase in CME's next-month premium. The October contract is trading at a 0.5% premium to the September contract, marking the widest contango in CME's BTC futures since December 2025.

We saw some volatility in CME open interest over the past week, with open interest declining below 100,000 BTC on Tuesday and Wednesday before rising sharply alongside the strong September 3 rally in BTC. Open interest closed the week at 104,530 BTC, up 3,920 BTC since Monday.

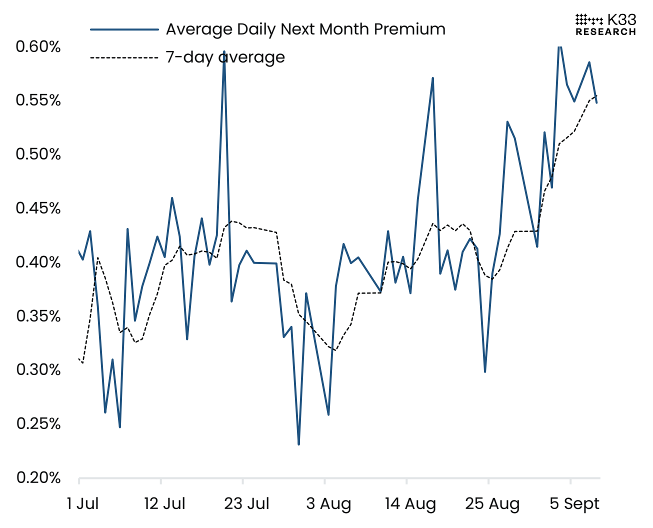
Nonetheless, exposure remains soft, and yields continue to highlight a defensive bias.

Figure 6: Basis still low
CME BTC and ETH Futures Annualized Rolling 1mth Basis



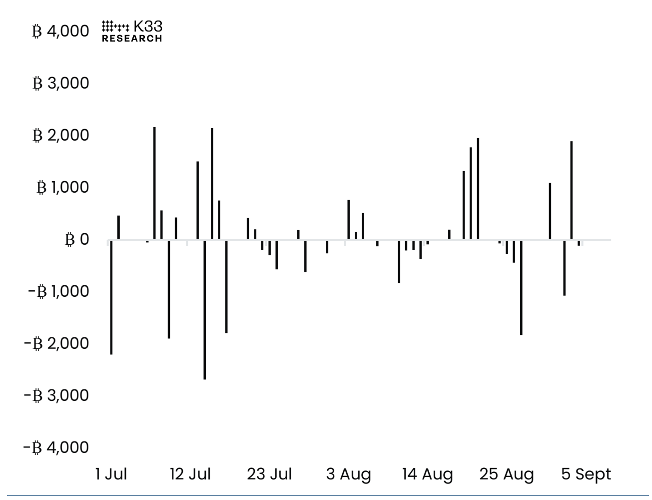
Source: Tradingview

Figure 7: Highest 7d avg next month premium since Dec 2025
CME BTC Futures: Average Daily Next Month Premium



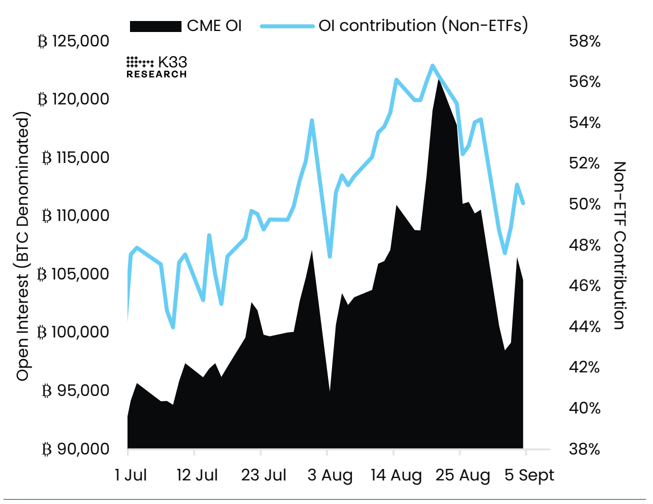
Source: Tradingview

Figure 8: Soft inflows in futures-based ETFs
Futures-based ETFs: Net Flow – BTC Equivalent



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

Figure 9: CME OI volatile around 100k BTC
CME BTC Futures: Open Interest

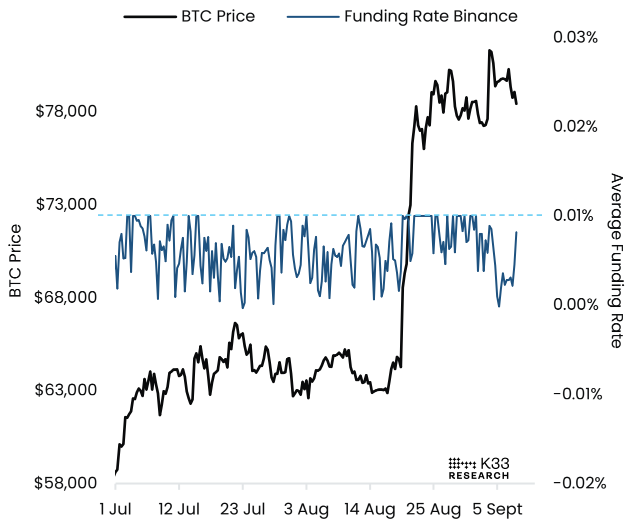


Source: CME, ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

Derivatives
Perpetual Swaps and Options

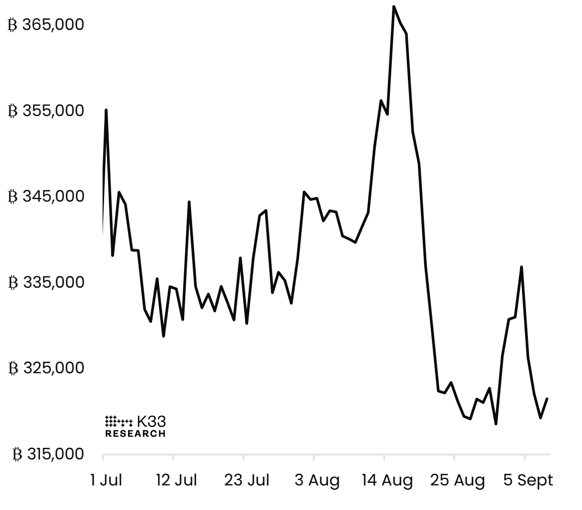
Perpetual swaps
Bitcoin's steady consolidation has seen funding rates gradually retrace toward pre-rally levels. Over the past seven days, funding rates have averaged 5.2%, declining to one-month lows. The compression has been particularly notable over the weekend, when funding rates fell toward 0%. Last week also saw a brief recovery in BTC perpetual futures open interest, with notional OI rising by 18,000 BTC between August 31 and September 4. However, the increase has since quickly reversed, with notional open interest declining back to 320,000 BTC, in line with the summer lows. Overall, exposure in BTC perpetuals remains low, with subtle signs that sentiment is gradually becoming more cautious.

Figure 10: Funding rates stay in neutral territory neutralized
Bitcoin Perpetuals: Funding Rates vs BTC Price



Source: Binance, Laevitas

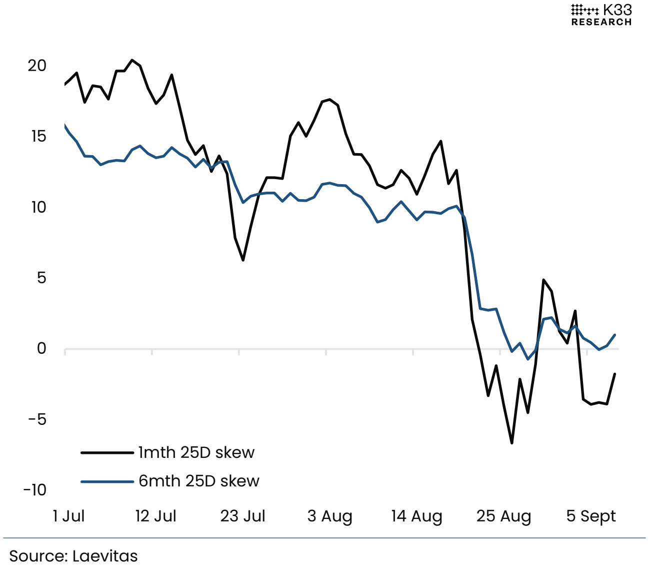
Figure 11: Perp OI hovering at June lows
Bitcoin Perpetuals: Open Interest



Source: Laevitas

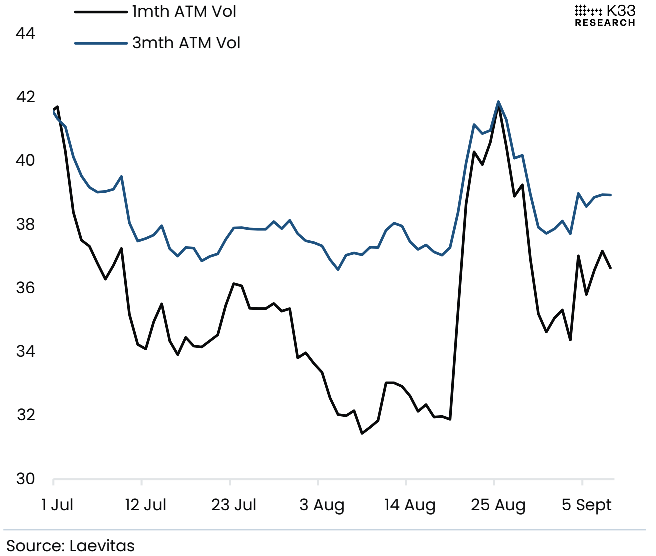
Options
Options skews remained broadly neutral throughout the week, pointing to balanced directional sentiment as BTC traded within the $77k to $82k range. Against this backdrop of volatile consolidation, implied volatilities have stabilized, with 3-month IV at 40% and 1-month IV at 37%. Both remain above their early August lows and are broadly in line with levels observed in mid-July.

Figure 12: 6mth skews hovering in flat terrain
BTC Options - 25D Skew (1mth + 6mth)



Source: Laevitas

Figure 13: IVs stabilize at mid-July levels
BTC Options – Implied Volatility



Source: Laevitas

A deeper dive

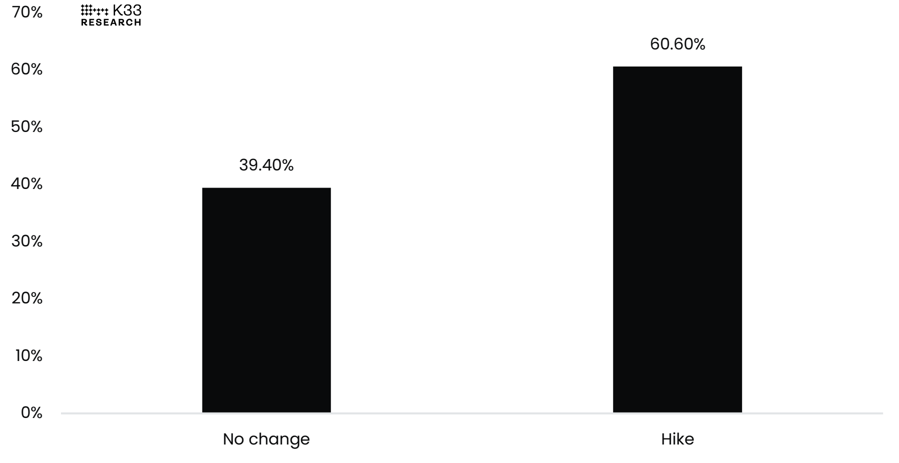
A macro sensitive BTC

Despite BTC closing the week relatively flat, price action offered clear signs of heightened sensitivity to macro headlines, particularly shifts in U.S. interest rate expectations. With the FOMC meeting eight days away, markets are closely awaiting the committee's decision.

Markets rallied on Thursday after Waller indicated that he would be inclined to keep rates unchanged if incoming data confirmed that inflation was cooling. Markets immediately repriced the probability of a Fed hike from 63% to 50%, with both BTC and equities rallying on the news. This week's PPI release on Thursday and CPI release on Friday are therefore shaping up as key volatility catalysts.

On Friday, rate hike expectations rebounded after payroll data substantially exceeded expectations, reinforcing the view of a resilient labor market. BTC subsequently gave back its gains, leaving prices broadly unchanged on the week despite elevated intraweek volatility. Overall, the week highlighted that BTC is currently behaving very responsive to U.S. economic data, with U.S. rate expectations reflecting a key directional price component.

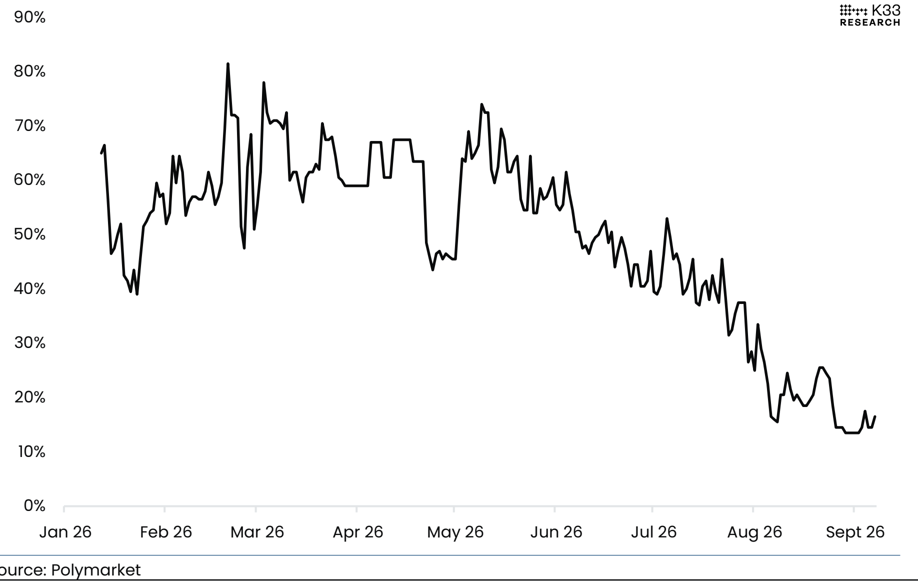
Figure 14: September 16 FOMC: Interest Rate Decision Odds



Source: CME

Next week offers multiple important catalysts for BTC
There is also an important crypto-specific event next week that could increase volatility: the Senate cloture vote on the motion to proceed with the CLARITY Act, scheduled for September 15. Negotiations remain stalled over Trump-related ethics restrictions, DeFi rules, and stablecoin rewards. If cloture fails, enactment in 2026 becomes highly unlikely. The market is clearly positioned against enactment, with Polymarket assigning it only a 16% probability by year-end, down from around 60% in May.

Figure 15: Probability: Clarity Act Signed into law in 2026?



Source: Polymarket

A deeper dive

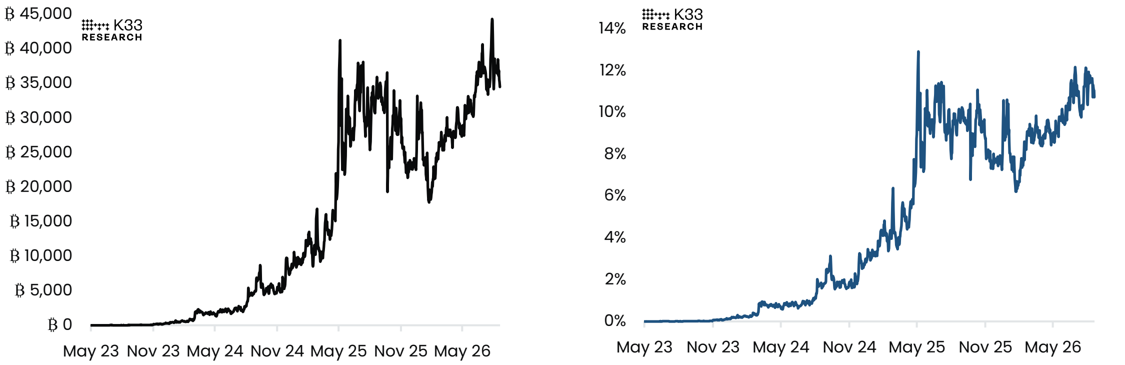
The changing structure of crypto derivatives

Following BTC's sharp rally in late August, market activity has once again slowed. Spot volumes have fallen back toward pre-summer lows, while derivatives yields have also compressed notably. The market has entered a clear hiatus. While the previous page highlighted three distinct catalysts, CPI, the Senate Clarity vote, and the FOMC meeting, that could ignite the next major move, conditions for now remain distinctly subdued. This quieter backdrop provides a useful opportunity to highlight two important market structure developments that we have yet to address explicitly in Ahead of the Curve.

Perpetual futures open interest currently stands at 320,000 BTC. This figure includes open interest across the major offshore crypto exchanges as well as Hyperliquid, which has grown into a meaningful venue in the BTC derivatives market. Hyperliquid's notional BTC open interest currently stands at 34,500 BTC, more than twice the aggregate open interest held in offshore calendar BTC futures.

Measured by BTC perpetual open interest, Hyperliquid is now the third-largest exchange. The decentralized venue still trails Binance, which accounts for 43.5% of total open interest, and Bybit at 19.4%, but has firmly established itself as the largest venue outside the two market leaders. This represents a notable achievement for a decentralized competitor.

Figure 16: Notional Open Interest, Hyperliquid (LHS), vs Hyperliquid OI dominance (RHS)



Source: Hyperliquid, Laevitas

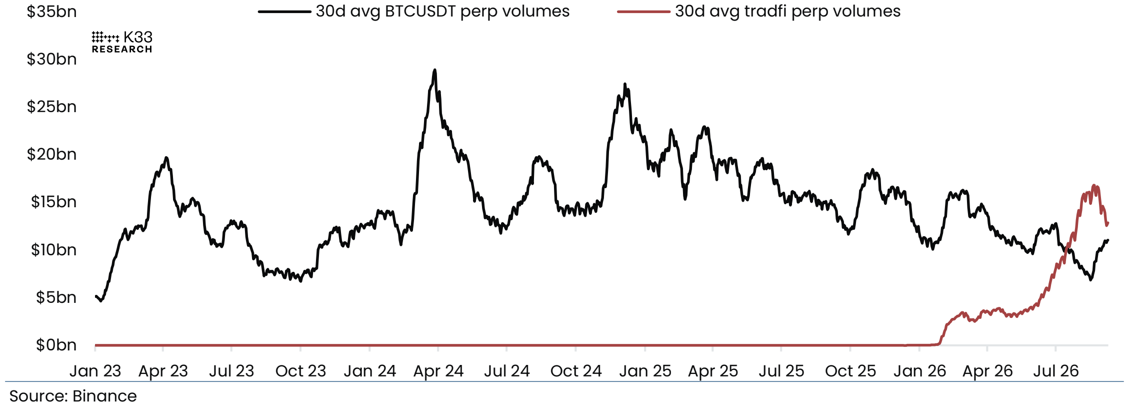
TradFi perp volumes have overtaken BTC on Binance

Perpetuals on TradFi instruments such as commodities, equity indexes, and equities have become a significant business for crypto exchanges. On July 16, 2026, the 30-day average volume of Binance's TradFi perps overtook that of its BTCUSDT perp. While TradFi perp volumes have trended lower since August 16 and BTC perp volumes have risen, 30-day TradFi volumes remain higher. The YTD peak in 30-day average TradFi perp volume also reached $16.8bn, above BTC's YTD peak of $16.3bn.

Notably, the TradFi volume peak occurred alongside BTC volumes bottoming. This may suggest that Binance traders rotate into TradFi products when crypto activity weakens, before returning once crypto markets revive. This could make crypto exchanges more resilient during periods of weak crypto activity.

Another important implication is that some data aggregators include TradFi instruments in exchange-level open interest figures. While liquidations across products on the same venue can create spillovers, metrics such as OI relative to crypto market cap become less informative when a meaningful share of open interest is tied to non-crypto products.

Figure 17: 30-day Average Binance Perp Volume: BTCUSDT Perp, vs All Binance TradFi Perps



Source: Binance

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 asses 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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