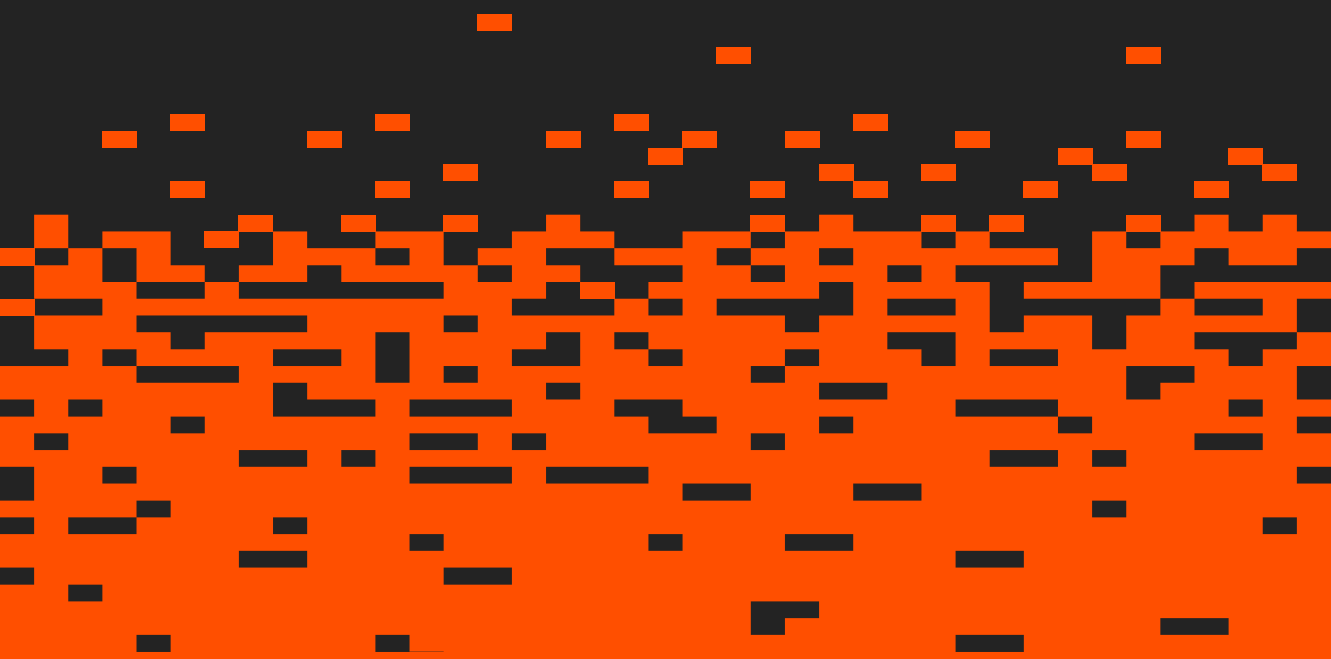
AWKWARD ADOLESCENCE:

2025 CRYPTO MARKET REVIEW & 2026 FORECASTS



Presto Research

Summary

2025 Review: The Year Crypto Grew Up, Mostly
Sovereign Bitcoin reserves, the GENIUS Act, Circle's blockbuster IPO, and DAT mania screamed institutional arrival. Yet Bitcoin stayed stubbornly range-bound, the altcoin season never showed up, and macro liquidity crushed risk appetite harder than any Gensler-era policy tailwind. Real progress everywhere, but still prone to mood swings and bad breakouts.

What to Expect in 2026
Continued BTC store-of-value adoption amid quantum-upgrade debates; tokenization (stablecoins + RWAs) closing in on half a trillion dollars; SEC Chair Paul Atkins' crypto vision delivering across all four pillars; price discovery shifting on-chain; privacy returning as core infrastructure; AI agents turning demos into billion-dollar businesses; and financialization steadily dampening volatility while regulated distribution channels finally reopen.

Altcoins: The Speculation Party Is Over
Just as NFTs were the walking dead of 2025, 2026 will be the year of altcoin rationalization. Negative funding becomes the default, income generation and transparency turn into table stakes for survival, and pure narrative tokens fade fast. The market has learned the hard way: memes spark rallies on and off, but only recurring cash flow keeps the lights on.

Highlighted 2026 Predictions

- BTC hitting $160,000
- Tokenization reaching $490 billion
- 15 token sales via Coinbase & Kraken
- Median altcoin funding rate going sub-zero
- No more Korean listing pump
- On-chain Nasdaq volume hitting 5% CME's equivalent
- X402 surpassing 30M daily transactions
- Confidential DeFi TVL reaching $10B
- Cash-flow tokens growing to $5B+ combined market cap

...and many more!

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Section 1:
Introduction

2025 was the year crypto hit adolescence — full of growth spurts, mood swings, and awkward moments.

The year began with euphoria: Bitcoin already six-figures, a strongly pro-crypto White House signing executive orders at lightning speed, the Strategic Bitcoin Reserve and Digital Asset Stockpile officially created, the GENIUS Act passed, DATs proliferating, prediction market emerging as a new blockchain use case, and Circle's blockbuster IPO bringing public-equity investors into once-niche crypto narratives.

Reality, however, refused to cooperate.

Tariff-lation fears drove capital into gold (+60% YTD), while an AI-driven productivity boom quietly led to job displacement. The Fed's misplaced inflation worries kept policy tight and liquidity scarce, acting as headwind against risk assets barring a small cohort of AI-themed equities. The anticipated altcoin explosion never fully materialized, BTC stayed stubbornly range-bound, and many impatient holders treated every brief spike as an exit.

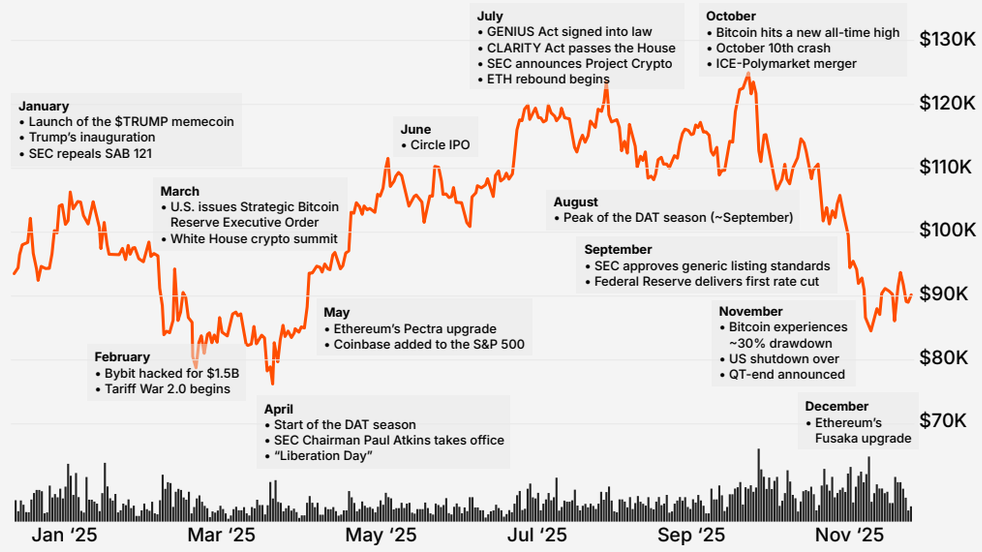
Against this backdrop we publish the second edition of Presto Research's annual outlook, but with a unique twist. We dedicate half the report to a public post-mortem of our own 2025 predictions. The report is therefore split in two:

- The first half grades last year's calls — hits, misses, and everything in between.
- The second half presents our 2026 forecasts — five distinct, unfiltered perspectives from the Presto team.

Short-term disappointment is inevitable in any market. Long-term progress is earned only by those willing to take time to reflect. Sixteen years after the genesis block, crypto's secular growth continues, sometimes painfully, and occasionally awkwardly — but growing all the same.

Welcome to crypto's teenage phase.

Figure 1 **Growth Spurts, Mood Swings, and Awkward Moments**



Source: Presto Research

Section 2:
Looking Back

New-year predictions are frequently wrong, yet we make them anyway. Why? At the risk of stating the obvious to some (and perhaps surprising others), the raison d'être of these predictions is not for readers to follow them blindly. Rather, they are an effective way to clearly communicate our current views and, more importantly, meant to serve as inspiration for our readers and spark independent thinking. After all, forming your own informed view is the single most important prerequisite for long-term success as an investor.

And we choose to go one step further. Most pundits quietly sweep last year's misses under the rug. We do the opposite: we openly dissect them. By systematically reviewing what we got right, what we got wrong, and most crucially why, we extract real lessons. Charlie Munger said, "Those who keep learning, keep rising in life." We not only agree, but also share the process here because rigorous post-mortem is just as valuable as the predictions themselves.

2.1. Institutionalization Happened, Just Not How I Expected

By Peter Chung

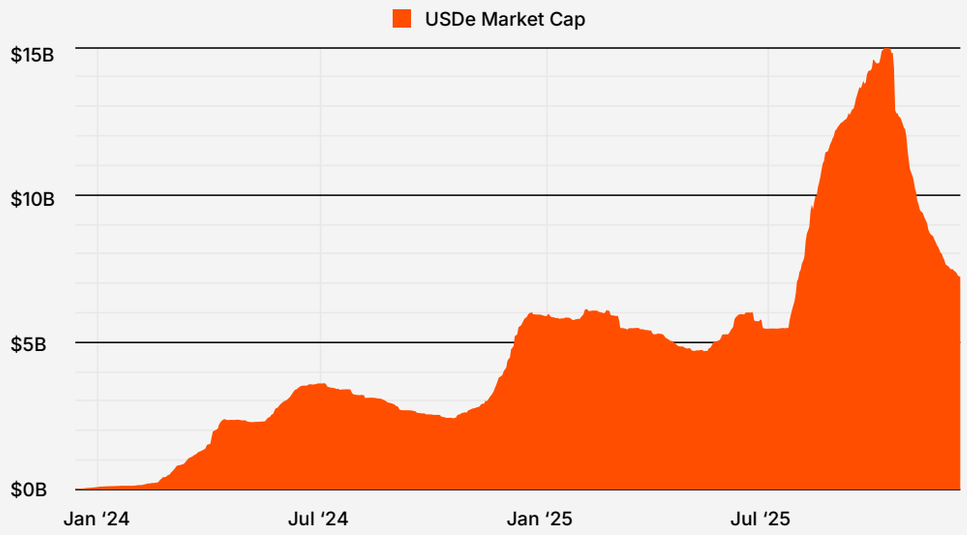
My 2025 predictions revolved around one big theme: institutionalization. Four calls were 1) $210,000 BTC price target, 2) sovereign/corporate treasury adoption ("BTC landgrab"), 3) $300 billion stablecoin market cap, and 4) crypto IPOs. I'll review them from strongest hit to biggest miss. The two in the middle were directionally correct, but the execution played out differently than I pictured.

2.1.1. On-going Mainstream-ification Through Stablecoins and IPOs

Stablecoin market cap sailed past $300 billion and crypto IPOs did happen, more or less according to the predictions.

Stablecoins grew, but not because of the GENIUS Act (still not in force[1]). The real rocket fuel was the positive on-chain yield spread in 2025, turbocharged by the explosion of market-neutral vaults which Ethena's USDe and Pendle's yield-tokenization helped to popularize. Secular adoption in EM payments is real, but we estimate it represents only one third of the stablecoin supply, while the rest is for cyclical yield-chasing. For more, see Presto's 4/8/25 report Unpacking Stablecoin's Dual Drivers.

Figure 2 **Stablecoin Demand For Yield Purpose is Cyclical**



Source: DefiLlama, Presto Research

On the IPO front, of the three names explicitly flagged (Circle, Ripple, Kraken), only Circle rang the bell. But the broader point proved spot-on. Kraken, Grayscale, and BitGo have all filed S-1s. Ripple and Consensys are reportedly in late-stage talks. Securitize announced SPAC-listing. In Asia, Dunamu (an Upbit operator) will be a public entity via its Naver merger, while Bithumb is prepping its own debut. Public markets are becoming the default graduation ceremony for mature crypto firms.

Figure 3 **Circle ($CRCL)'s NYSE Debut**

Source: Bloomberg

[1] The GENIUS Act takes effect on the earlier of (i) 18 months after its enactment (January 18th, 2027) or (ii) 120 days after the primary federal stablecoin regulators issue final regulations implementing the Act.

2.1.2. BTC Treasury Adoption: Technically Yes, Spiritually No

Treasury adoption did occur, technically. Abu Dhabi and Luxembourg added Bitcoin exposure to their sovereign wealth funds via Bitcoin ETFs. The Czech National Bank also bought a tiny exploratory stack. And also came the DATs (Digital Asset Treasury companies), SPAC shells that copy-pasted the Strategy's playbook from day one (minus the cash-generative real business operation but going beyond BTC to accumulate long-tail assets).

Figure 4 **Who's Next?**

Year	Country	Comment
2021	El Salvador	First country in the world to adopt Bitcoin as legal tender. The Bitcoin Law went into effect Sept 2021. Currently owns 5,940 BTCs ($582mn).
2022	Central African Republic	The Bitcoin legislation passes unanimously but repealed in 2023 due to infrastructural constraints and opposition from regional financial authorities.
2023	Bhutan	Utilizing hydroelectric power for Bitcoin mining as a sovereign wealth strategy.
2024	USA	Bitcoin Strategic Reserve bill (BITCOIN ACT 2024) submitted to the Senate Banking Committee.
2024	Brazil	Strategic Sovereign Bitcoin Reserve (RESBit) submitted to the House of Rep.
2025	USA	The White House signs an Executive Order to establish the Bitcoin Strategic Reserve.
2025	UAE	Abu Dhabi's sovereign fund Mubadala Investment Company invests $437 million in $IBIT.
2025	Luxembourg	Intergenerational Sovereign Wealth Fund (FSIL), the nation's sovereign fund, allocates 1 % ($8.6 million) into unnamed spot BTC ETFs.

Source: Presto Research

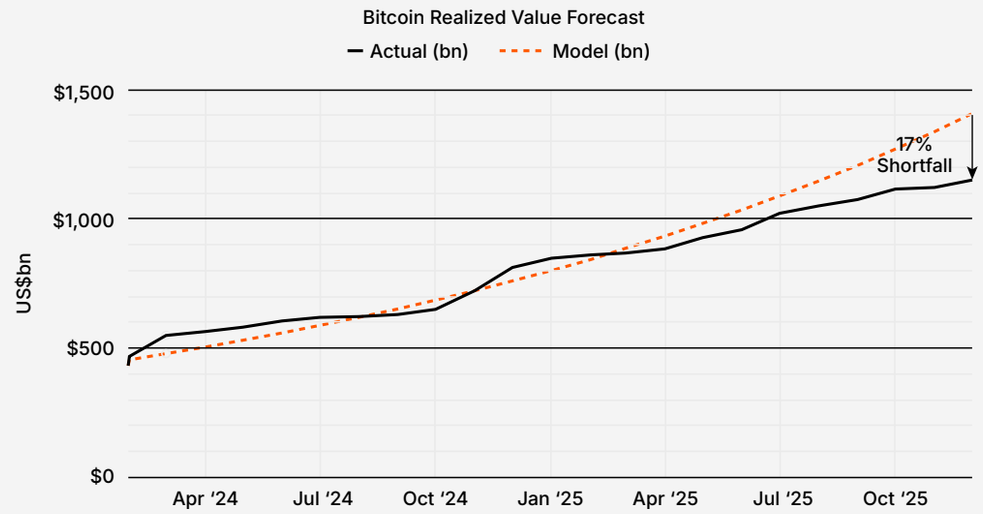
That said, my conscience tells me that I can't claim clean victory. I expected some of the G20 nations racing to stockpile BTCs (hence the word "landbrab" in my prediction), and S&P 500 giants deploying real balance-sheet cash. Instead we got cautious pilots at sovereign levels and gimmicky financial-engineering at corporate levels. Directionally correct, but execution has been off. What it highlights is that, although crypto has come a long way, a lot more education needs to be done for the general public and vested interest in particular. The crypto industry as a whole needs to spend less time with each other inside the echo chamber, and more with those outside the crypto bubble.

2.1.3. The $210,000 Target Miss, and the Big Lesson

My $210,000 target price hinged on the MVRV ratio: market value (MV) divided by realized value (RV), where RV aggregates the price at which each BTC last moved on-chain. It's somewhat akin to a price-to-book ratio for equities. RV proxies the network's "true worth," while MV captures real-time, off-chain price discovery. For a deeper dive, see Valuing Bitcoin: MVRV as a Lens, Not a Crystal Ball.

The target had two parts: 1) RV at $1.4 trillion, and 2) a fair MVRV multiple of 3.5x. Both fell short. The $1.4 trillion RV estimate (vs. ~$1.1 trillion actual as of 11/23/25) assumed +5.3% monthly growth while reality clocked in at just +1.7%, hampered by sluggish on-chain velocity. The 3.5x multiple (vs. ~2x actual) was pegged to a moderate discount from the 4x historical peak range, but macro headwinds kept sentiment muted.

Figure 5 **RV Growth Estimate Undershot...**



Source: Glassnode, Presto Research

Figure 6 ...So Did Target Multiple (as of Nov 02 '25)

Valuation Sensitivity Table

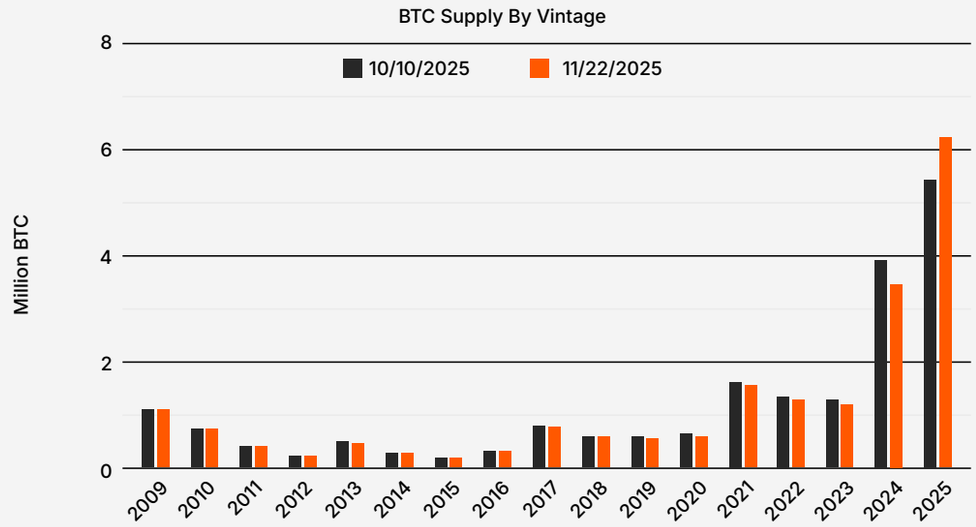
		Multiples								
		2.00	2.25	2.5	2.75	3.00	3.25	3.50	3.75	4.00
Realized Value	$0.75tn	$1.50tn	$1.69tn	$1.88tn	$2.06tn	$2.25tn	$2.44tn	$2.63tn	$2.81tn	$3.00tn
	$0.80tn	$1.60tn	$1.80tn	$2.00tn	$2.20tn	$2.40tn	$2.60tn	$2.80tn	$3.00tn	$3.20tn
	$0.85tn	$1.70tn	$1.91tn	$2.13tn	$2.34tn	$2.55tn	$2.76tn	$2.98tn	$3.19tn	$3.40tn
	$0.90tn	$1.80tn	$2.03tn	$2.25tn	$2.48tn	$2.70tn	$2.93tn	$3.15tn	$3.38tn	$3.60tn
	$0.95tn	$1.90tn	$2.14tn	$2.38tn	$2.61tn	$2.85tn	$3.09tn	$3.33tn	$3.56tn	$3.80tn
	$1.00tn	$2.00tn	$2.25tn	$2.50tn	$2.75tn	$3.00tn	$3.25tn	$3.50tn	$3.75tn	$4.00tn
	$1.05tn	$2.10tn	$2.36tn	$2.63tn	$2.89tn	$3.15tn	$3.41tn	$3.68tn	$3.94tn	$4.20tn
	$1.10tn	$2.20tn	$2.48tn	$2.75tn	$3.03tn	$3.30tn	$3.58tn	$3.85tn	$4.13tn	$4.40tn
	$1.15tn	$2.30tn	$2.59tn	$2.88tn	$3.16tn	$3.45tn	$3.74tn	$4.03tn	$4.31tn	$4.60tn
	$1.20tn	$2.40tn	$2.70tn	$3.00tn	$3.30tn	$3.60tn	$3.90tn	$4.20tn	$4.50tn	$4.80tn
	$1.25tn	$2.50tn	$2.81tn	$3.13tn	$3.44tn	$3.75tn	$4.06tn	$4.38tn	$4.69tn	$5.00tn
	$1.30tn	$2.60tn	$2.93tn	$3.25tn	$3.58tn	$3.90tn	$4.23tn	$4.55tn	$4.88tn	$5.20tn

Source: Glassnode, Presto Research

This drives home a key lesson: macro matters immensely for BTC, more so than many are willing to acknowledge. After all, BTC's price is just the exchange rate between BTC and USD; on-chain metrics illuminate the BTC side but say nothing about USD. Therefore, explaining price purely through on-chain lenses, sans macro overlay, is half-baked. Macro kicks in also because higher prices resulting from more USD supply (a.k.a. "liquidity") sparks on-chain activity as rising BTC price activates dormant supply, boosting RV and justifying higher MVRV multiples. Without those liquidity-driven feedback loops, both RV growth and the final multiple fell short this year.

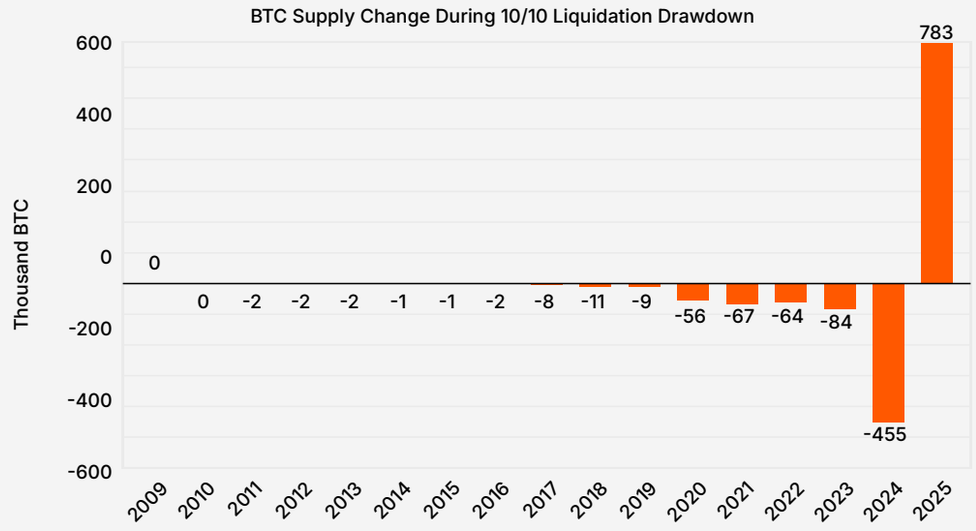
On that note, a quick debunk of the hot "OG selling" narrative for BTC's post-October 10 weakness (the liquidation cascade that "broke the market"). This narrative has been a classic example of human cognitive bias; our brains crave tidy stories over messy truth, and this one's a doozy, exacerbated by "OG" meaning different things to different people. On-chain data tells a clearer tale: transactions since October 10 have clustered in 2021-2025 vintage coins, accounting for minimum 88% of the on-chain transactions, with negligible movement in truly ancient (7+ year) holdings. On-chain data shines here as a supply story, and it's reliably not the real OG exodus[2].

Figure 7 Real OGs Didn't Panic Sell...



Source: Glassnode, Presto Research

Figure 8 ...Capitulation Mostly By 2 Years Old or Younger Holders



Source: Glassnode, Presto Research

[2] Not all on-chain transactions represent ownership change. Our thesis is that the percentage of the non-economic transactions (e.g., custody rotation, wallet management, etc.) is roughly constant throughout all vintages and therefore comparison among vintages provides useful insights.

2.2. Maturing Narratives, Immature Markets

By Min Jung

My 2025 predictions revolved around one big theme: Stockification. Three calls were 1) U.S. becoming the new crypto capital, 2) liquid hedge funds (fundamental strategies) outperforming, and 3) the rise of crypto indexes. Three trends were directionally correct — but adoption varied widely, revealing where crypto has and hasn't matured.

2.2.1. U.S., But Not Base (Yet)

The U.S. undeniably re-emerged as crypto's geopolitical center in 2025, consistent with the thesis, but the benefits did not concentrate in Coinbase and Base to the degree expected.

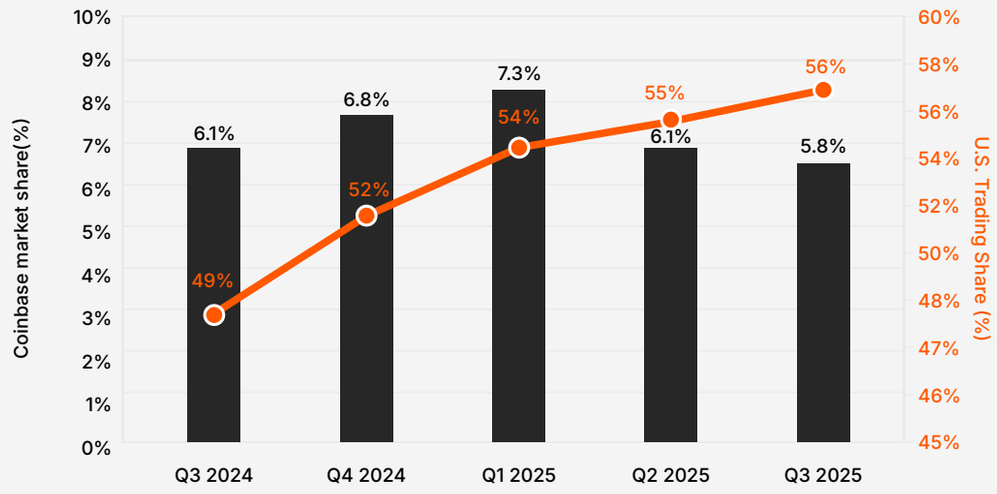
Crypto markets increasingly reacted to U.S. policy headlines, especially following Trump's inauguration. The GENIUS Act and the Strategic Bitcoin Reserve turbocharged sentiment, while the repeal of SAB 121 unlocked institution-level balance sheets. Even the surreal launch of the official $TRUMP token reinforced a broader reality, political capital and crypto capital are now intertwined. This shift is equally visible in market microstructure, U.S. trading hours (13:00–21:00 UTC) now capture 50%+ of global crypto volume despite accounting for only a third of the day, and November 2025's volatility pattern, where all major BTC losses occurred during U.S. sessions, highlights how decisively price discovery has migrated into U.S. hours.

However, there was limited capital rotation into Coinbase's ecosystem compared to expectations. Coinbase saw strong post-election momentum, volumes tripled QoQ (3Q vs 4Q 2024) and on-shore derivatives activity accelerated, yet this impulse normalized faster than expected as DEX competition and tariff-cycle volatility weighed on retail activity. The anticipated "NASDAQ-style listing premium" has not yet fully materialized.

Base mirrored this pattern. Its growth was meaningful in absolute terms, rising TVL, an expanding developer base, and multiple ecosystem launches, but it did not become the clear #2 chain nor the dominant U.S. execution layer implied by the policy backdrop. The most significant technical step forward was x402, positioning Base as an early infrastructure layer for AI-driven micropayments.

In summary, the U.S. did become crypto's Wall Street, New York talent migration, corporate on-ramps, and policy clarity confirm that. But the flagship entities expected to dominate this shift, Coinbase and Base, have lagged the scale of the macro transformation. However, as new launchpad initiatives roll out on Coinbase and potential $BASE launch rumors continue, the thesis remains directionally intact, with full execution still ahead.

Figure 9 **US Trading Hours Growing, While Coinbase's Market Share Stagnates**



Source: Kaito, Coinbase, Presto Research

2.2.2. Fundamentals Gained Influence — But Didn't Lead Performance

The industry did make visible progress toward fundamentals-based valuation. Questions that were once niche, such as whether a protocol generates real revenue and whether that value accrues to token holders, became central to investor dialogue. Buybacks and fee distribution emerged as dominant themes, particularly as Hyperliquid continued to outperform and Uniswap moved toward activating its fee switch, signaling a broader shift toward shareholder-style token economics.

Yet 2025 performance remained largely disconnected from fundamentals.

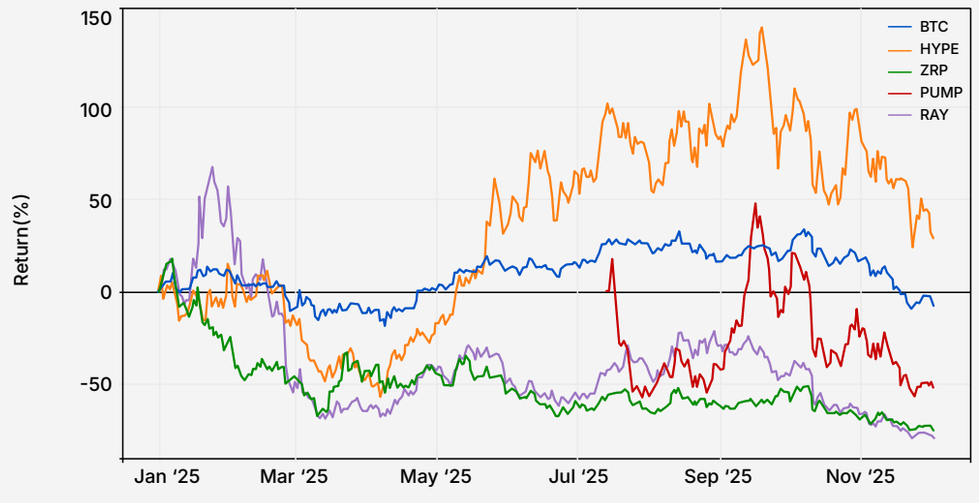
Altcoins continued to trade as Bitcoin beta rather than based on differentiated cash-flow prospects. The assets that outperformed were often low-float, heavily supply-controlled tokens where "active market makers" drove price, not sustainable fundamentals. The October 10 liquidation cascade further revealed how fragile most assets remain when the macro environment turns.

Regarding the entrance of traditional funds, institutional engagement did increase, but still mostly through venture allocations, structured liquidity, and market-making activities, not yet through true fundamentals-driven investing.

Even within hedge-fund strategies, our survey with Otos showed that while fundamentals-focused funds outperformed BTC-only funds, they still lagged behind quantitative and market-neutral funds, underscoring how difficult it remains to generate alpha purely from intrinsic value in a market still driven by flows and supply mechanics.

Still, the shift in mindset marks meaningful maturation. Fee switches, buyback policies, tokenholder rights, and standardized revenue metrics are not temporary narratives; the directional movement toward accountability and economic alignment is now embedded. Even if fundamentals did not matter in price terms in 2025, they mattered in how the industry thinks, and once thinking changes, capital eventually follows.

Figure 10 **Market Still Unwilling to Reward Buyback Tokens (Except $HYPE)**



Source: Presto Research

2.2.3. Indexing Attempts Fell Flat — Bitcoin and Speculation Still Rule

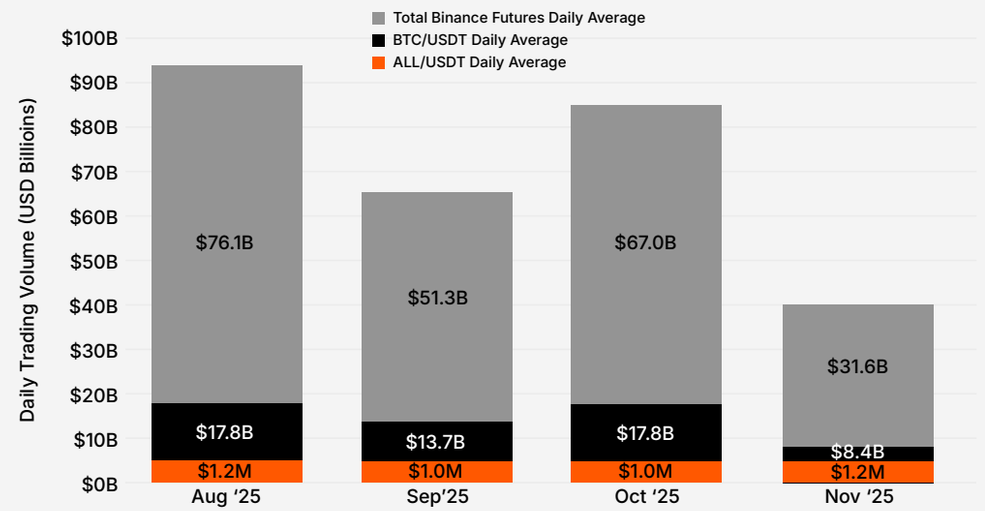
Despite multiple attempts to introduce ETF-style, diversified investment products in crypto, whether sector-based or market-cap-weighted, most efforts failed to gain meaningful traction. This may reflect the prevailing risk appetite in crypto: investors continue to prefer high-volatility, high-convexity exposures rather than broad market baskets.

There are still no widely adopted indexes traded on major exchanges. Binance's launch of ALL/USDT in August, designed to track all USDT-quoted perpetuals in a single product, was the most notable step. Yet open interest and daily volume remains only $1~2.5M, ranking #300~500 among Binance futures pairs and representing <0.003% of total Binance futures activity (avg. $50B/day). The market's verdict is clear: breadth is not what traders want, at least for now.

Where experimentation did gain attention was in structured directional vaults, particularly on Hyperliquid, such as "Long HYPE & BTC / Short Garbage", which effectively offer thematic exposure without requiring users to buy a diversified index outright. These products better align with current market psychology: directional conviction with selective hedging, rather than passive indexing.

As noted, index-based investing is likely to re-emerge over time as fundamentals and sector differentiation continue to mature. But for now, the crypto market still overwhelmingly prefers either Bitcoin or speculation, with little demand for anything in between.

Figure 11 **All/USDT Volume Is Growing but Still Minimal**



Source: Binance, Presto Research

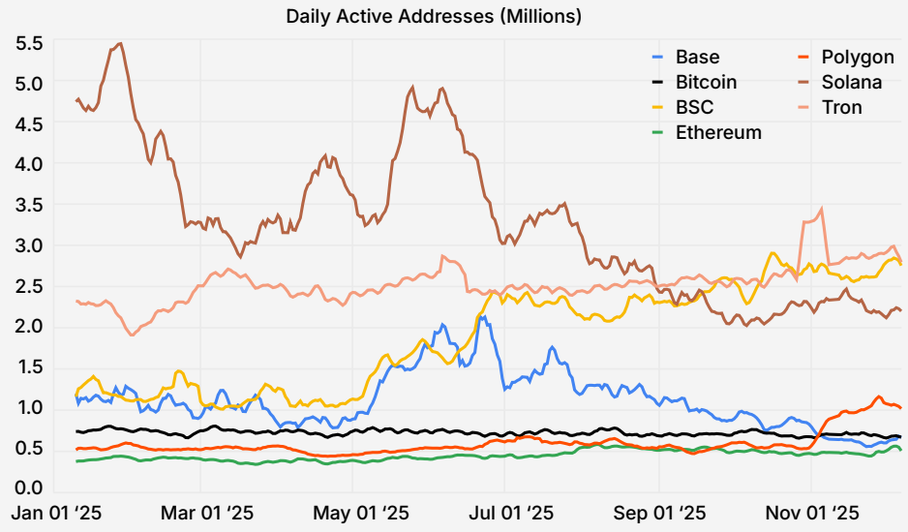
2.3. Was 2025 A Bull Market?

By Rick Maeda

2.3.1. Solana to $1000

In retrospect, the path outlined toward $1,000 SOL overstated the durability of the network's early institutional momentum and the persistence of its user growth trajectory. While Solana did emerge as one of the most active chains through 2025, consistently exceeding two million daily active users and briefly peaking above six million, this surge proved far less stable than anticipated. By Q4, user activity had normalised sharply, falling below two million DAU and revealing a network still highly sensitive to speculative cycles rather than anchored by sustained institutional demand (Figure 12).

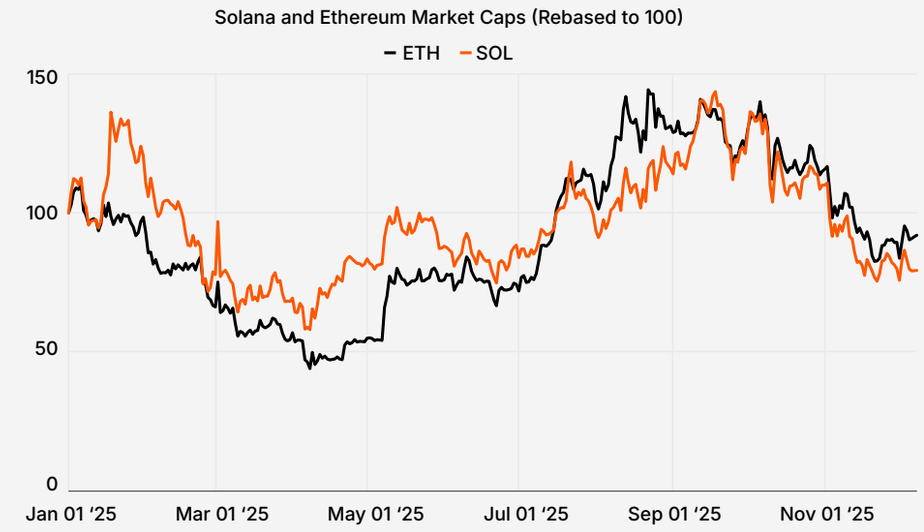
Figure 12 **Solana's DAU change was disappointing in 2025**



Source: DefiLlama

The thesis also assumed that Solana's cultural and architectural differentiation would translate into a valuation glide path comparable to Ethereum's historical multiples. This did not materialise. Although Solana retained its standing among high-volume L1s alongside Tron and BSC, the institutional bid never broadened to the scale required for a multi-hundred-billion-dollar market cap. Instead, capital flows remained selective, liquidity conditions tightened, and valuation multiples compressed across the sector. The projected combination of supply constraints, technical evolution, and accelerating adoption ultimately proved insufficient to support the originally envisioned $485 billion market cap.

Figure 13 **Solana's market cap growth underperformed Ethereum's**



Source: Presto Research

Compounding this was a broadly disappointing year for crypto. Total market capitalisation declined year to date, and the bid for alternative assets faded almost entirely. Outside a few isolated narratives, most alts struggled to attract sustained flows or regain early-cycle momentum. In this environment of weakening liquidity and declining risk appetite, the conditions necessary for Solana's upside scenario simply never emerged.

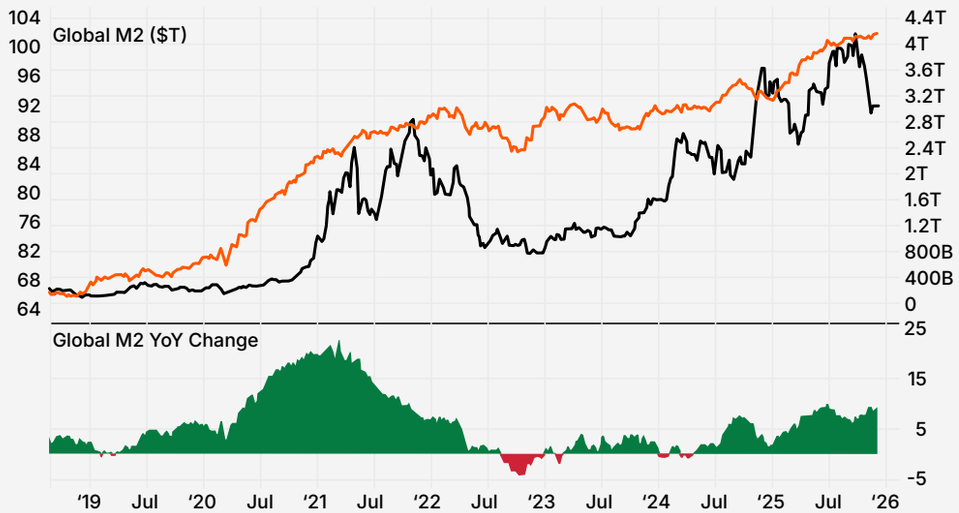
In short, the network continued to advance on many fronts, but the explosive, uninterrupted trajectory implied by the 2024 prediction gave way to a more cyclical and uneven reality.

2.3.2. Total Crypto Market Cap to $7.5T

Looking back, I still think the logic behind the $7.5 trillion target was clean: a $150,000 BTC and a structural decline in BTC dominance would lift the entire asset class in a broad-based bull market. The assumption was that a sustained institutional bid, combined with a more accommodative macro backdrop, would recreate something closer to the 2020–2021 liquidity impulse. In reality, the market delivered almost the opposite. TOTAL peaked at $4.27 trillion in early October, rising just 33.86% year to date before retracing sharply. As of writing, the asset class sits at $3.06 trillion, down 4.08% year to date, marking one of the more disappointing full-year tapes for crypto as a whole.

I've updated the same liquidity chart used in the original prediction (Figure 14). Global M2 has indeed continued to grind higher, which in theory should support risk assets, but the nuance lies in the composition of that liquidity. The Federal Reserve only formally ended quantitative tightening in December, barely a week before this review, meaning the marginal dollar environment throughout 2024 and most of 2025 remained far tighter than the headline M2 figure suggests. Global liquidity grew, but the United States, the anchor for crypto's cyclical behaviour, was still withdrawing liquidity on a net basis until the very end of the year. Without a clear inflection in US monetary policy, the rally was always likely to stall.

Figure 14 **Global M2 grew in 2025 while crypto's market cap shrunk**



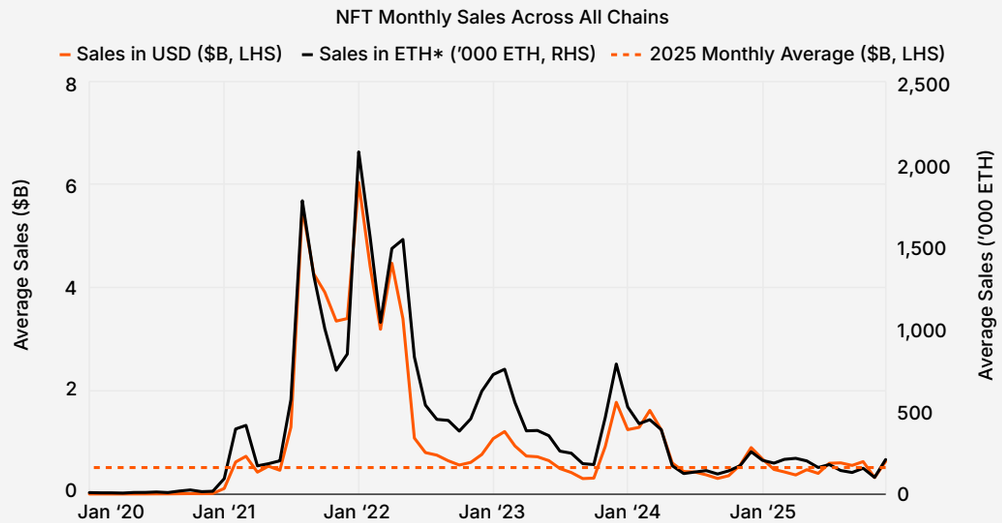
Source: TradingView

At the same time, Bitcoin absorbed the majority of flows through ETF demand while altcoins failed to generate lasting narratives or meaningful uptake. BTC dominance stayed stubbornly high, almost never dipping below the 2025 opening level, reflecting an environment where capital rotated defensively rather than expansively. This narrow leadership, combined with weak risk appetite across the long tail of assets, meant the broad market simply never had the structural participation required to push TOTAL anywhere near the projected $7.5 trillion. Ultimately, the thesis assumed a cycle defined by abundant liquidity and widespread asset participation. What we got instead was a constrained macro environment and a one-asset market.

2.3.3. The 2025 NFT Rebound: Monthly Volume to hit $2B

Looking back at this prediction, it is clear that the cultural and market dynamics I expected to ignite a broad NFT resurgence never truly materialised. While the year did open with a brief spike in activity, with monthly volumes peaking at $678.53 million in January, the momentum faded almost immediately. The full-year average settled at just $514.35 million, far below the $2 billion target and even below the 2021 cycle's baseline. Updating the same chart I used in the original call only reinforces how muted this cycle's NFT participation has been. What was once a vibrant, high-velocity market now resembles a low-tide shoreline (Figure 15).

Figure 15 **NFT volumes in 2025 hit the lowest level since 2020**



Source: cryptoslam.io, Presto Research

A large part of this disappointment stems from the fact that the cultural engine that powered the last NFT wave never reignited. The memecoin meta dominated 2025, absorbing both attention and liquidity, and leaving NFTs without the communal spark that once defined them. User behaviour shifted toward faster, more adversarial forms of speculation, and the NFT market simply could not compete for mindshare. The fragmentation of retail liquidity across perps, points programmes, RWAs, and multi-chain farming further diluted any chance of a concentrated revival.

Equally important is what did not happen. The expected push from mainstream brands and institutions remained superficial, producing little on-chain impact. In a tighter macro environment, illiquid digital collectibles were one of the easiest risk buckets for investors to abandon. The result is a market where volumes stabilised at historically low levels despite overall crypto activity rising elsewhere. The cultural renaissance I anticipated never found its spark, and the data shows a market that has matured, but not in the way I hoped: not toward richer artistic or communal expression, but toward apathy.

Reject humanity, accept that NFTs did not return to monke.

Section 3:
Looking Ahead

3.1. Grown-Ups Take Charge

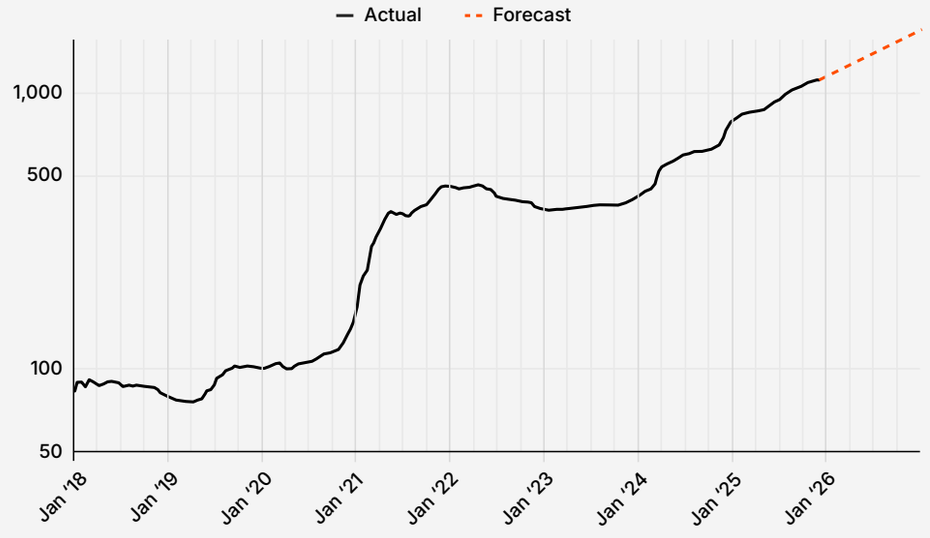
By Peter Chung

3.1.1. BTC Hitting $160,000 in 2026

For price targets, many fixate on the headline number. Seasoned investors, however, judge a target by the rigor of the framework behind it. Even when the headline figure misses, a robust framework sharpens your understanding of what actually moves an asset, making you a better investor in the process. With this in mind, I lay out my framework as follows.

I remain wedded to MVRV as the best single lens for Bitcoin's fair value. No other metric captures both the secular adoption trend and cyclical sentiment swings as cleanly. That said, last year taught me it needs guardrails[3]. Figure 16, 17, and 18 detail the refined assumptions behind the 2026 version.

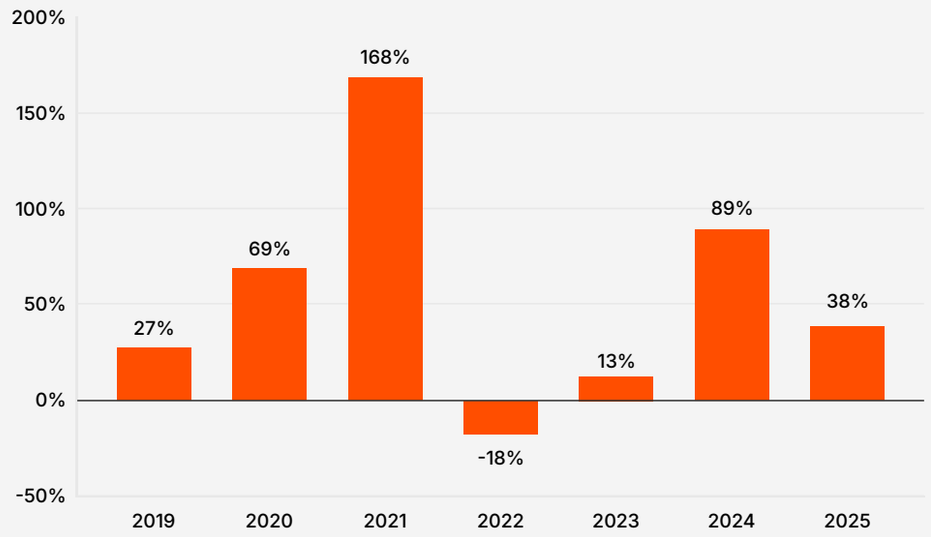
Figure 16 Realized Value Trend and Forecast



Source: Glassnode, Presto Research

[3] Its limitations are explored in Presto's report Valuing Bitcoin: MVRV as a Lens, Not a Crystal Ball.

Figure 17 Realized Value Growth Rates Since 2019



Source: Glassnode, Presto Research

Figure 18 Estimating 2026 Realized Value

Actual					
Monthly Growth Rate	2.6%				
Jan 25	**Feb 25**	**Mar 25**	**Apr 25**	**May 25**	**Jun 25**
$848	$861	$868	$884	$927	$958
Jul 25	**Aug 25**	**Sep 25**	**Oct 25**	**Nov 25**	**Dec 26**
$1,022	$1,050	$1,075	$1,115	$1,121	$1,150

Forecast		
Assumptions		
Annual Growth Rate[1]	47.3%	Note: [1] Arithmatic average of annual RV growth rates in 2019, 2020, 2023, 2024 and 2025.
Monthly Growth Rate	3.3%	

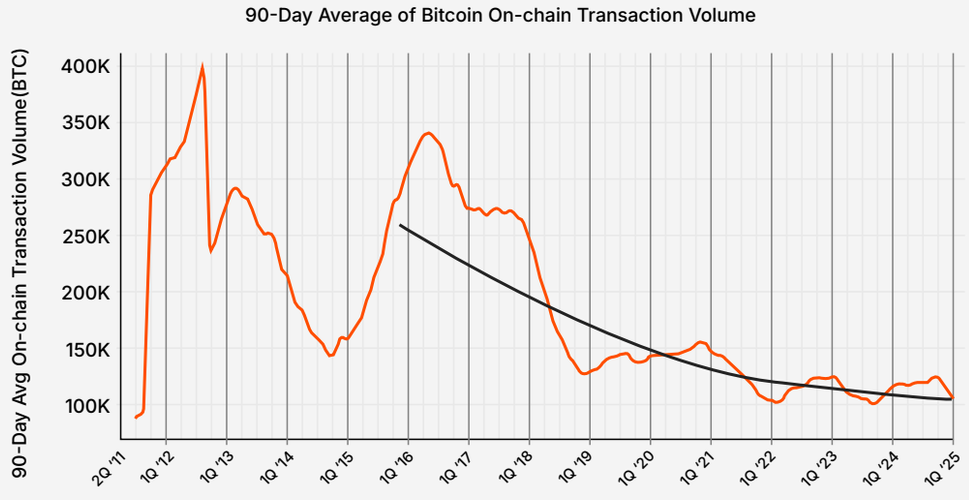
Jan 26	**Feb 26**	**Mar 26**	**Apr 26**	**May 26**	**Jun 26**
$1,188	$1,227	$1,267	$1,309	$1,352	$1,396
Jul 26	**Aug 26**	**Sep 26**	**Oct 26**	**Nov 26**	**Dec26**
$1,442	$1,489	$1,538	$1,588	$1,641	$1,694

Source: Glassnode, Presto Research

My thesis was and continues to be that RV captures Bitcoin network's secular growth (e.g. growing ETF holdings), whereas the MVRV multiple captures the cyclical trend. That said, I now fine-tune the RV forecast process by using the 2019–2025 average annual RV growth as a baseline growth rate (excluding the two outlier years, 2021 and 2022), rather than using a single year's growth rate. This yields a far more realistic +3.3% monthly baseline growth rate, leading to an end-2026 RV of ~$1.69 trillion. The rationale behind the adjustment are as below:

- Unlike popular belief, RV does not accurately reflect the BTC holders' cost basis, as only about 25% of the on-chain transactions is estimated to represent ownership change.[4] The rest is for wallet or custody rotations by whales or centralized intermediaries such as exchanges.
- MVRV framework's implicit assumption is that higher prices wake up dormant coins, triggering on-chain transactions → RV rises → MVRV looks "cheaper" → prices rise further. This circularity however means RV has limited standalone predictive power.
- Since 2019, daily on-chain transaction volume remains stagnant compared to the earlier years, reflecting the changes in how users interact with the network – i.e. more via centralized intermediaries, Layer 2, and/or as a store of value.

Figure 19 **Bitcoin's On-chain Transaction Volume (BTC)**



Source: Blockchain.com, Presto Research

[4] Over 75% of Bitcoin's On–Chain Volume Doesn't Change Hands, Rafael Schultze-Kraft, Glassnode, Feb 12, 2020

Estimating a fair MVRV multiple is the trickier part this year. The old 0.7–4.2x historical range is increasingly less relevant: institutional ownership is rising, the four-year halving cycle is flattening, and most importantly, a blockchain-specific risk is moving to the foreground: sooner-than-expected arrival of a cryptographically relevant quantum computer (CRQC).

Our previous deep dives Quantum Computing x Crypto: Everything You Need To Know, and Quantum Computing Expert Answers All Your Crypto Questions, concluded that material risk was still comfortably a decade away. The technological advancement has been made since then, and many respected voices in the field now argue that the time buffer has been shrunken dramatically, calling for the industry's coordinated action immediately[5].

[5] Refer to Nic Carter's recent article Bitcoin and the Quantum Problem – Part II: The Quantum Supremacy for more.

Figure 20 Even Top Quantum Hyperbole Critic Brings Timelines Forward

Scott Aaronson

I'm Schlumberger Centennial Chair of Computer Science at The University of Texas at Austin, and director of its Quantum Information Center. My research interests center around the capabilities and limits of quantum computers, and computational complexity theory more generally.

It's like this: if you think quantum computers able to break 2048-bit cryptography within 3-5 years are a near-certainty, then I'd say your confidence is unwarranted. If you think such quantum computers, once built, will *also* quickly revolutionize optimization and machine learning and finance and countless other domains beyond quantum simulation and cryptanalysis—then I'd say that more likely than not, an unscrupulous person has lied to you about our current understanding of quantum algorithms.

On the other hand, if you think Bitcoin, and SSL, and all the other protocols based on Shor-breakable cryptography, are almost certainly *safe* for the next 5 years … then I submit that your confidence is *also* unwarranted. Your confidence might then be like most physicists' confidence in 1938 that nuclear weapons were decades away, or like my own confidence in 2015 that an AI able to pass a reasonable Turing Test was decades away. It might merely be the confidence that "this still looks like the work of decades—*unless* someone were to gather together all the scientific building blocks that have now been demonstrated, and scale them up like a stark raving madman." The trouble is that sometimes people, y'know, *do that*.

Source: https://www.scottaaronson.com/, https://scottaaronson.blog/

To be clear, it's not all doom and gloom. Not everyone agrees on the urgency, such as a16z's Justin Thaler. A more mature take is that these louder warnings are actually healthy: they force the industry to stay sharp and kick off the inevitable post-quantum upgrade ahead of schedule. That said, perception matters for investors. When a risk that was once a vague, distant "someday" suddenly gets pulled forward in the collective conversation, investor psychology can shift. If the Bitcoin ecosystem is seen as dragging its feet (a real possibility, given past upgrade patterns), uncertainty will find its way into price. The appropriate discount is debatable and will fluctuate. The appropriate discount is debatable and will fluctuate, but is emphatically not zero, and is a factor every thoughtful investor should now include in their valuation framework. In my model, that translates into a roughly 30 % 'quantum haircut' on the otherwise justifiable multiple.

Putting it together, I arrive at $160,000 as a base-case 2026-end price target ($1.69 trillion RV × 1.9× fair multiple = ~$3.2 trillion market cap ÷ ~20.1 million liquid supply ≈ $160,000). The 1.9× multiple is composed of two parts: 1) the 2025 cycle peak we would revisit once the new dovish Fed chair takes office in 2026 and fiscal stimulus ramps ahead of the mid-terms next year, 2) but discounted by "the 30% quantum haircut," to reflect the valuation overhang from quantum upgrade uncertainty.

Figure 21 Factoring in Liquidity & Quantum Upgrade Outlook

	Today Dec 6 '25	Dec '26 (Forecast)		
		Best Case	Base Case	Worst Case
RV (billion)	$1,020	$1,694	$1,694	$1,694
MVRV Multiple (x)	1.9	2.4	1.9	1.1
Cycle Peak (x)	2.7	2.7	2.7	2.7
Quantum Discount	N/A	10%	30%	60%
Market Cap (billion)	$1,800	$4,116	$3,202	$1,830
Circulating Supply (BTC)	19,958,581	20,133,715	20,133,715	20,133,715
Price per BTC	$90,189	$204,454	**$159,020**	$90,868

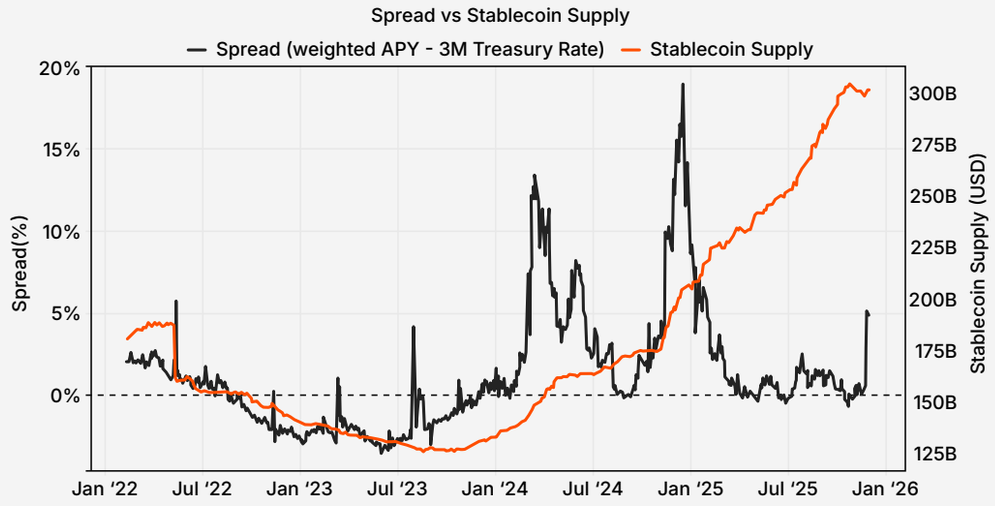
Source: Glassnode, Presto Research

3.1.2. Tokenization To Reach $490 billion

Here, I use "tokenization" as an umbrella for both fiat-pegged stablecoins and real-world assets (stocks, bonds, commodities, etc.). They are related but deserve separate treatment.

USD stablecoins have undeniable product-market fit, but the quiet reality is that, as briefly mentioned in Section 2, roughly two-thirds of outstanding supply is still tied to speculative use cases. The on-chain yield spread (i.e. the gap between holding a USD stablecoin in DeFi and parking cash in 3-month T-bills[6]) is a useful indicator in this regard, which shows high correlation with the total stablecoin supply.

Figure 22 **On-chain Yield Spread Drives Stablecoin Demand for DeFi Usage**



Source: DeFiLlama, Presto Research

The remaining one-third, attributable to payment/remittance usage, is non-cyclical and should continue compounding at its historical 7–8 % quarterly clip. The GENIUS Act could provide an additional tailwind, but implementation timelines are still too uncertain to bank on for 2026 numbers. All in all, I expect the total stablecoin market cap to reach $450 billion by year-end 2026, driven by steady secular expansion plus a still-respectable (but no longer explosive) cyclical component.

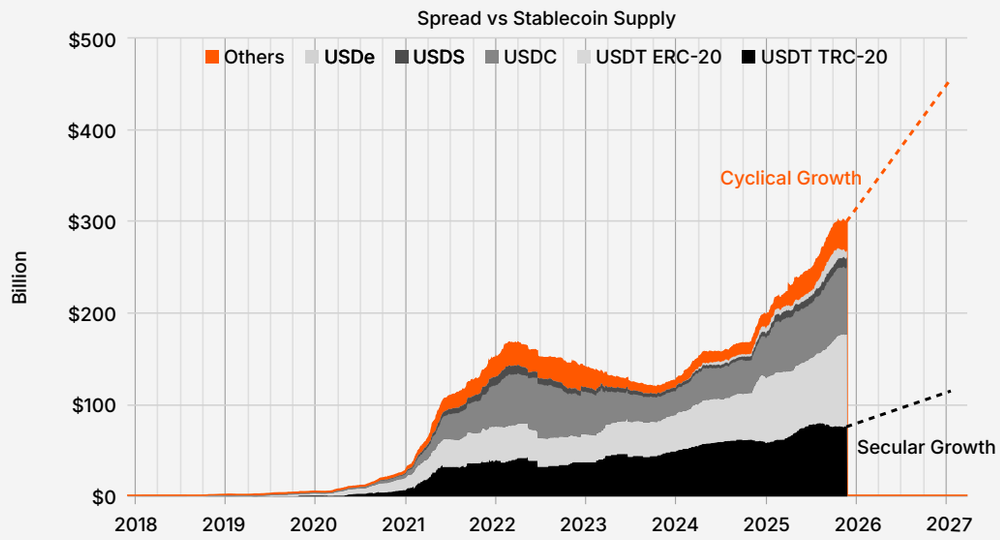
Figure 23 **Stablecoin's Secular and Cyclical Growth**

	Secular Growth	Cyclical Growth	Total
Tokens	USDT TRC-20	USDT ERC-20 USDC Others	
Growth Rate (Quarterly)	7.86%	9.50%	
Growth Rate Volatility	Low	High	
3Q '25(A)	$76B	$216B	$292B
4Q '25(E)	$82B	$237B	$319B
1Q '26(E)	$88B	$259B	$348B
2Q '26(E)	$95B	$284B	$379B
3Q '26(E)	$103B	$311B	$414B
4Q '26(E)	$111B	$341B	$451B

Source: rwa.xyz, Presto Research

[6] Refer to Presto's 4/8/25 report Unpacking Stablecoin's Dual Drivers for more.

Figure 24 **Breaking Down Stablecoin's Expected Growth**



Source: rwa.xyz, Presto Research

The idea of RWA tokenization is almost as old as Ethereum itself but only in the last couple of years has it really matured into a credible investment theme. The market has progressed through four phases in the past three years, building on the stablecoin holder base that came before.

Reckoning (2022–2023) : Stablecoin holders got a brutal crash course in the perils of crypto-native yield after the 2022 lending platform collapse. Yield-hungry stablecoin holders started scrambling for more reliable alternatives.

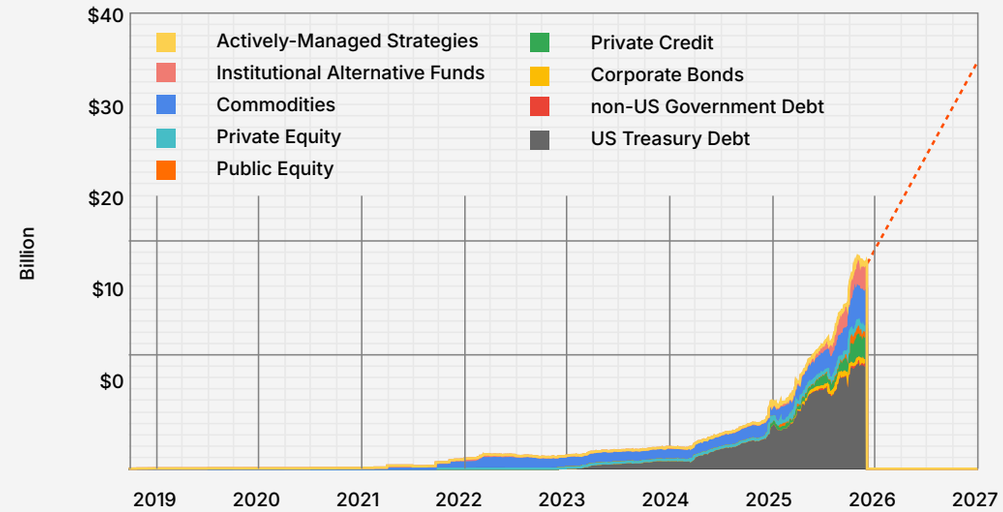
Credit (2023–2025) : Tokenized TradFi credit instruments (Treasuries, private credit, institutional funds) quickly filled the void. Familiar underlying assets + real yield = rapid adoption

Commodities (2025) : Tokenized gold exploded this year (+70 % category return). Tether Gold (XAUt) alone now holds 116 tons in physical gold which is more than what South Korea, Hungary, or Greece each hold in their central banks. Gold is now the fourth-largest tokenized asset class after USD, private credit, and Treasuries.

Equity (late 2025) : Crypto-natives' growing interest in trading crypto equities have recently fueled tokenized equity issuance (e.g., MSTRx, CRCLx, COINx HOODx, etc.). This will only grow as more familiar crypto names go public. It's still early days compared to the credit instruments but its outlook is promising in the long run[7].

The unifying lesson: tokenization only wins when the underlying asset is already globally demanded. USD, USD-denominated credit instruments, gold, and marquee tech stocks are globally sought after and hence change hands borderlessly. It doesn't make sense to tokenize local real estate, niche equities or intellectual property only a small local community values. Think of blockchain as a global highway; it is great for Lamborghinis, useless for tractors. Given that insight and the momentum across all four phases, I expect the USD-denominated non-fiat RWA market cap to continue its growth trajectory and double in 2026, ending the year around $36 billion.

Figure 25 **Tokenization Charging Ahead**



Source: rwa.xyz, Presto Research

[7] In a move that highlights the growth potential for tokenized equity, on Dec. 2nd, Kraken announced the acquisition of Backed Finance, the Switzerland-based company that operates xStock series.

3.1.3. Atkin's Project Crypto To Fire on All Four Cylinders

Making predictions in a nascent industry is no easy feat, but the SEC chair Paul Atkins made it a lot more legible. His 26-minute "Project Crypto" speech this summer discusses his vision for the US capital market and the role crypto industry can play in its evolution. It's the clearest, most pro-innovation roadmap one can ask for, and a must-read for any serious industry participant. Busy professionals can refer to the summary in Presto's Project Crypto: A Catalyst For Fee Switch Trade?

Of the four pillars Atkins laid out in the speech, I expect at least one major deliverable under each in 2026, as summarized in Figure 26.

Figure 26 **How Atkin's Vision Will Manifest**

Vision	Description	Predictions
Crypto Distribution	Setting clear guidelines for ICOs, airdrops, tokenization	• 15 token sales via Coinbase and Kraken
Custody Services	Allowing more choices for custody solutions	• BNY to secure $10B crypto assets under custody (~5% market share in BTC & ETH spot ETF market)
Service Flexibility ("Super-apps")	Prioritizing economics & value-add over outdated licensing frameworks	• Charles Schwab & E*Trade to support crypto trading • Coinbase to support tokenized equity trading and prediction markets
DeFi Integration	Encouraging TradFi's DeFi integration	• At least one of JP Morgan, BlackRock, Fidelity, and Goldman Sachs to integrate with Aave Horizon

Source: SEC, Presto Research

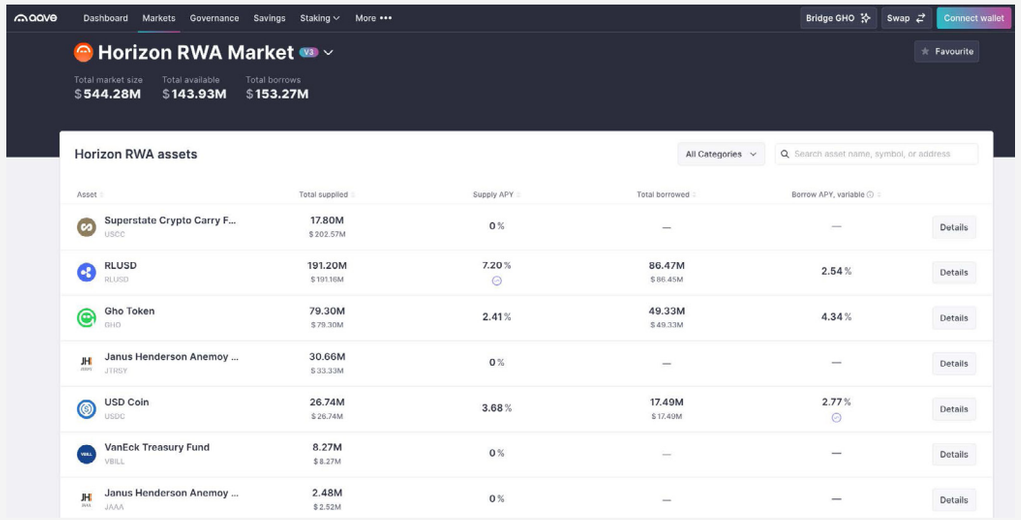
Crypto Distribution: Coinbase and Kraken have launched token sales to US investors this year (i.e., $MON, $YB), effectively marking the rebirth of (compliant) ICO, and setting the stage for a new era of crypto distribution. Coinbase has guided for one token sale every month in 2026. Kraken is quieter on numbers but clearly doesn't want to fall behind.

Custody Services: Crypto-native custody players had it all to themselves for years but this will change next year as TradFi custody players aggressively go for their share of this growing pie. Spot Bitcoin and Ethereum ETF sponsors have already begun diversifying away from Coinbase (e.g., BlackRock's $IBIT adding Anchorage, $ARKB adding both Anchorage and BitGo). The logical next domino is BNY Mellon, the 240-year-old gold standard in custody, launching qualified crypto custody services. When the world's most trusted name plants its flag in crypto, another big chunk of institutional hesitation evaporates.

Service Flexibility: Brokerage apps are converging. Charles Schwab and E*Trade are reportedly launching crypto trading in 1H26, while Coinbase is said to be working on offering tokenized equity and event contracts trading (prediction markets). Regulated exchanges are expected to play their part by upgrading its Bitcoin futures contract to 24/7 trading and adding physical delivery/spot settlement. The move could potentially challenge the current crypto-trading venues landscape.

DeFi Integration: 2026 is the year pilot programs turn into real products. BlackRock, Fidelity, JP Morgan, and Goldman Sachs already have sandbox teams. Among the DeFi protocols, Aave stands out, especially after the successful launching of Aave Horizon, a permissioned RWA borrowing/lending protocol. I expect further integration of the platform with one of the four firms above.

Figure 27 **Product-Market-Fit with Permissioned RWA Borrowing/Lending Protocol?**



Source: https://app.aave.com/markets/

3.2. Nothing Works Like It Used To

By Min Jung

3.2.1. Median Altcoin Funding Rate ≤ 0 % Becomes A Norm

For the past several years, the crypto derivatives market has operated under a simple assumption: positive funding is the default. Perpetual futures tended to price in a belief that crypto should go up over time, with negative funding appearing only during sharp liquidations or temporary sentiment shocks. As noted in State of the Secondary OTC Market, even when altcoins traded at 50-70% discounts in secondary markets, funding remained positive, a lingering relic of the bull-market mindset.

But that disconnect finally began to correct as market conditions tightened.

2025 exposed the structural reality of most tokens: limited value accrual, continuous unlock-driven sell pressure, and weak organic demand. As a result, short positioning is transitioning from a tactical trade to the baseline expectation.

Crucially, the rise of delta-neutral vehicles and SAFT–perp arbitrage — with market-neutral funds systematically long OTC / short futures — has created a persistent source of negative carry for low-quality assets. In a market increasingly driven by rational balance-sheet management, funding rates are becoming a direct reflection of token fundamentals (or the lack thereof).

In 2026, median altcoin funding is likely to remain at or below zero for extended periods. Positive funding will accrue only to assets with real user demand or sustainable economic activity, while the majority of tokens will face a structural cost of capital just to maintain exposure.

Put differently: funding is finally pricing in reality.

Figure 28 **Even Large-Cap Tokens Face Sustained Negative Funding**

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025*
BTC	0.008%	0.006%	0.005%	0.007%	0.004%	0.003%	0.002%	0.001%
ETH	0.007%	0.005%	0.004%	0.006%	0.002%	0.001%	0.000%	-0.001%
BNB	0.006%	0.004%	0.003%	0.005%	0.002%	0.000%	-0.001%	-0.001%
SOL	0.010%	0.007%	0.005%	0.006%	0.003%	0.001%	-0.001%	-0.002%
XRP	0.005%	0.003%	0.002%	0.004%	0.001%	0.000%	-0.002%	-0.003%
DOGE	0.018%	0.015%	0.012%	0.010%	0.008%	0.003%	-0.001%	-0.002%
ADA	0.017%	0.014%	0.011%	0.009%	0.007%	0.002%	-0.002%	-0.003%
LINK	0.016%	0.013%	0.010%	0.008%	0.006%	0.001%	-0.003%	-0.004%
DOT	0.019%	0.016%	0.013%	0.011%	0.009%	0.004%	-0.001%	-0.002%

Source: Presto Research

3.2.2. Traditional Banks Begin Underwriting BTC-Secured Mortgages

For most of Bitcoin's history, "never sell your Bitcoin" was more of a cultural refrain than a functional financial principle. Even after Trump's viral pledge at Bitcoin2024 Nashville that the U.S. government would "never sell" its forfeited Bitcoin, ordinary people still had to sell theirs to buy a home, start a business, or unlock liquidity. Unlike equities, treasuries, or even alternative assets, Bitcoin simply wasn't recognized by the traditional credit system.

That boundary is beginning to loosen in ways that fundamentally change how Bitcoin interacts with the real economy.

At the state level, New Hampshire approved the structure for a $100 million Bitcoin-backed municipal bond using over-collateralized Bitcoin held by a qualified custodian. The bond has not yet been issued and still requires final authorization, but the design shows how public finance can use Bitcoin in the same way it uses other pledged assets. If this structure is finalized and purchased, it would become the first example of a U.S. state using Bitcoin to support municipal borrowing.

Wall Street is moving in the same direction. JPMorgan's crypto-collateral lending program, still pending launch, reflects a shift in how major banks evaluate digital assets. Goldman Sachs has already accepted Bitcoin as collateral in select private-wealth cases, and the broader market recorded more than $1.2 billion in Bitcoin-backed loan originations in 2025, with roughly $800 million active before any Tier-1 bank formally entered the space. This indicates clear borrower demand for liquidity without selling Bitcoin.

Outside traditional banking, companies like Ledn have demonstrated that individuals and startups will readily pledge Bitcoin instead of liquidating it. Ledn's book crossed hundreds of millions of dollars in secured Bitcoin loans, with most borrowers choosing collateralization to avoid tax events or breaking long-term holdings. This serves as a retail-level proof of concept: Bitcoin works as collateral when lenders have custody and valuation standards in place.

And in housing, federal regulators have begun considering frameworks that would allow verified Bitcoin holdings to count as qualifying reserves. The proposal remains unresolved and faces political opposition, but the core idea has crossed into the mortgage system: Bitcoin does not always need to be sold to support a home purchase.

It is important to note that none of this was technically impossible before — borrowers have long been able to collateralize Bitcoin inside the crypto world through DeFi protocols. What changes in 2026 is that institutions outside of crypto begin recognizing Bitcoin as a collateral asset at scale: state treasuries, major banks, and, for the first time, mortgage underwriters. At this point, Bitcoin's price matters less than the structural trend — mainstream credit institutions are normalizing Bitcoin as collateral regardless of where it trades.

Taken together, these developments point to a clear 2026 outcome: U.S. mortgage lenders will process the first wave of applications that explicitly include verified Bitcoin holdings as part of a borrower's qualifying reserves. For the first time, Bitcoin will appear inside standard consumer underwriting files, allowing households to strengthen their loan applications without liquidating long-term positions. In this sense, 2026 is the year when "never sell your Bitcoin" becomes not just cultural advice, but a practical option in the U.S. housing market.

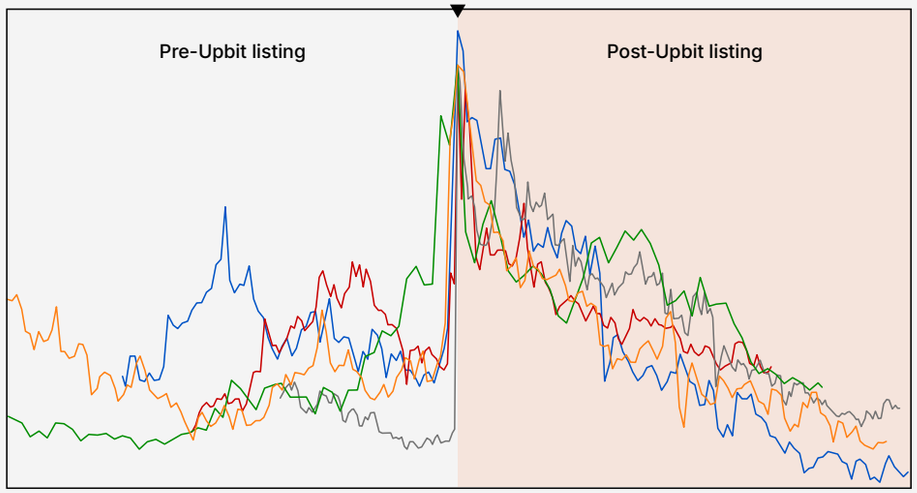
3.2.3. No More Listing Pump in Korean Exchanges

Much like the belief that positive funding should be the default state of crypto markets, the “Korean listing pump” was a learned behavior repeated for years. Listing on a Korean exchange, especially Upbit or Bithumb, reliably triggered aggressive price dislocations driven by KRW-only access and retail FOMO. Historically, newly listed tokens enjoyed 20-50% spikes that lasted several days before gradually unwinding.

While 2025 still produced a few notable pumps, the broader pattern has shifted. Even when upside appears, the listing moment now frequently marks the local top, with price action retracing faster and harder than in prior cycles. Most listings show only limited initial strength before collapsing back to pre-listing levels, often within the same session and before retail traders have time to react. The result is a market environment where pumps still occur, but the durability and tradability of these moves have deteriorated sharply.

This shift reflects a maturing market structure across several fronts.

Figure 29 **Upbit listings mostly mark local highs.**



Source: Presto Research

1. Regulatory Response After the Movement Incident
The $MOVE listing in Coinone, where a 4,600x spike in 40 minutes was followed by a 99% collapse, forced the FSC to tighten controls. Exchanges must now verify deposit thresholds before trading opens, disclose token unlocks and treasury holdings, and submit to state-guided listing oversight. These rules deliberately remove the low-float, high-volatility conditions that once fueled classic listing pumps.

2. Exchange Consolidation & Liquidity Integration
Upbit’s integration with Naver pushes Korea toward a mainstream fintech model rather than a speculative one. Meanwhile, Binance’s potential influence through Gopax encourages more alignment between Korean orderbooks and global liquidity. As price discovery becomes more globally integrated, isolated KRW-driven dislocations naturally diminish.

3. Policy Direction: Centralized Listing/Delisting Power
There is rising expectation that the Korean government, not exchanges, will soon hold final authority over which assets can be listed or delisted. This implies stricter standards, fewer opportunistic listings, and far fewer “pump-friendly” setups. Even the anticipation of such oversight has suppressed speculative behavior ahead of listings.

4. Behavioral Evolution: No More Exit Liquidity
After multiple cycles of being the last buyer, Korean retail has fundamentally changed its behavior. Roughly 70% of 2025 listings reversed within 24 hours, and Upbit volumes are falling despite a record number of listings. Communities are openly rejecting the habit of chasing early pumps, having internalized the risks of top-buying.

Taken together, these forces lead to a clear conclusion: the era when “listing on a Korean exchange = guaranteed pump” is over. Regulation, liquidity integration, and retail behavior have collectively destroyed the structural conditions that made the pattern repeatable. What remains is a brief, compressed burst of volatility, more noise than opportunity, and a Korean market that increasingly resembles a regulated financial system rather than a speculative casino.

3.3. Crypto is Coming for TradFi Volumes

By Riku Maeda

3.3.1. ETHBTC to Hit a 9-Year Low

After 2 years of down-only price action, the ETHBTC cross was back in the spotlight in 2025, with ETH experiencing some much needed relative strength. From a low-to-high, the cross rallied over 145% from May through to August, as ETH's more robust recovery after the US-China trade spat was followed by a further ETH DAT tailwind.

As of writing in late-November, BTC is at $90,100 and ETH is at $3,020, putting the ETHBTC cross at 0.03352. The last time BTC was at this level in late-April, ETH was $1,700, putting the cross at 0.01887, 43.7% lower than today's level. Despite the "bullish" DAT news around ETH, I believe that isn't enough to argue that ETH, comparatively to BTC, has been the beneficiary of such positive news and/or an outlook to justify this price action.

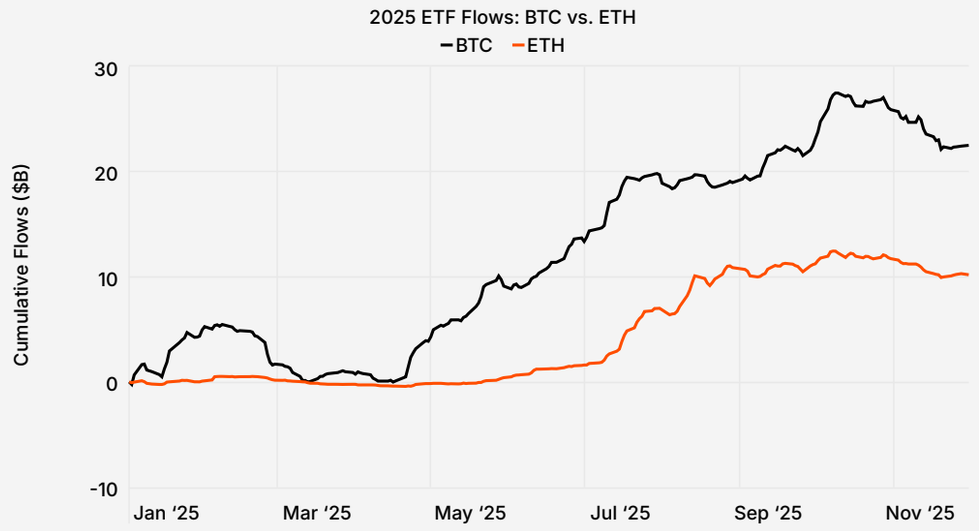
Even when you strip out the DAT noise and look at the clearest institutional signals, the picture does not change. BTC is the face of crypto and continues to attract the bulk of passive and allocator attention. The IBIT versus ETHA comparison makes that point cleanly: both are BlackRock products leading its respective underlying asset, given ample time to mature. Yet IBIT's AUM remains more than six times larger than ETHA, reflecting a structural preference for BTC as the core exposure in model portfolios, multi-asset frameworks, and passive sleeves.

The policy backdrop reinforces that split. US regulators, sovereign entities and the largest asset managers have all converged on BTC as the reserve asset for the sector. BTC now sits in strategic reserves, is presented as a macro diversifier, and carries none of the classification risk that still hangs over ETH. Allocators can hard-code BTC into policy with confidence, which is exactly why the cumulative ETF flows in 2025 skew so heavily in its favour. ETH simply does not command that role. It may benefit from episodic narratives like Tom Lee's DAT, but the slow, heavy, structural bid belongs to BTC, and that ultimately will continue to drag the cross lower.

Net assets of funds:
- $IBIT: $66.33
- $ETHA is $10.11B
- ETHA/IBIT: 0.1524

Market cap:
- BTC: $1,727.13B
- ETH: $336.61B
- ETH/BTC: 0.1949

Figure 30 BTC is the institutional favourite child

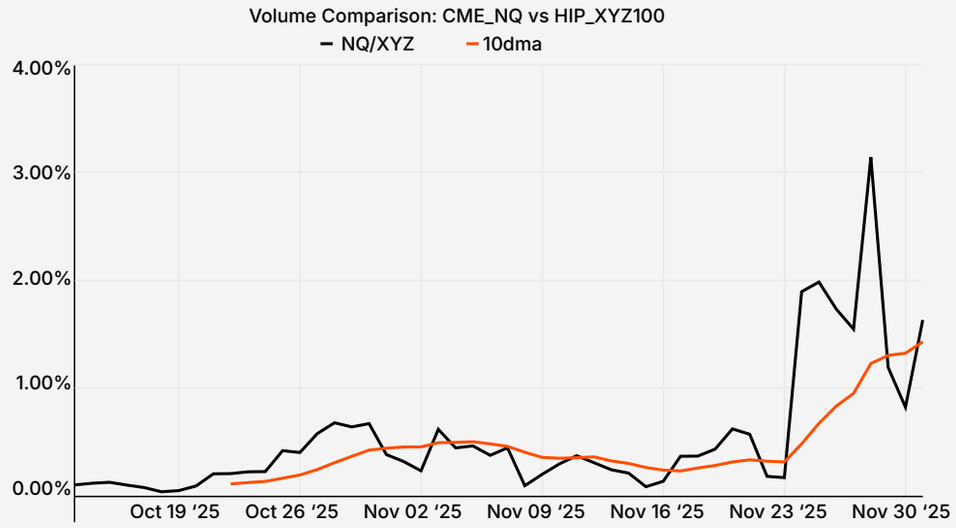


Source: DefiLlama

3.3.2. On-Chain Nasdaq Volume To Hit 5% of CME Nasdaq Volumes

Since Hyperliquid's HIP-3 XYZ100 perp went live in October, the ratio of HIP-3 to CME Nasdaq volume has averaged only 0.54%, but the early signs point to something much bigger. Hyperliquid has already carved out a dominant position in on-chain perps and plugging equities into that flow engine was always going to pick up momentum quickly.

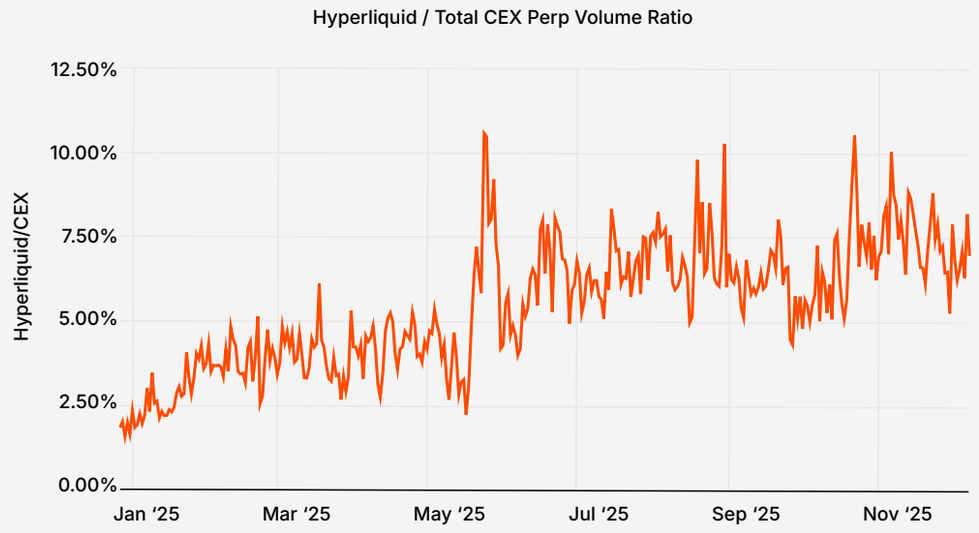
Figure 31 **HIP3 has a long way to go**



Source: Presto Research

When Hyperliquid first went live a year ago, it was capturing under 2% of volumes relative to the aggregate volume of major CEXs. A year on, Hyperliquid is now consistently clearing above 5% of CEX perp volumes and has printed double-digit share multiple times. Of course CEX perps and CME Nasdaq futures are not identical markets but this comparison displays how a crypto-native, 24/7, cross-margin venue can experience massive adoption from offering a synthetic version of a legacy product. HIP-3 is operating inside that same engine. If Hyperliquid can take perp market share from the deepest, most entrenched CEXs in less than a year, taking Nasdaq volume share from CME off a near-zero base is not a stretch.

Figure 32 **Hyperliquid's relative growth has been impressive in CEX markets**



Source: Laevitas, Presto Research

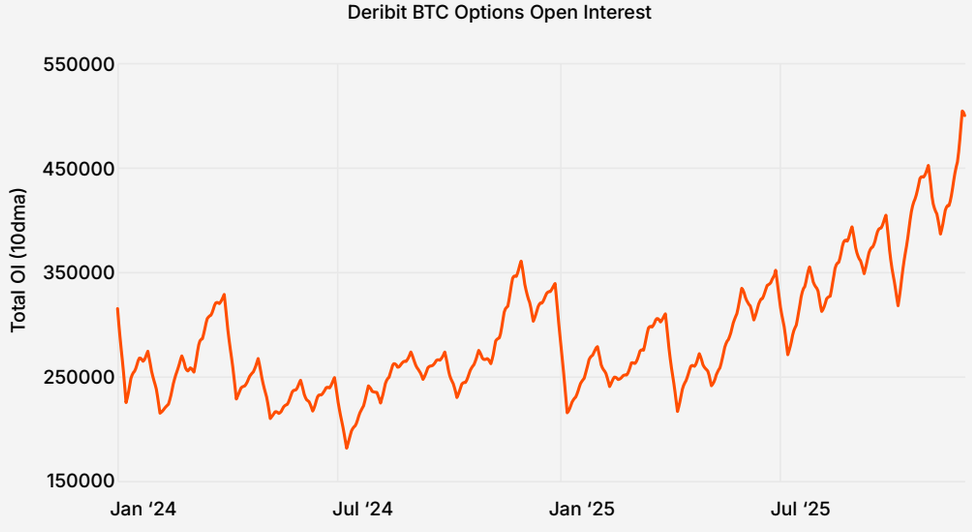
The Nasdaq basket climbed into Hyperliquid's top markets within weeks, helped by the broader shift toward 24/7 equity exposure that both DEXs and major CEXs are now leaning into. Traders also value the composability and cross-margining that CME can't offer. And despite volatile funding, which is the obvious drawback, this user base tends to treat it as part of the landscape rather than a deterrent. From this starting point, a move toward a 5% volume share in 2026 feels entirely achievable rather than optimistic.

3.3.3. BTC 30-Day IV-RV Spread Averaging <20 in 2026

Across the past three years, the BTC's 30-day IV-RV (Implied Volatility-Realized Volatility) spread has sat comfortably above 25 even during times of compression, showing the market's persistent over-estimation of volatility. However, the structure of the market is shifting: BTC has increasingly been trading like a macro asset rather than a frontier asset class and the options stack has deepened as more market participants seek out vol trade structures.

The growth of ETF options, covered-call products, and corporate treasuries experimenting with overwriting creates a steady supply of short-dated vol that simply did not exist two years ago. At the same time, realised volatility is being smoothed by better hedging tools, more two-sided flow and systematic strategies that lean into selling high IV. Since the launch of IBIT, BTC options contract open interest on Deribit has increased 88.50% to date. BTC cannot be staked, so manufactured yield through option selling becomes the natural substitute, as we have seen in Strategy and Metaplanet's playbook already.

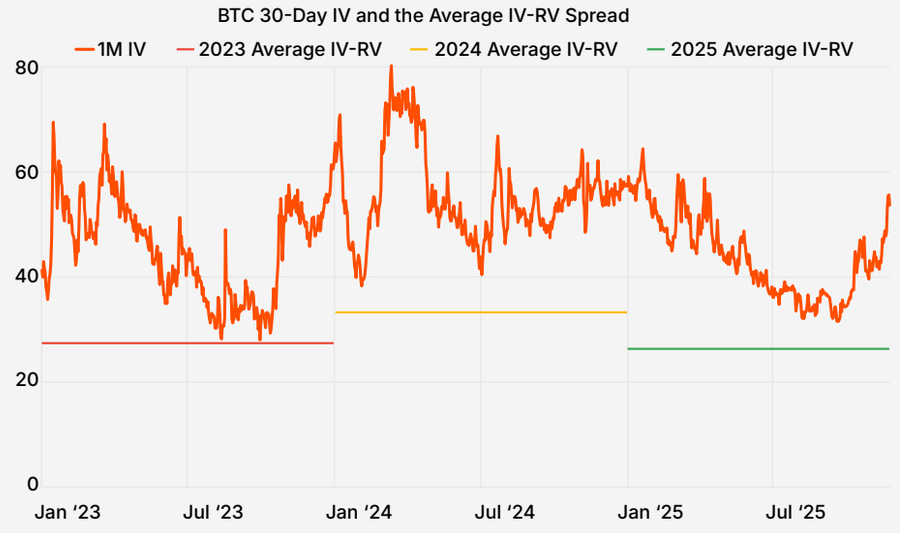
Figure 33 **Demand for BTC options have continued to grow since the launch of ETFs**



Source: Deribit via Laevitas

As these forces compound and as market participants start pricing in non-linear derivatives more accurately, a sub-20 average IV-RV spread in 2026 will be the direction a maturing derivatives market gravitates toward.

Figure 34 **While IV itself is 'volatile', the market's vol over-estimation is consistent**



Source: Deribit via Laevitas

3.4. Crypto's Next Phase Is Machine-Native and Institutional-Grade

By Nicholas Koh

3.4.1. x402 Peaks at >30M Transactions Per Day and Hits >300M Per Month

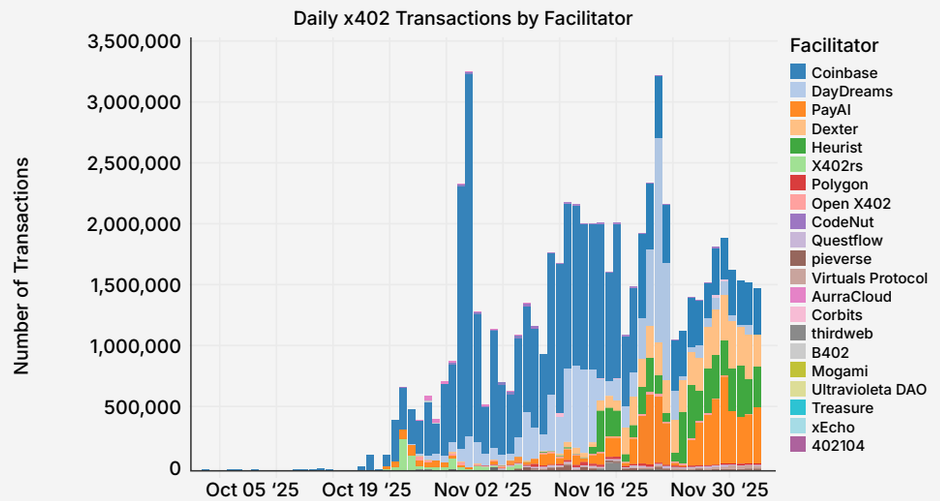
AI continued to take off in a big way in 2025, with significant improvements in LLM performance and efficiency. OpenAI's GPT-5, released in August 2025, scored 94.6% on the AIME 2025 math exam and 74.9% on SWE-bench Verified, a benchmark of real-world GitHub issues. Both scores are new highs for general-purpose models. Google's Gemini 3 Pro released later in 2025 pushed the envelope even further, reaching 91.9% on the GPQA Diamond scientific reasoning benchmark and 31.1% on ARC-AGI-2, a six-fold improvement in abstract visual reasoning over the previous Gemini 2.5 Pro.

Over the same period, the workhorse tier of models collapsed in price. In late 2024, GPT-3.5-Turbo was around $3 per million input tokens and $6 per million output tokens. By mid-2025, models like GPT-4o mini and Gemini 2.5 Flash-Lite were delivering GPT-3.5-level quality at roughly $0.10-0.15 per million input tokens and $0.40-0.60 per million output tokens, a 15-20x reduction in cost per token. At these prices a 10,000-token agent call costs about $0.0010-$0.0015, meaning a 1,000-step workflow becomes a single-digit dollar problem, not a research-toy luxury.

While there were early attempts to apply crypto to AI in 2024, this trend largely stalled in 2025 when speculation ran ahead of reality and agents did not yet have the right tools to perform and communicate on-chain. However, this has clearly changed with the introduction of standards such as Google's Agent Payments Protocol (AP2), Coinbase's x402 protocol, and Ethereum's ERC-8004 "Trustless Agents" standard, which together define how agents authenticate, pay, and build reputation over public blockchains.

AP2 and x402 standardize how an agent gets authorization and pays per action over everyday internet primitives, instead of forcing everything through bespoke wallets and subscriptions. Meanwhile, ERC-8004 gives the ecosystem a credible registry for discoverability and reputation, which is what makes autonomous counterparties reliable for users and apps.

Figure 35 **Agentic Transactions Growing in Volume and Diversity**



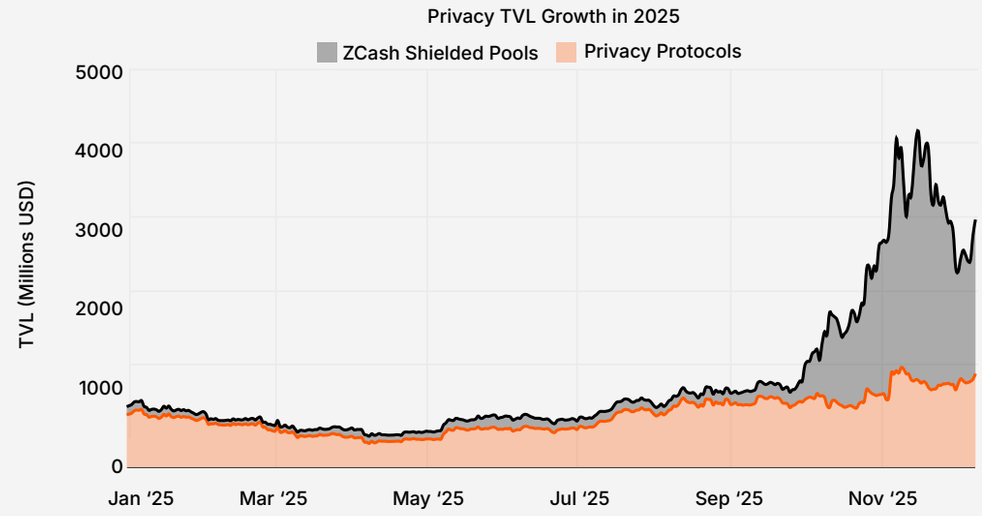
Source: Dune Analytics via Hashed, Presto Research

My prediction is that by the end of 2026, we will see a 10x growth in the transaction volumes handled by the x402 standard. Given that we have already seen peaks of over 3M txns/day in 2025, I expect peak days to exceed 30M txns/day in 2026 and a peak month of over 300M txns/month as more "pay-per-action" use cases become accessible and practical as a monetization rail for agents. If 2025 proved that agents can reason, 2026 is when on-chain rails finally turn agent demos into scalable businesses.

3.4.2. Confidential DeFi Reaches $10B TVL and Over 5% of Total DeFi

Privacy has been a recurring theme in crypto, but 2025 marked a clear shift from aspiration to adoption. Vitalik made the case clear, laying out how privacy is a necessary precondition for decentralization because information concentration itself becomes power. The Ethereum Foundation followed with explicit commitments to ship privacy across the stack, formalizing a dedicated Privacy Cluster and naming concrete deliverables like private reads/writes, proving, identities, and better UX. Other efforts included an Institutional Privacy Task Force and Kohaku, a privacy-preserving wallet reference implementation and SDK.

Figure 36 **Resurgence in Private DeFi TVL**



Source: CoinGecko, DefiLlama, ZecHub, Presto Research

Adoption of privacy tools was both noticeable and tangible. The king of privacy Tornado Cash doubled from ~$500M TVL to >$1B within the year, followed by healthy metrics from alternative tools such as Railgun just shy of $100M after surpassing it earlier in 2025. Beyond the EVM, privacy pioneer Zcash witnessed a strong surge in interest and market capitalization in Q4. The total shielded supply climbed to ~30% of the entire network at roughly 4.9M $ZEC sitting in shielded pools, driven by improved UX and lower-friction rails. Notably, Zashi Wallet's integration of NEAR intents allowed for direct $ZEC purchases using assets on other chains, including majors such as BTC, ETH, SOL, and stablecoins. The landscape also continued to grow with newer entrants Zama raising a recent $57M Series B at a $1B+ valuation to push their ecosystem of

private smart contracts using FHE technology, and Aztec finally coming to market after years of R&D with its ZK-based Ignition Chain L2 and a successful public sale raising 19,476 ETH worth >$60M at current market prices.

The key unlock is that the privacy conversation is broadening beyond just anonymous transfers. In 2026, the highest-impact use cases are likely to be confidential state and private intent execution: private on-chain balances for everyday users, private order flow for sophisticated traders, and private business logic for institutions deploying tokenized assets. This is where privacy stops being a niche and starts becoming a competitive feature, because the next wave of on-chain adoption such as payments, RWAs, and institutional asset management, simply will not tolerate fully transparent positions and flows.

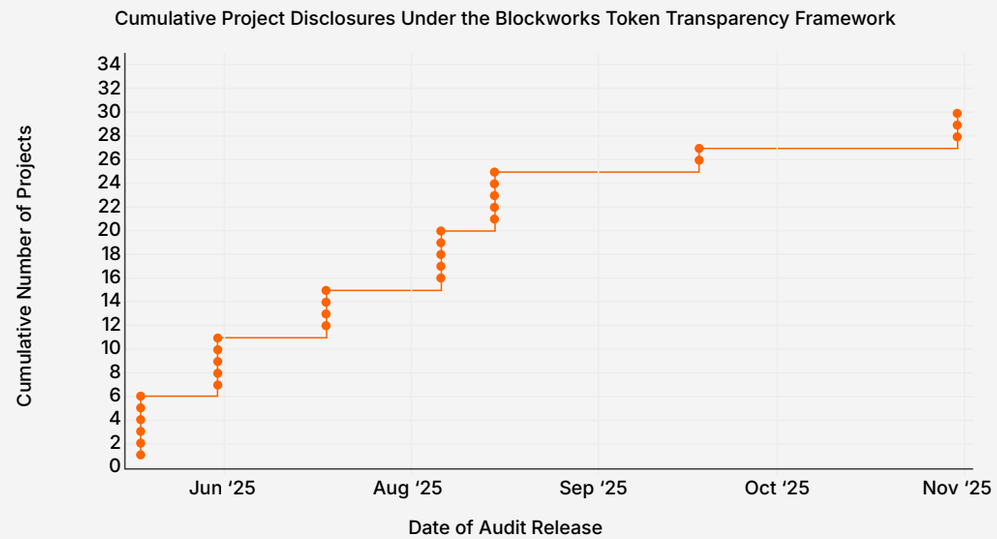
My prediction for 2026 is that confidential DeFi reaches $10B+ TVL (or >5% of total DeFi TVL, whichever is lower), driven by growth in shielded pools and the first confidential-by-default execution environments. At least one non-mixer confidential primitive (i.e. excluding Tornado Cash) will become a valuable DeFi building block, defined as >$1B TVL individually. This will signal that privacy is no longer a feature toggle but a core primitive cemented in the base layer of on-chain finance.

3.4.3. Token disclosures become table stakes with >100 public filings and 25% revealing market-maker terms

In 2025 we saw a quiet trend start to emerge, where there was a shift from the usual "trust me" token launches to documented, structured disclosure. Coinbase's new token sales platform debuted with Monad and ships with a public disclosure document that explicitly includes a dedicated "Market Makers & Liquidity Information" section, a piece of information that market participants typically do not have access to. In parallel, Blockworks launched the Token Transparency Framework (TTF): a one-time filing scored across 18 criteria spanning 4 categories: Project & Team, Token Supply/Allocation, Market Structure, and Financial Disclosure.

Even past the initial token listing, tools were developed and introduced to further reduce the opaque "black box" of ongoing market making activity. Tools like Coinwatch Track allows projects to monitor market maker activity across CEXs while keeping credentials private. This is possible through the use of discrete API keys plus trusted execution environments (TEEs) to verifiably report on spreads, depth, and trading behavior across venues. This serves as a win for both the token projects who are empowered with data to enforce accountability, while honest market makers can further leverage their reputation to expand their clientele. Once the market has both standardized disclosure templates and secure monitoring rails, transparency stops being a nice-to-have and starts becoming part of the distribution playbook.

Figure 37 **Token Disclosure Filings Trending Up**



Source: Blockworks, Presto Research

Adoption is still early, but a clear trend has emerged. Blockworks' own website displays an index of 30 Token Transparency reports while Coinbase has indicated a cadence of roughly one token sale per month. This implies ~12 additional public disclosure documents per year if maintained. Together, these create a credible base case that public disclosures will become repeatable products rather than one-off PR exercises.

My prediction for 2026 is that such pre-listing disclosures become a default expectation for quality project launches rather than the exception that it is today. I expect this trend to continue with >100 projects including public disclosures on material token information and 25% of these to contain market maker dealings in a TTF-compatible format.

3.5. The Unbundling of Financial Rights

By Thomas Kim

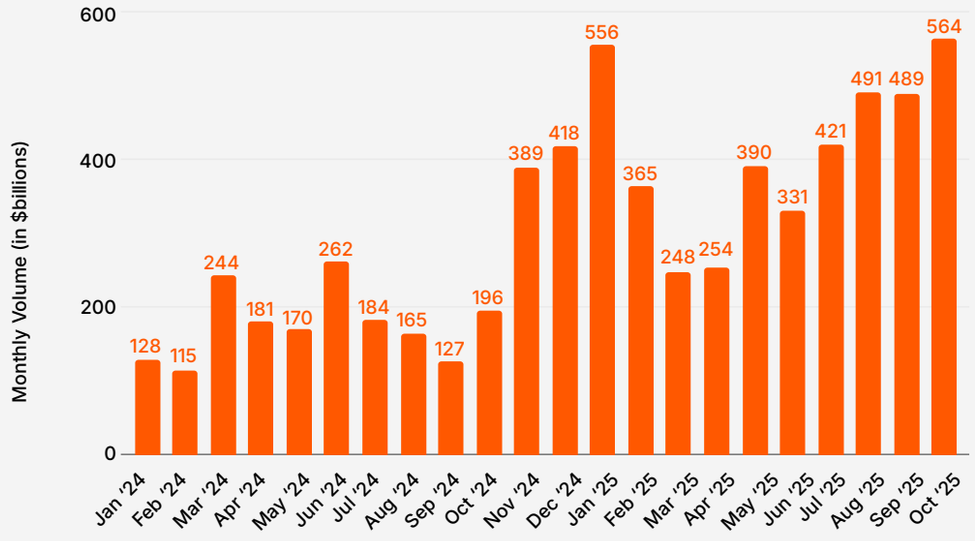
3.5.1. Crypto's Distinct Advantage: Liquidity for Any Project

Creative IP, webtoons, limited-scope games, and digital content represent hundreds of billions of dollars in annual economic output, yet investors in these projects rarely receive liquid exposure or predictable exit paths. Traditional finance offers are often not liquid enough for initiatives not structured as long-term organizations.

Crypto changes this. As of late 2025, Pump.fun on Solana has enabled millions of token launches, with one report citing more than 14 million tokens created and hundreds of millions of dollars in accumulated fees[8]. The same analysis noted that during peak activity, more than 60,000 tokens were launched in a single day.

On-chain liquidity has scaled in parallel. Monthly decentralized-exchange (DEX) trading volumes hit approximately $418 billion in December 2024 and reached about $564 billion in October 2025, the highest monthly figure ever recorded. Data from the same source shows that in early 2025, DEXs captured more than 20 percent of global spot trading volume relative to centralized exchanges[9].

Figure 38 DEX Trading Volume Reaches $564B a Month in October



Source: DefiLlama

[8] Source: Dune

[9] Source: DefiLlama

This matters for funding. If investors know they can exit via a DEX or secondary market, they are more willing to finance short-duration or creative projects. Traditional media financing relies on long lockups and specialized intermediaries. In crypto, a team can deploy a token and create a liquidity pool within hours. The existence of liquid exit paths expands the universe of fundable projects.

The constraint is not tokenization itself. It is the funding instrument. Because governance-style tokens are the only widely liquid format, many projects use them even when their underlying economics are episodic or event-driven. They default to the only liquid structure available, not because governance fits the project.

Crypto has already solved liquidity. The next step is to align the financial rights being traded with the economics of the projects issuing them.

3.5.2. Crypto's Strength Is the Ability to Separate Rights Efficiently

Blockchains can separate and distribute financial rights with minimal overhead. Traditional markets require legal structuring to unbundle royalties, usage rights, and revenue shares. Crypto makes this separation programmable.

Crypto already supports the routing of significant revenues. What is missing is a standardized format for expressing cash-flow-only rights, instead of using governance tokens as a proxy.

3.5.3. Prediction: Combined Market Cap of Cash-Flow Tokens To Exceed $5B

By the end of 2026, I predict cash-flow-only crypto instruments will exceed $5 billion in combined market capitalization, and their annualized revenue distributions will surpass $1 billion. Cash-flow-only instruments include tokens or vault structures that:

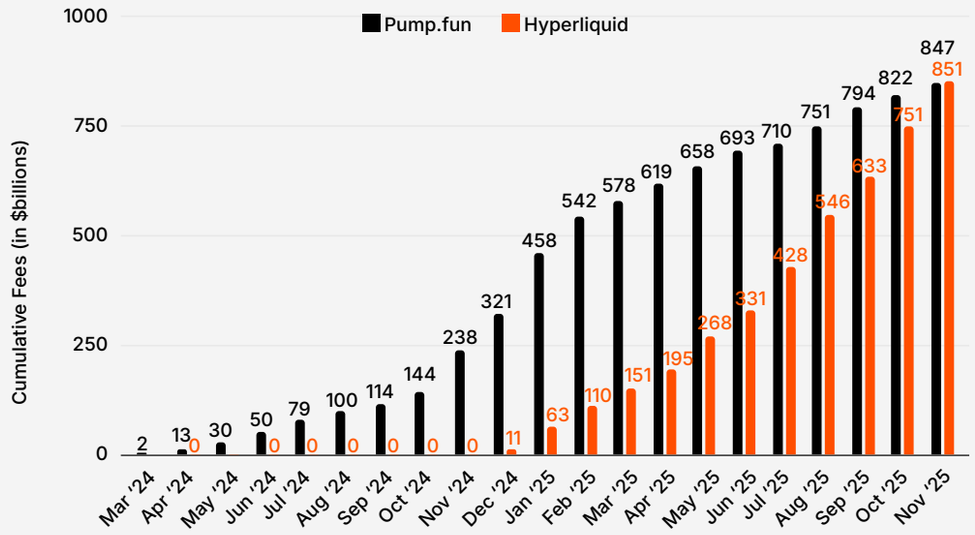
- confer revenue rights,
- do not include governance, and
- do not imply perpetual ownership beyond the economic life of the project.

They function like programmable, transferable revenue shares. This threshold is realistic for several reasons.

A. Revenue-bearing crypto instruments are scaling rapidly
Across 2024 and 2025, revenue-bearing systems grew at rates far beyond traditional financial products:

- Hyperliquid revenue expanded more than tenfold year-over-year and is now on a billion-dollar annual pace.
- DEX trading volume reached $564 billion in Oct 2025, supporting deep liquidity for revenue-based instruments.
- Pump.fun has generated over $840 million in cumulative fees.

Figure 39 **Pump.fun and Hyperliquid Each Over $800M in Cumulative Fees**



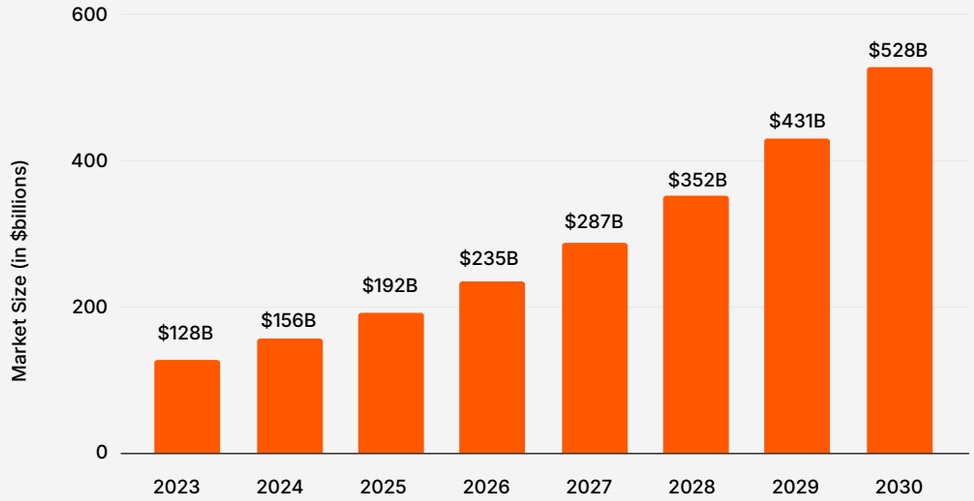
Source: DefiLlama

Even with modest future growth, these revenue flows are sufficient to support a multi-billion-dollar market for cash-flow instruments.

B. Creative and IP-driven sectors support massive, episodic cash flows
Public data shows the scale of upstream markets:

- The global creator economy was valued at roughly $202 billion in 2025 and is projected to grow at a CAGR of more than 20 percent[10].
- Broader estimates place the creator economy at $250 billion or more, with potential expansion to $480 billion by 2027[11].
- YouTube reports paying more than $100 billion to creators since 2021[12].
- OnlyFans creators earned $25 billion since 2016[13].
- Korea's content industry reached roughly $43 billion in 2024, with exports at $13.2 billion[14].
- Japan's anime industry was valued at approximately JPY 3.8 trillion (about $25 billion) in 2024[15].
- The global video game market was approximately $182 billion to $189 billion in 2024–2025[16].

Figure 40 **Global Creator Economy Market Size Exceeds $192B in 2025**



Source: Coherent Marketing insights

10 Source: Coherent Marketing Insights
11 Source: Goldman Sachs
12 Source: CNBC
13 Source: Bloomberg
14 Source: Korea Herald
15 Source: Association of Japanese Animations
16 Source: Newzoo

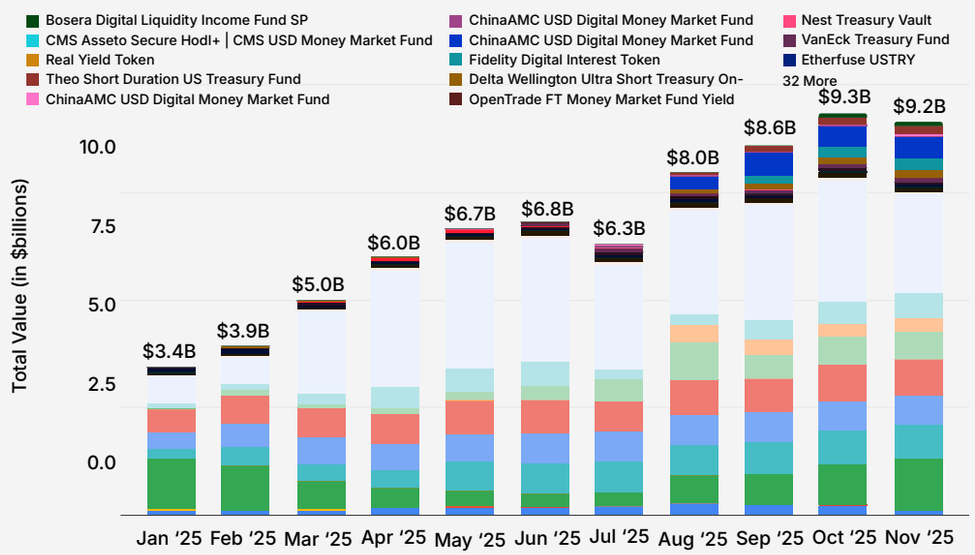
These industries rely on hit-driven or seasonal cash flows. They are ideal candidates for project-specific financial rights, not perpetual governance tokens. Capturing even 0.5 percent of this activity on-chain produces enough volume to support a $1–2 billion financing pipeline and a multi-billion-dollar secondary market.

C. Asia is structurally aligned with project-based revenue rights
Asian content ecosystems already rely on revenue participation structures such as production committees (Japan) and licensing-heavy export models (Korea).[17] [18]These markets are natural early adopters for programmable revenue rights, because they already operate with fractional, multi-party revenue sharing.

D. Tokenized securities provide a blueprint
Tokenized real-world assets (RWAs) have already passed critical mass:

- By November 2025, estimates place tokenized Treasuries at more than $9 billion across nearly 57,000 addresses[19].
- BlackRock's BUIDL fund alone exceeded $2 billion in value[20].

Figure 41 **Total Value of Tokenized Treasuries Now Over $9B**



Source: rwa.xyz

All of these are registered securities. Their success demonstrates that issuing regulated financial rights on-chain is already practical and accepted.

[17] Source: Korea Herald
[18] Source: Association of Japanese Animations
[19] Source: RWA.xyz
[20] Source: RWA.xyz

3.5.4. Regulatory Considerations

Music and IP-based cash-flow rights already exist as regulated securities. Platforms like Royal.io have issued digital assets based on fractional music royalties under Reg CF and Reg A+, allowing investors to earn streaming revenue from tracks by artists such as Nas and Diplo. Similar offerings appear on sites like Republic, where film profit shares and other IP royalties are sold as investment contracts. These instruments give investors revenue rights without governance or equity, showing that project-level cash-flow securities are not new. Blockchain simply makes their issuance and settlement more efficient.

In Singapore, Hong Kong, Japan, and the European Union, digital securities and security tokens are already permissible under formal rules. Cash-flow-only instruments can adopt these same structures.

Regulation determines the wrapper, not the viability, of the instrument.

3.5.5. Why This Matters for 2026

The crypto market has relied on a single liquid funding instrument for more than a decade: the governance token. This model suits long-lived infrastructure projects, but it does not match the economics of creative, IP-driven, or episodic output.

By late 2025, public data shows that:

- Liquidity is abundant. Millions of tokens can be launched, and DEX markets routinely handle hundreds of billions of dollars in monthly volume.
- Revenue-bearing protocols function at scale. Some of the fastest-growing platforms already generate nine-figure monthly revenues.
- Tokenized securities are normalized. Billions of dollars in regulated, on-chain assets are held by individuals and institutions.

The missing piece is a standard format for cash-flow-only rights. Once introduced, these instruments can finance creative output directly, give investors liquid exposure, and avoid the structural mismatch inherent in governance-style tokens.

If adoption begins in 2026, the data strongly suggests that this category can reach 5 billion dollars in value and over 1 billion dollars in annualized distributions within its first year of meaningful scale.

Section 4:
Final Words

Taken together, our five sets of predictions point to eight key trends for 2026:

1. Bitcoin's mainstream-ification marches on, albeit increased attention around quantum-upgrade challenge
2. Financialization continues to tame BTC volatility
3. Tokenization (stablecoins + RWAs) pushing toward half a trillion dollars
4. Wall Street's full-court press — BNY custody, Schwab trading desks, and the functional TradFi–DeFi bridges
5. More price discovery shifting on-chain
6. Altcoin rationalization — negative funding as the new normal, with income generation and token transparency becoming table stakes for survival
7. Privacy revived as a core, desirable infrastructure feature
8. AI agents carving out genuine, scalable on-chain use cases

We are not ruling out comebacks in DePIN, gaming, NFTs, metaverse, social-fi, or any other narrative from the previous years. Experiments will continue, and sudden breakthroughs remain possible. In a truly nascent technology, no one can predict which branches will ultimately dominate the tree.

What is becoming clearer, slowly but surely, is what this technology is actually good for: aggregating global liquidity, settling borderless assets instantly, and automating frictionless value exchange. We are also learning that crypto remains unmatched at meme-driven hype, but lasting value requires recurring income, not just stories. These hard-won insights should guide builders and investors alike in their quest for impactful solutions and sustainable value capture.

The teenage growth spurt continues: messy, loud, and occasionally painful, yet unmistakably forward. We can't wait to see what 2026 throws at us next.

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