

## KEY TAKEAWAYS

- US attacks on Iran have been paused for five days; markets rally, risks linger
- Equities are now trend bearish with crypto holding lows (for now)
- Rate cuts have been priced out for the year with the risk of hikes rising

## DIGITAL ASSET COMMENTARY

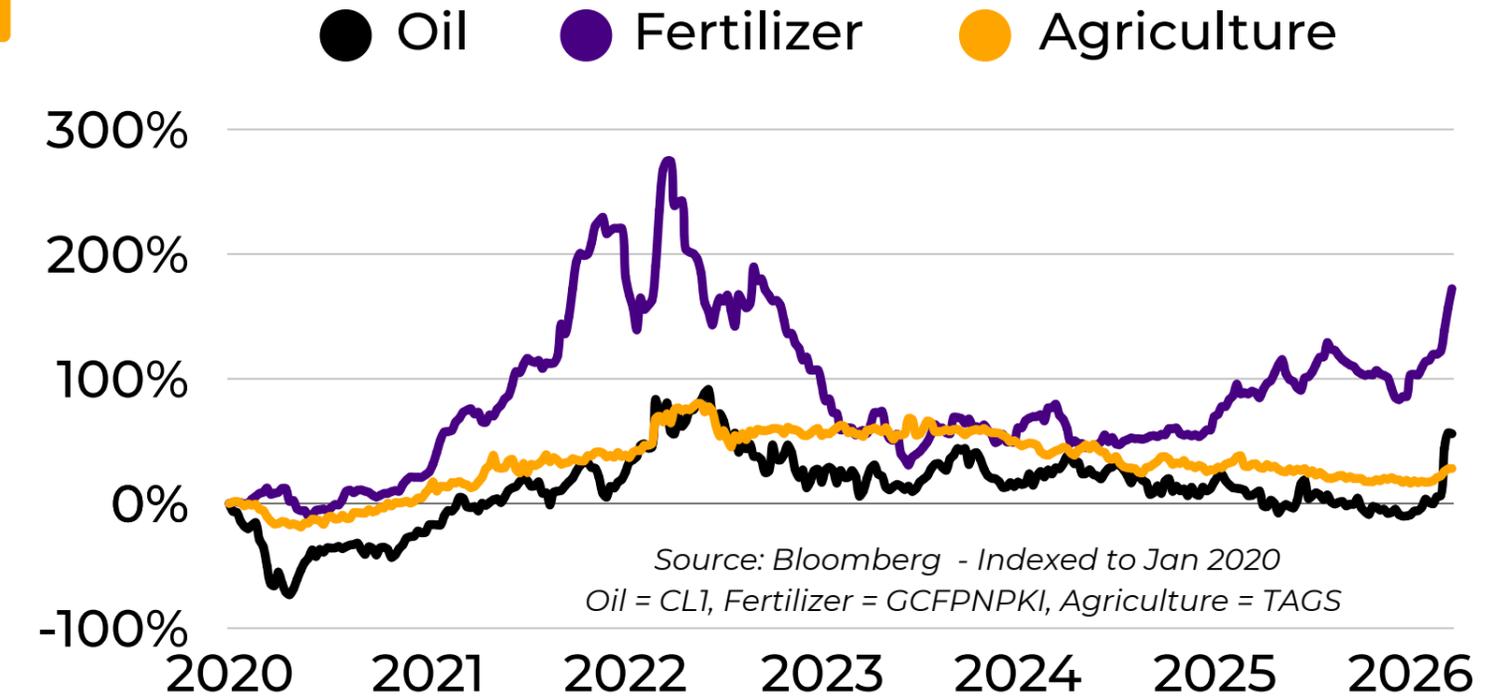
After reassessing the worsening situation in the Strait of Hormuz, President Trump announced this morning that planned attacks over the next five days have been scaled back. Risk assets and bond markets reacted positively. However, even if a ceasefire were reached today, restoring global shipping flows and energy transit will likely take weeks to months. In the meantime, inflationary pressures are building, with oil, fertilizer, and food prices all moving higher. Incoming FOMC Chair Warsh will face a challenging backdrop when he begins in May, as markets have fully priced out rate cuts over the next year and are now implying a potential hike in 2026.

Legacy markets have shifted measurably bearish. The SPY and QQQ are now trading below their respective 200-day moving averages, while major names like Google and Nvidia are showing clear head-and-shoulders topping patterns. In contrast, crypto markets have remained relatively resilient, largely holding multi-month ranges without breaking to new lows. If new lows do occur, a bullish divergence may emerge, marked by a lower low in price alongside a higher low in oscillators such as RSI. US spot ETF flows have slowed to a trickle, which is reasonable given the elevated volatility and uncertainty. Meanwhile, CME futures Commitment of Traders (CoT) data shows commercial traders heavily net short in both BTC and ETH; historically, stronger bullish trends have aligned with commercials positioned net long.

Headwinds for crypto markets are likely to persist as long as uncertainty surrounding the war in the Middle East continues. Volatile oil prices are driving instability across equity and bond markets, reinforcing a risk-off environment. If legacy markets enter a prolonged drawdown, BTC and altcoins are unlikely to avoid further downside pressure.

## CHART 1: FERTILIZER INDEX RISES TO POST COVID LEVELS

Oil drives fertilizer costs which impact agricultural prices.



## CHART 2: MARKET IMPLIED NUMBER OF RATE CUTS/HIKES

Rate cuts are fully priced out for 2026; a hike is now being priced in.

