

KEY TAKEAWAYS

- Hormuz risk remains elevated, though oil has failed to hold above \$100
- Fed remains on hold, with focus on incoming Chair Warsh's first meeting on June 17
- BTC weakness persists, while altcoin strength remains selective

DIGITAL ASSET COMMENTARY

Headline risk around the Strait of Hormuz remains elevated even as SPY and QQQ continue pushing to all-time highs. Markets appear to be pricing in a higher probability of the strait reopening, reflected in oil's continued move lower and back below \$100. Geopolitical risk, however, remains firmly on the table. A peace deal is still far from certain amid ongoing skirmishes across the region, although reports indicate an increasing number of ships have successfully crossed through the strait over the past several days.

This week's jobs data is unlikely to materially shift rate expectations, which remain anchored around no change until December. Incoming Fed Chair Warsh will hold his first meeting on June 17, which could help set the tone for the remainder of the year. Of particular importance will be both his and the committee's view on inflation, which remains pressured higher in part by oil-related disruptions tied to Middle East tensions.

BTC has seen \$3.68B in outflows over the past three weeks, while CME Commitment of Traders data continues to show commercials, historically the more directionally accurate cohort, meaningfully net short. Seasonality also remains a headwind: since COVID, June has been one of BTC's weakest months, averaging declines of more than 5%, while July has historically been much stronger, averaging gains above 10%.

From a technical perspective, BTC has broken below its prior rising channel and continues to trend toward the head-and-shoulders measured move in the \$69K-\$71K range. Trend has also shifted from neutral to bearish after price decisively fell below the daily Ichimoku Cloud. A bullish trend would be re-established with a close back above the \$76K-\$79K region over the next two months.

BTC continues to set the tone for crypto markets. While BTC remains bearish, most altcoins are likely to stay under pressure, with strength concentrated in AI, RWA, tokenization, and DEX-related themes.

CHART 1: INFLATION AND YIELDS CONTINUE TO RISE

CPI remains at multi-month highs despite oil failing to hold the \$100 level.

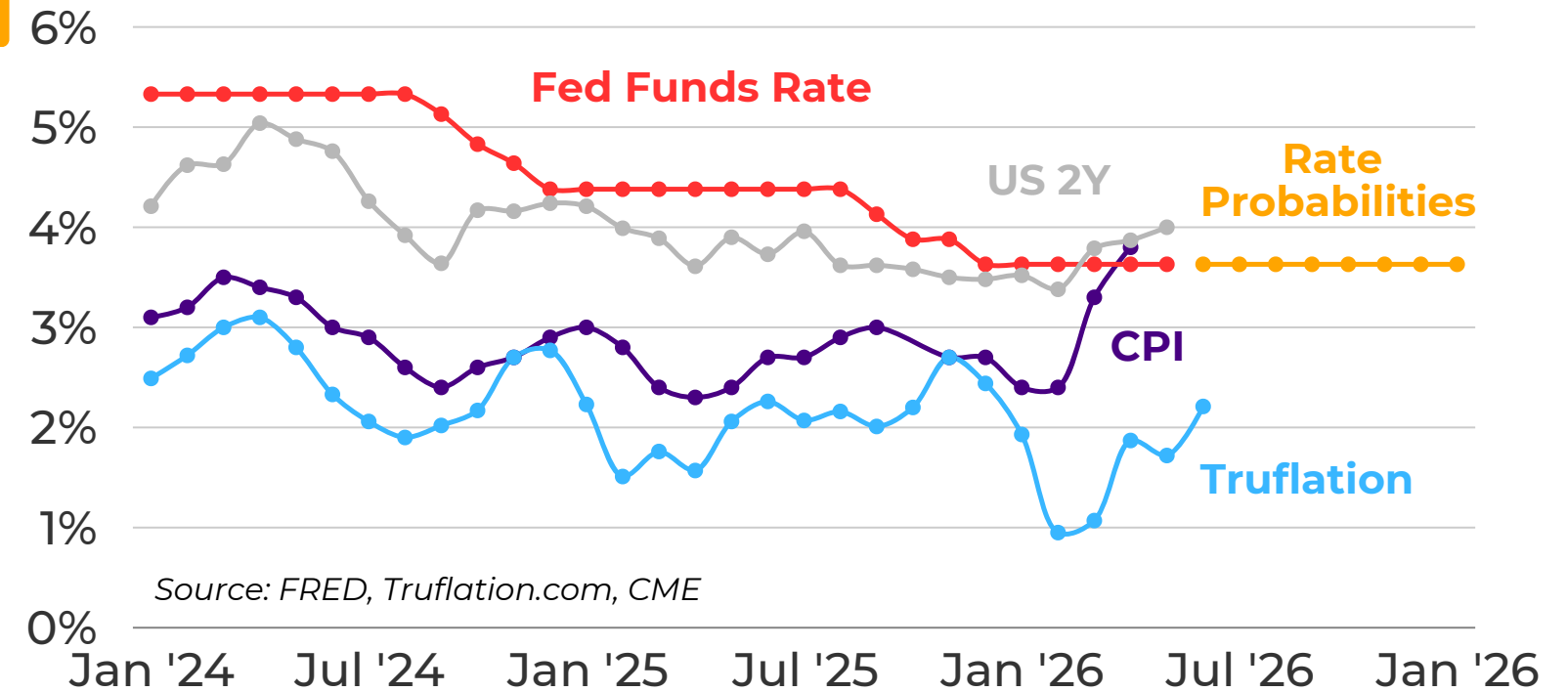


CHART 2: MONTHLY BITCOIN RETURNS - 2020 TO PRESENT

Seasonality points to a bearish backdrop for June.

