

KEY TAKEAWAYS

- Macro: Oil up, geopolitical risks elevated, rate hike odds rising.
- Equities: SPY breaks to new highs; financials lead as AI/semis weaken.
- Digital Assets: Positioning remains bearish, but TA & regulatory catalysts are improving.

DIGITAL ASSET COMMENTARY

Geopolitical tensions remain elevated as the reported peace agreement continues to show signs of strain, with the Strait of Hormuz once again becoming a key geopolitical pressure point. Crude oil has responded by moving higher, adding another inflationary variable for markets to monitor.

Markets have also begun pricing in the possibility of additional rate hikes ahead of the upcoming central bank meeting on the 29th. While higher energy prices typically tighten financial conditions, equity markets have remained resilient. The SPY has invalidated what appeared to be a bearish topping pattern by making a fresh higher high, reinforcing bullish continuation after a multi-month consolidation. Financials continue to confirm this strength, with both the large-cap banking sector (XLF) and regional banks (KRE) outperforming. Meanwhile, the VIX remains subdued in the 15-16 range despite rising geopolitical uncertainty and higher oil prices.

Digital assets have recently come under pressure as weakness in the AI and semiconductor trade spilled over into crypto-related assets. Precious metals, including gold and silver, have also softened during this rotation. Despite the recent pullback, the improving relative performance of software remains a potentially supportive macro signal for BTC if leadership continues to broaden beyond AI. On the regulatory front, digital asset markets could receive an additional catalyst over the coming weeks. If the CLARITY Act advances through Congress, greater regulatory certainty may provide a tailwind for both cryptocurrencies and crypto-linked equities such as Coinbase (COIN), Circle (CRCL), and BitGo (BTGO).

Near-term positioning, however, remains mixed. BTC CME Commitment of Traders (CoT) data, ETF flows and price trend metrics all remain bearish. That said, both BTC and ETH are developing potential inverted head-and-shoulders patterns. A confirmed breakout would target approximately \$73k for BTC and \$2,100 for ETH. Seasonality also deserves attention. July has historically been a constructive month for BTC, while August and September have tended to be weaker. The FIFA World Cup can also temporarily dampen market volatility, while US midterm election cycles have historically produced more cautious market conditions until political uncertainty begins to resolve.

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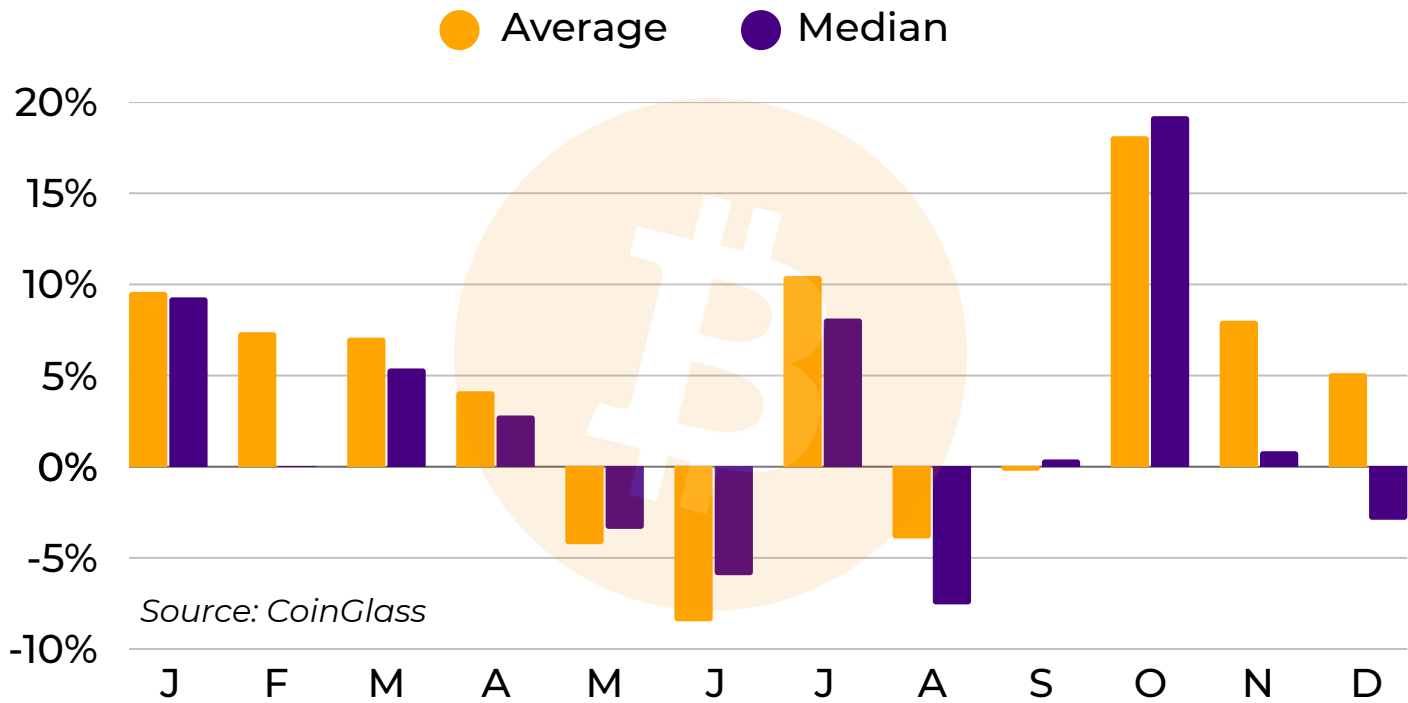
CHART 1: FED RATE MEETING PROBABILITIES

Hikes have been aggressively hiked in over the past week.

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525
7/29/2026	<-- Cut		0.0%	65.3%	34.7%	0.0%	0.0%	Hike -->		
9/16/2026	0.0%	0.0%	0.0%	30.3%	51.1%	18.6%	0.0%	0.0%	0.0%	0.0%
10/28/2026	0.0%	0.0%	0.0%	22.9%	46.0%	26.5%	4.5%	0.0%	0.0%	0.0%
12/9/2026	0.0%	0.0%	0.0%	13.9%	37.0%	34.2%	13.1%	1.8%	0.0%	0.0%
1/27/2027	0.0%	0.0%	0.0%	11.9%	33.5%	34.6%	16.3%	3.5%	0.3%	0.0%
3/17/2027	0.0%	0.0%	0.0%	9.5%	29.3%	34.4%	19.9%	6.0%	0.9%	0.1%
4/28/2027	0.0%	0.0%	0.0%	8.9%	28.0%	34.1%	20.8%	6.9%	1.2%	0.1%
6/9/2027	0.0%	0.0%	0.5%	9.9%	28.3%	33.4%	20.1%	6.6%	1.2%	0.1%
7/28/2027	0.0%	0.0%	1.3%	11.5%	28.8%	32.2%	18.9%	6.1%	1.1%	0.1%
9/15/2027	0.0%	0.2%	2.4%	13.4%	29.2%	30.7%	17.5%	5.5%	1.0%	0.1%
10/27/2027	0.0%	0.4%	3.3%	14.7%	29.3%	29.7%	16.5%	5.2%	0.9%	0.1%
12/8/2027	0.1%	1.2%	6.4%	18.6%	29.4%	26.1%	13.5%	4.0%	0.7%	0.1%

CHART 2: MONTHLY BTC RETURNS - 2020 TO PRESENT

July seasonality is historically bullish, acting as a potential tailwind.



Source: CoinGlass