

KEY TAKEAWAYS

- Global liquidity is rising, but BTC remains unresponsive
- China-related mining restrictions may be driving hashrate declines & forced selling
- ETH & SOL remain weak, while XMR is a rare outperformer despite regulatory risk

DIGITAL ASSET COMMENTARY

Global liquidity continues to expand, yet BTC has failed to respond. Metals and other commodities, by contrast, appear to have fully “received the message,” with both gold & silver printing new all-time highs. Since mid-2025, global liquidity conditions have not translated into higher BTC prices as many expected, leading some to abandon the narrative altogether. Critics of the “Bitcoin as a global liquidity sponge” thesis have shifted their focus to alternative indicators, such as ISM, which remains stuck at a neutral reading of 50. Proponents, however, remain convinced that the widening divergence, often described as “alligator jaws”, will eventually close, favoring a rebound in BTC. That said, such a resolution appears unlikely before year-end, as tax-loss harvesting season is now well underway and likely to cap near-term bullish price action.

Adding to these headwinds, reports suggest a regulatory crackdown on BTC miners in China, with rumors of up to 400,000 rigs taken offline. Network hashrate is down roughly 10% from October highs, lending plausibility to the claims. Such a crackdown could trigger forced selling, helping explain recent sharp downside moves after failed recoveries. China-linked BTC selling was already suspected in October based on on-chain data and may reflect unofficial efforts to suppress crypto strength in favor of gold, potentially delaying U.S. stablecoin adoption and USD dominance in digital markets.

Altcoins have fared even worse, remaining pinned near their lows and continuing to look weak and lethargic heading into 2026. Market leaders ETH and SOL are both negative year-to-date and show little momentum. In contrast, Monero (XMR), a privacy-by-default blockchain, has been the notable outlier, reaching new ATHs over the past week. From a technical perspective, XMR appears to be breaking out of a multi-year ascending triangle, suggesting meaningful upside potential in the months ahead if the move is confirmed. However, risks remain substantial, particularly regulatory risk, as XMR is one of the few remaining true privacy coins that has not been fully de-anonymized by blockchain analytics firms.

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CHART 1: THE GLOBAL LIQUIDITY INDEX VS BITCOIN & GOLD

Liquidity and hard assets with a fixed supply hold a tight relationship

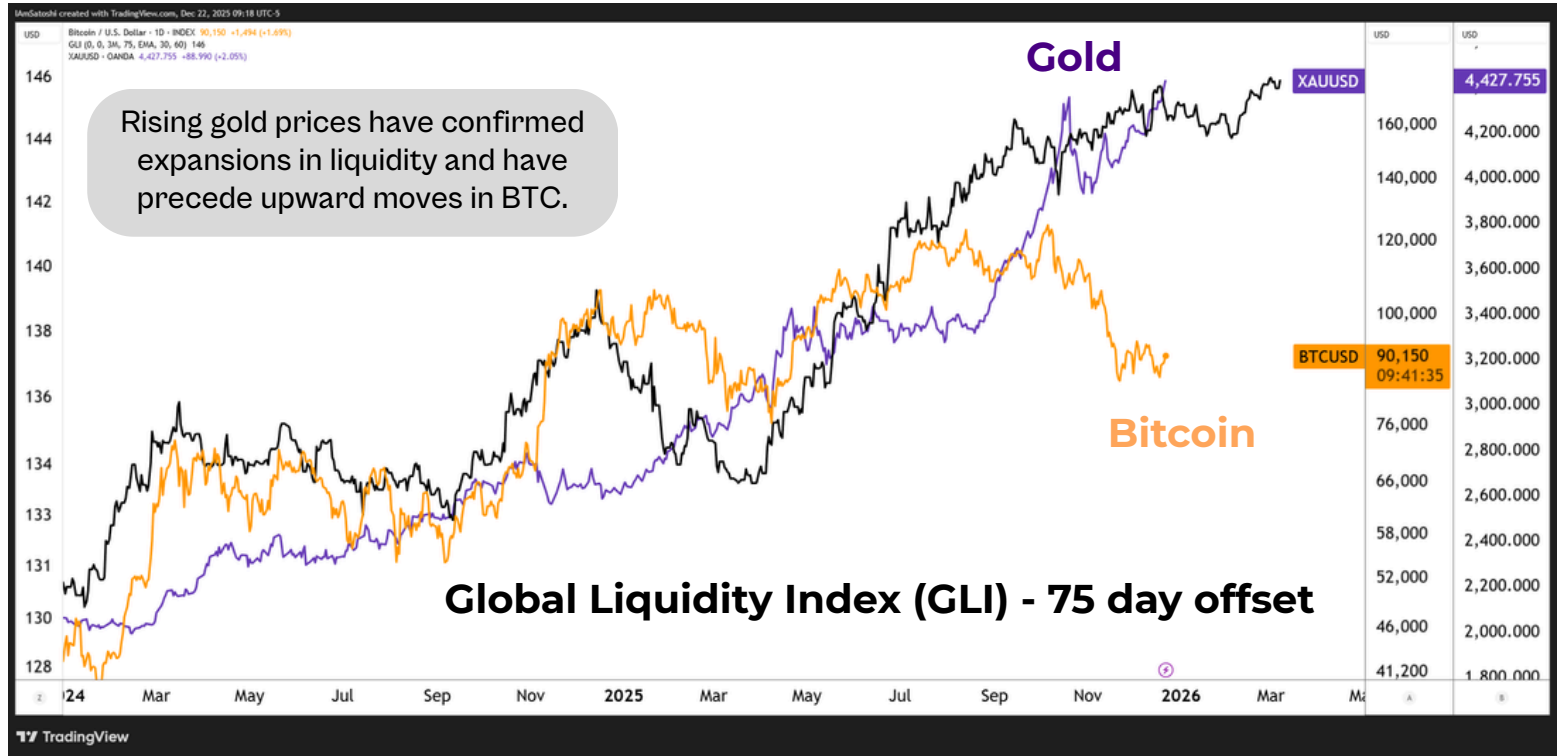


CHART 2: 2024 VS 2025 PERFORMANCE, SELECT ASSETS

Most digital assets had muted or negative returns in 2025 after a stellar 2024

