

# Digital Assets: Quarterly Review and Outlook

Featuring CoinDesk 5 and CoinDesk 20

**Joshua de Vos**  
Research Lead, CoinDesk

**Jacob Joseph**  
Research Specialist, CoinDesk

**Saksham Diwan**  
Research Specialist, CoinDesk



# I. 2026 Q1 Review

Digital assets extended their downturn into Q1 2026, marking a second consecutive quarter of declines. The [CoinDesk 20 Index \(CD20\)](#) fell 27.4% to 1,952, while bitcoin dropped 22.1% to \$68,228 - its second-largest quarterly decline since Q2 2022. This weakness has closely mirrored trends in traditional financial markets, which have also moved lower amid escalating geopolitical tensions in the Middle East since late February. Over the same period, the S&P 500 and Nasdaq 100 declined 4.63% and 5.98% to 6,528 and 23,740, respectively. In contrast, gold outperformed, rising 8.19% to \$4,671 as investors sought safe-haven assets.

## BTC vs Gold vs SPX vs Nasdaq vs the CoinDesk 20 Index, Q1 2026



Data as of: March 31st

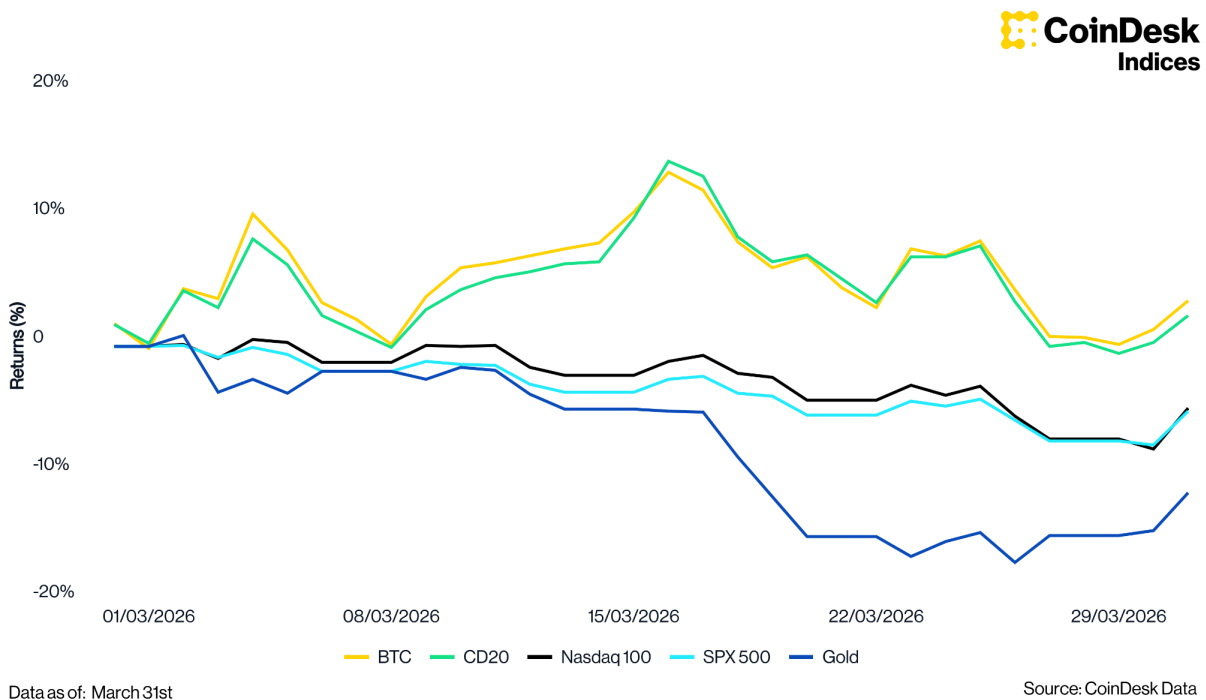
Source: CoinDesk Data

The downturn reflects a confluence of factors, led by escalating geopolitical tensions in the Middle East that pushed crude oil prices above \$100 per barrel, dampening global risk appetite. This backdrop also influenced the Federal Reserve's policy stance, with rates held steady at 3.5% - 3.75%. Following the March 2026 meeting, policymakers opted for a wait-and-see approach, citing persistent inflation, a softening labor market, and heightened uncertainty driven by oil price volatility. As a result, institutional flows weakened meaningfully, turning negative over the first two months of the year. Net outflows of \$1.81B across January and February erased much of the institutional demand built up over the prior year. Although March saw a partial recovery of \$1.32B in inflows, Q1 ultimately closed with net redemptions of approximately \$496M.

Paradoxically, digital assets performed relatively better following the escalation of the conflict than in the weeks leading up to it - likely because much of the downside had already been priced in.

- Bitcoin, for instance, had declined roughly 30% from its February peak prior to February 28, suggesting that a significant portion of the fear and forced liquidations had already played out before the geopolitical shock materialized.
- Since tensions in the Middle East intensified, bitcoin has delivered a modest return of 3.54%, while the CoinDesk 20 Index slightly underperformed with a marginal return of 2.39%.
- In contrast, traditional risk assets continued to weaken, with the S&P 500 and Nasdaq 100 falling 5.09% and 4.89%, respectively.
- Gold, despite its earlier strength, reversed course and ended the quarter down 11.5%.

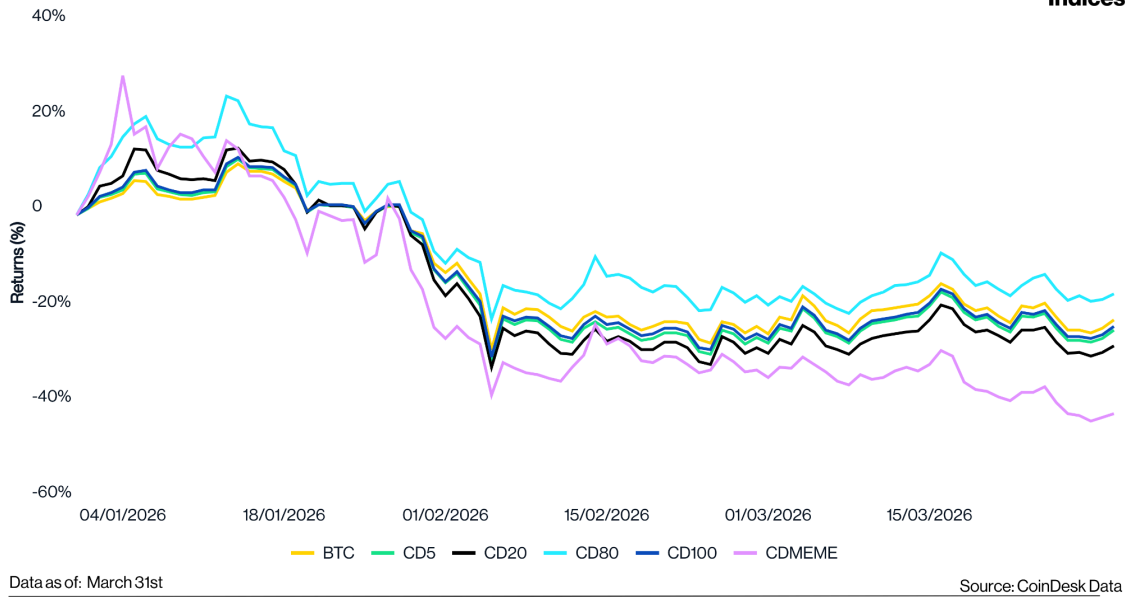
### Bitcoin and the CoinDesk 20 Index vs Selected Assets, Returns Since Feb 28th



Across CoinDesk’s multi-asset indices, performance generally lagged bitcoin, largely due to its significant weighting across these benchmarks during a broader market downtrend. The [CoinDesk 5 \(CD5\)](#) and [CoinDesk 100 \(CD100\)](#) indices declined by 24.1% and 23.4%, respectively, while the [CoinDesk 20 \(CD20\)](#) fell 27.4% over Q1. The [CoinDesk Memecoin Index \(CDMEME\)](#) was the weakest performer, posting a sharp decline of 41.7%.

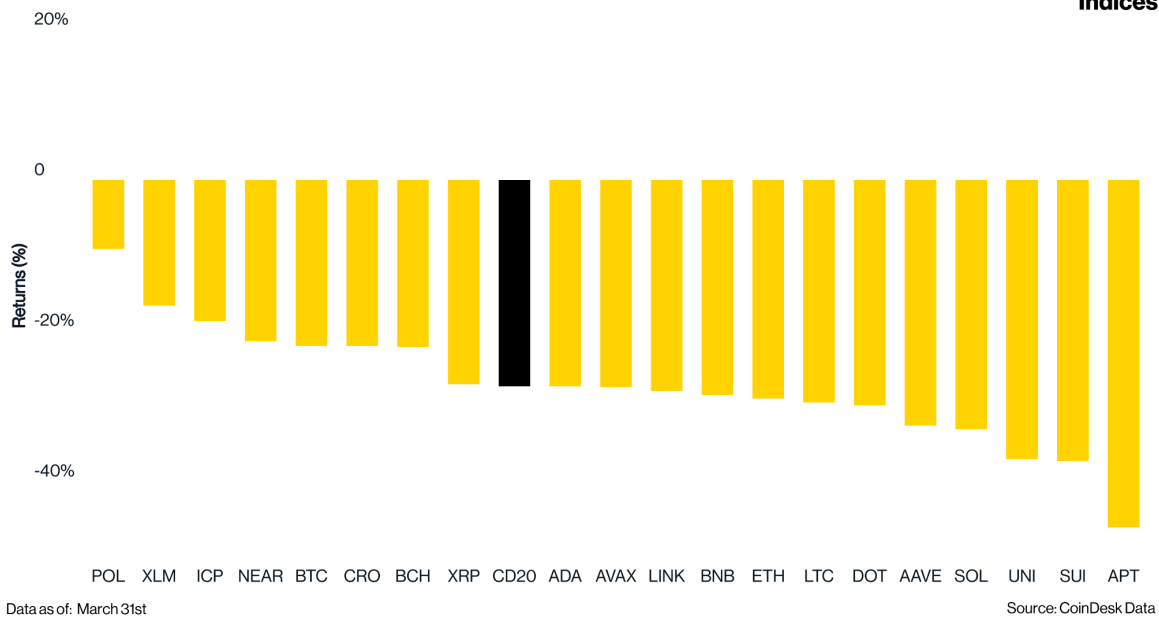
In contrast, the [CoinDesk 80 \(CD80\) Index](#) - which excludes the CoinDesk 20 Index constituents - proved more resilient, declining 16.5% and outperforming bitcoin. This relative strength was driven by select outperformers such as HYPE and MORPHO, underscoring that pockets of outperformance can still emerge even within a broader market downturn.

## CoinDesk Index Watch: Quarterly Returns by Index, Q1 2026



Analyzing the individual constituents of the CoinDesk 20 Index, none of the assets recorded a positive return in Q1. Eight assets outperformed the CoinDesk 20 Index with POL, XLM and ICP leading the constituents in returns with an increase of -9.26%, -16.7% and -18.7%, respectively.

## CoinDesk 20 Constituents: Q1 2026 Performance



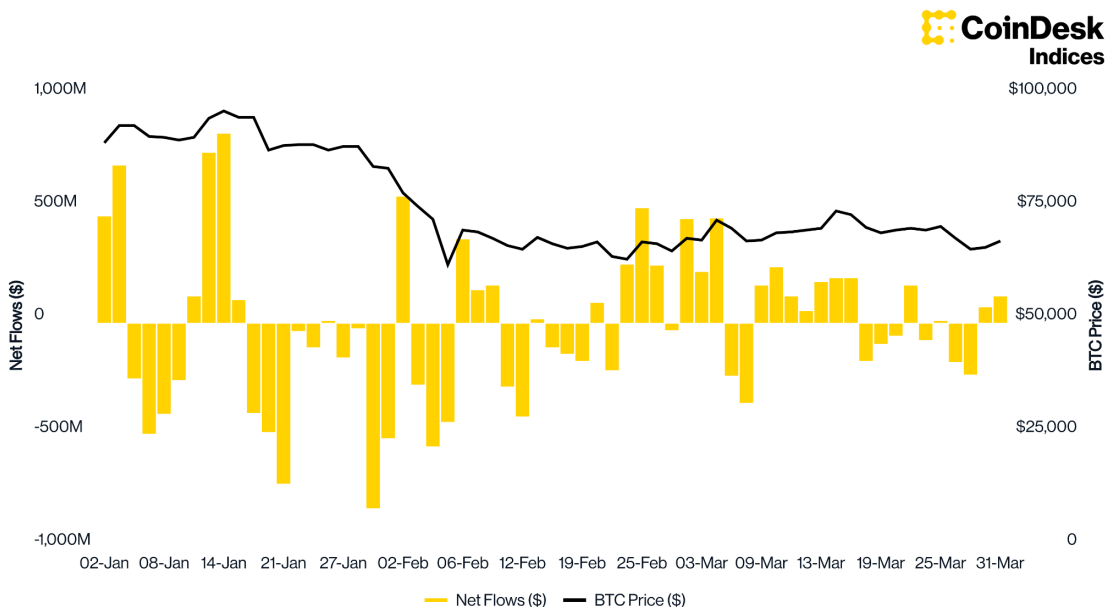
## II. 2026 Q2 Outlook

Looking ahead to Q2 2026, market direction will largely be shaped by two key macro variables: the trajectory of geopolitical tensions in the Middle East and the corresponding response from central banks, particularly the Federal Reserve. The evolution of the conflict will play a critical role in determining the path of energy prices, which in turn will influence inflation expectations. Sustained elevation in energy prices could limit the Federal Reserve's ability to ease policy, keeping financial conditions tighter for longer. Conversely, a swift de-escalation may act as a powerful catalyst for digital asset recovery, as easing inflationary pressures and improving risk sentiment support a broader rebound in markets.

From a market structure perspective, bitcoin's October 2025 peak near \$126K and the subsequent downtrend are broadly consistent with the historical four-year halving cycle, which has typically been followed by an 18-24 month post-ATH correction. This pattern suggests that bitcoin may continue to face headwinds into late 2026 before transitioning into the next accumulation phase.

However, the structural backdrop has evolved meaningfully compared to prior cycles. The rise of spot ETFs and other regulated investment vehicles has introduced a more durable and institutionalized source of demand, with flows increasingly exerting a direct influence on bitcoin's price action - as observed over the past quarter. At the same time, the rate of new supply issuance from miners continues to decline following the halving. On peak days, ETF inflows have exceeded \$1B - equivalent to over 30 days of mining supply absorbed within a single session. Together, these forces are creating a tighter supply-demand dynamic, potentially altering both the depth and duration of the current cycle relative to historical precedents.

### Bitcoin ETF Flows and BTC Price , Q1 2026



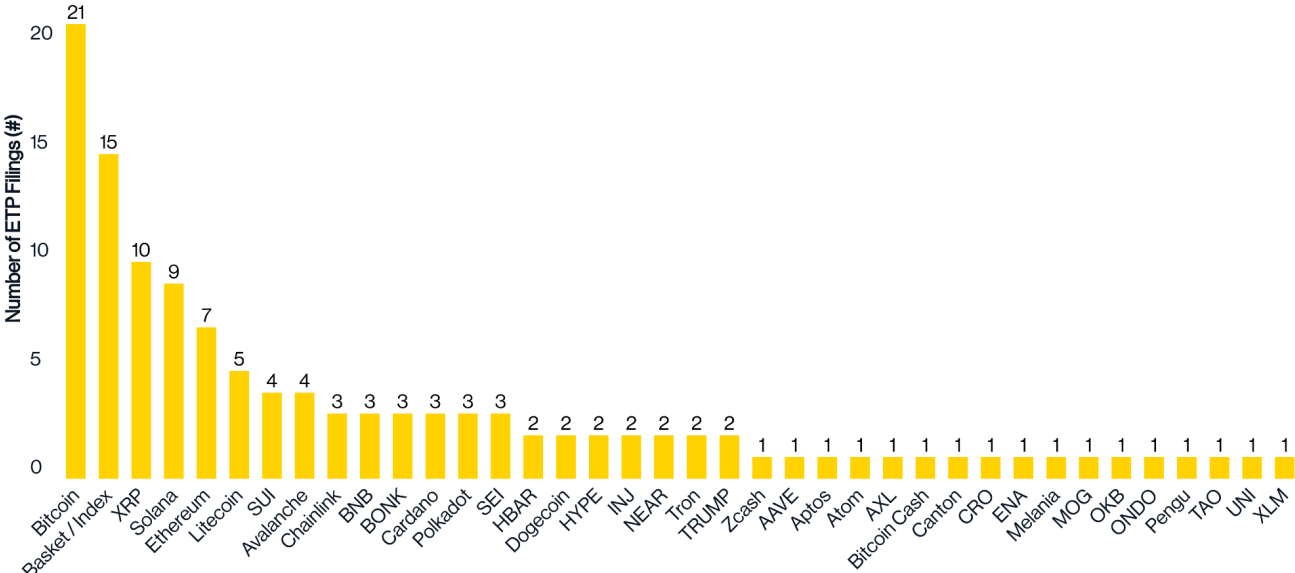
Source: CoinDesk Data, Farside Investors

This trend is likely to strengthen further as major U.S. financial institutions move to launch their own spot Bitcoin ETFs. Morgan Stanley, for instance, [launched its Morgan Stanley Bitcoin Trust \(\\$MSBT\)](#) on April 8th, positioning it as a market-leading, low-cost offering with a 0.14% fee - undercutting key competitors such as BlackRock and Grayscale.

Meanwhile, the SEC-CFTC joint ruling on March 17th introduced a clearer regulatory framework by classifying digital assets into five distinct categories based on their characteristics, use cases, and functions - four of which fall outside the definition of securities. Notably, the ruling designated 16 assets, including SOL, XRP, and DOGE, as digital commodities, effectively removing key regulatory uncertainty. This classification paves the way for spot ETF approvals across a broader range of digital assets, marking a significant step forward in the institutionalization of the asset class.

Beyond single-asset products, multi-asset crypto ETFs represent the next frontier and are expected to play an increasingly significant role in shaping capital flows into the digital asset ecosystem. Of the more than 150 digital asset ETP applications filed to date, basket or index-based products rank second only to Bitcoin-focused funds in terms of volume. These vehicles offer diversified exposure across a broad set of digital assets, making indices such as the [CoinDesk 20](#) and [CoinDesk 100](#) natural benchmarks.

## Number of Pending Crypto ETP Applications, 2025



Source: Bloomberg Intelligence

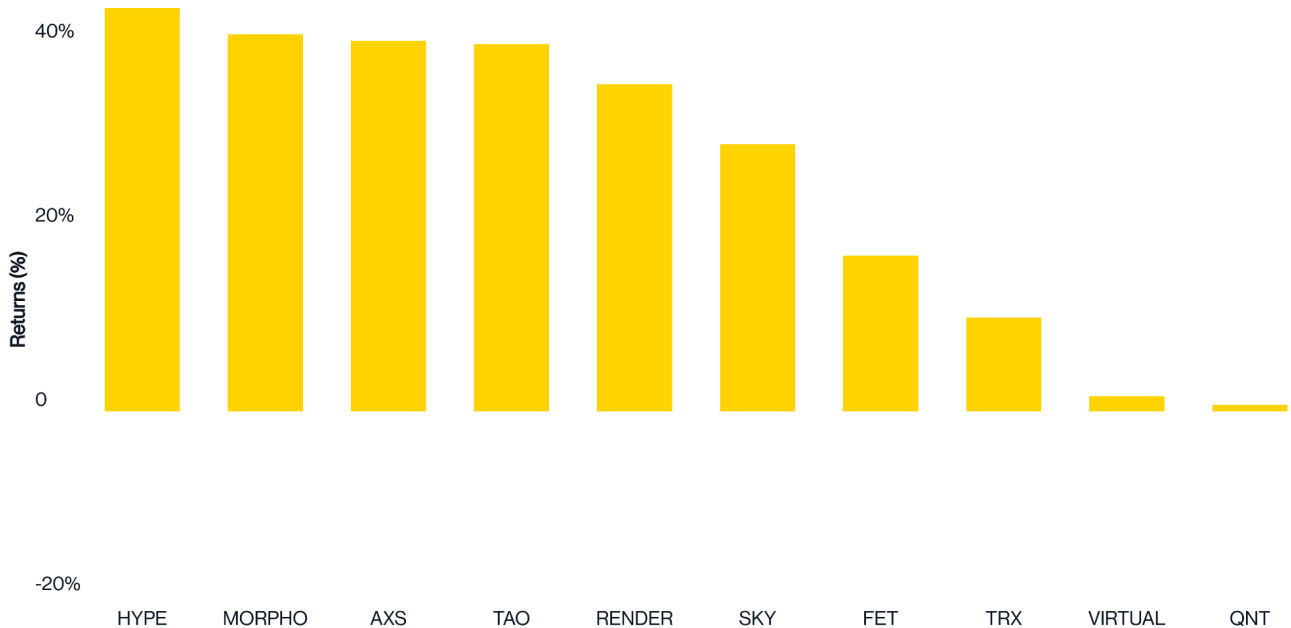
Data as of: December 31st 2025

This growing alignment between index construction and ETF product design positions the CoinDesk Index family at the center of institutional digital asset allocation going forward.

### III. CoinDesk’s Multi-Asset Indices

The outperformance of the [CoinDesk 80 Index](#) relative to bitcoin and other major digital assets underscores the importance of broad-based benchmarks that capture dispersion within the market. In a quarter where Bitcoin declined 22.1%, ten constituents within the CoinDesk 80 Index delivered positive returns. Standout performers included Hyperliquid (HYPE), Morpho (MORPHO), Axie Infinity (AXS) and Bittensor (TAO), which gained 43.8%, 40.9%, 40.3% and 39.9%, respectively.

#### CoinDesk 80 Index: Top 10 Assets by Quarterly Return, Q1 2026



Data as of: March 31st

Source: CoinDesk Data

Without robust benchmarks, investors and asset managers lack the necessary tools to measure performance, evaluate strategies, and construct portfolios effectively. [The CoinDesk 80](#) serves as a comprehensive gauge of the broader altcoin market - specifically assets outside the CoinDesk 20 - offering deeper insight into the performance of emerging and mid-cap tokens across the ecosystem.

For those seeking more concentrated exposure to large-cap digital assets, the [CoinDesk 5](#) tracks the five largest constituents of the CoinDesk 20. It is market-capitalization weighted and rebalanced quarterly, making it well-suited for scalable investment product implementation. Meanwhile, the CoinDesk 100 combines the [CoinDesk 20](#) and [CoinDesk 80](#), providing a unified benchmark that captures both large-cap and broader market performance.

## IV. CoinDesk 5 and 20: Constituent Review

### Bitcoin

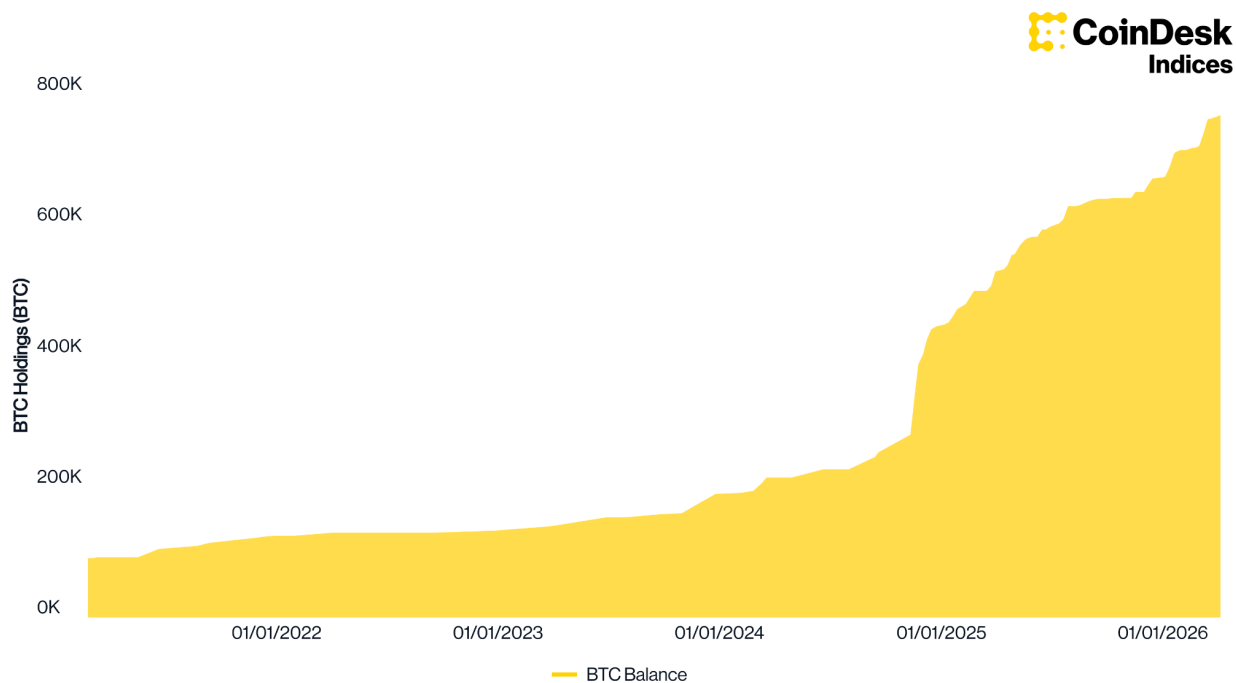
- Current Weight: 31.8%
- Weight Change from Q1 2026: -0.58%
- Q1 Performance: -22.1%



Bitcoin’s performance in Q1 was largely driven by macro conditions and market positioning. While the asset declined 22.1% over the quarter, its relative outperformance versus traditional financial markets following the escalation of geopolitical tensions in the Middle East is a constructive signal. Looking ahead, ETF flows are likely to serve as a key catalyst in Q2.

Bitcoin’s recovery in March coincided with a return to positive net inflows, suggesting a re-emergence of institutional demand. A sustained continuation of these inflows would be a strong indicator of renewed investor confidence and could provide meaningful support for further price recovery.

#### Strategy: BTC Holdings, 2021 - Present



Data as of April 6th

Another key catalyst to monitor is Strategy’s continued accumulation of Bitcoin and the effectiveness of its capital-raising approach, including the use of preferred equity instruments such as STRC. By tapping equity markets to fund purchases, the firm has been able to sustain and, at times, accelerate its Bitcoin acquisitions in recent weeks with Michael Saylor targeting 1M BTC by the end of year.

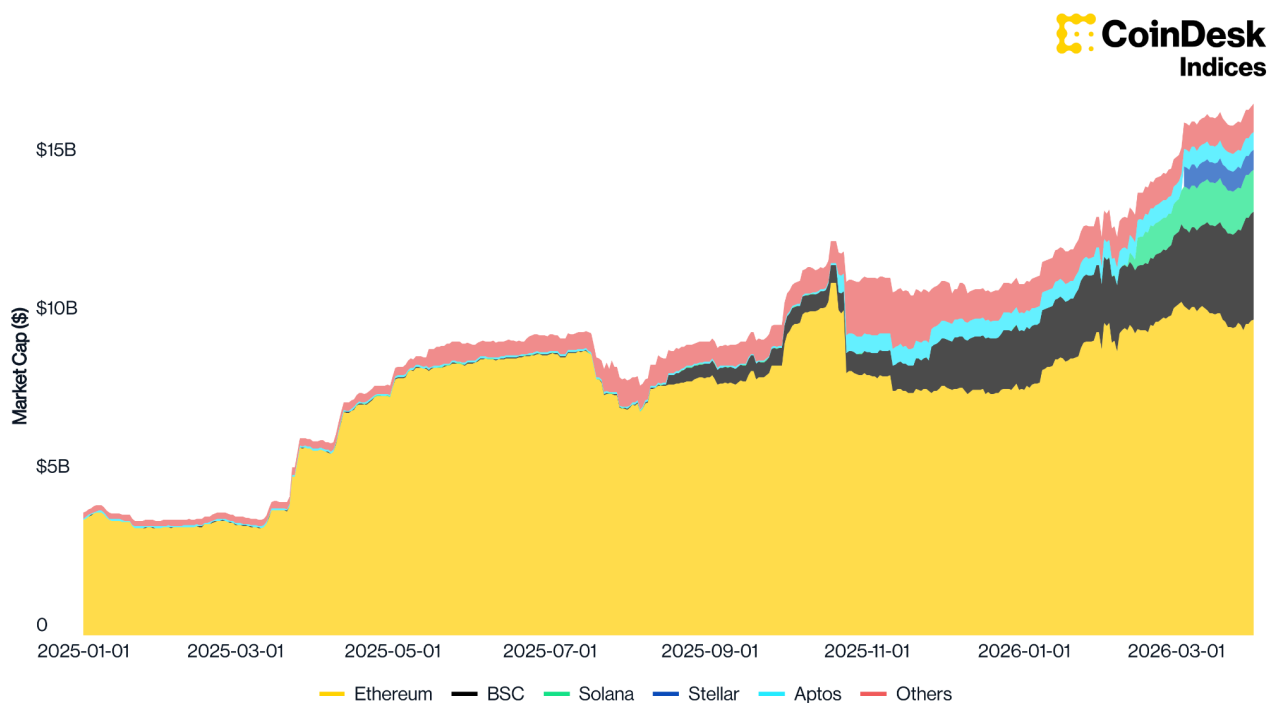
## Ethereum

- Current Weight: 19.8%
- Weight Change from Q1 2026: -0.77%
- Q1 Performance: -29.1%



Like most altcoins, ether experienced a significant drawdown in Q1 2026, declining 29.1% amid the broader market downturn. This weakness was also reflected in investor flows, with U.S. spot Ethereum ETFs failing to register a single month of positive net inflows during the quarter. In aggregate, these products recorded net outflows of \$758M over Q1, underscoring the softer demand environment for ether relative to bitcoin.

### Active Market Cap of Real World Assets by Chain, 2025 - Present



Source: DefiLlama

However, Ethereum's outlook remains closely tied to its position as the leading public blockchain for tokenized assets. As of Q1 2026, 59.4% of total RWA supply resides on Ethereum, underscoring its central role in the evolution of on-chain capital markets. A key catalyst for Q2 will be the continued expansion of tokenization and deeper institutional adoption of Ethereum-based infrastructure.

In addition, BlackRock's ETHB staking ETF, launched on March 12, introduces a new dimension to ETH's investment profile by offering a 3% - 7% annual yield. This development represents a structural demand driver, repositioning ETH from a purely price-driven asset to one that also offers income-generating potential.

# Solana

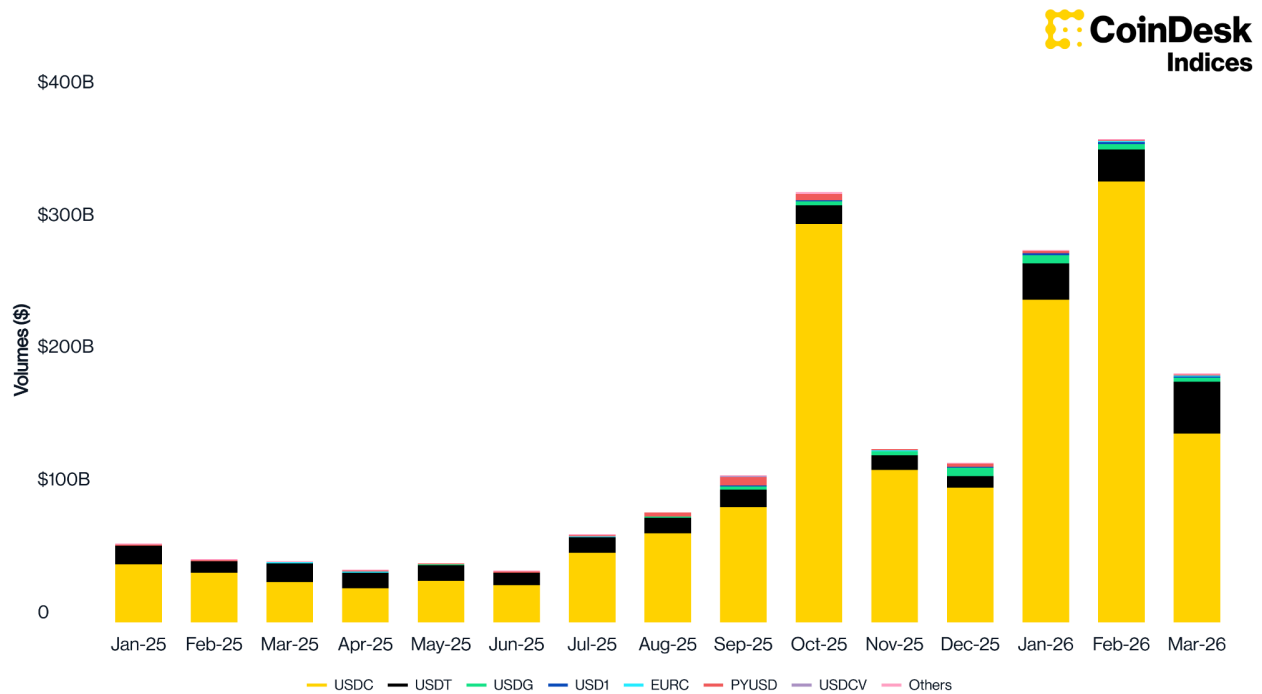
- Current Weight: 8.44%
- Weight Change from Q1 2026: -4.42%
- Q1 Performance: -33.2%



Solana closed Q1 2026 with a notable 33.2% decline in price, underperforming both bitcoin and ether. This downturn coincided with a reduction in on-chain trading activity and overall network revenue. While speculative activity has been a dominant theme for Solana throughout this cycle, recent trends suggest a shift toward more meaningful on-chain usage.

With its high throughput and low transaction costs, Solana is increasingly well-positioned as a leading infrastructure for on-chain payments. Notably, peer-to-peer stablecoin transaction volume on the network surged to a new all-time high in Q1 2026, reaching an impressive \$832B.

## Solana: P2P Transaction Volume by Stablecoins, 2025 - Present



Data as of: March 31st

Solana has also seen strong growth in the adoption of tokenized equities, with its RWA holder count surpassing Ethereum for the first time. This shift has been driven by rapid uptake through platforms such as Ondo Global Markets and xStocks. Looking ahead to Q2, the key catalyst will be the continued expansion of these use cases and whether Solana can sustain its emerging leadership in on-chain trading activity.

## XRP

- Current Weight: 14.7%
- Weight Change from Q1 2026: -5.33%
- Q1 Performance: -27.1%



While XRP declined 27.1% in Q1, its broader narrative continues to evolve beyond its traditional focus on cross-border payments. RLUSD has gained meaningful traction, reaching a market capitalization of \$1.42B by quarter-end, reflecting growing demand for Ripple's stablecoin offering. More importantly, the core investment narrative around XRP is increasingly centered on the integration of RLUSD and XRP within Ripple's expanding suite of financial services. Supported by a series of strategic acquisitions, this development signals a shift toward building a more comprehensive, end-to-end financial ecosystem.

### RLUSD: Recent Acquisitions

Acquired Entity	Pillar	Estimated Acquisition Value	Date	Impact/Scale
Hidden Road	Prime Brokerage	\$1.25B	Apr-25	Clears \$3T annually, 300+ institutional clients
GTreasury	Treasury Management	\$1.0B	Oct-25	Integrates with Fortune 500; manages trillions in volume
Metaco	Custody	\$250M	May-23	Institutional Digital Asset Custody
Rail	Stablecoin and Payment Infrastructure	\$200M	Aug-25	Enterprise-grade stablecoin payments with integration into card networks, ACH, and domestic instant-payment workflows
Palisade	Wallet Infrastructure	N/A	Nov-25	Lightweight, high-speed wallet-as-a-service platform complementing Ripple Custody

Looking ahead, the key catalyst for Q2 will be the adoption and utilization of RLUSD and XRP, and the extent to which these integrations translate into measurable on-chain activity. Ripple's expanding infrastructure provides a strong foundation in this regard. For instance, GTreasury - now Ripple Treasury - reportedly facilitated approximately \$13T in transaction volume in 2025, while Hidden Road, now operating as Ripple Prime, clears around \$3T annually. The integration of RLUSD and XRP across these platforms could serve as a meaningful driver of real-world usage, reinforcing XRP's evolving role within a broader institutional financial ecosystem.

## V. Conclusion

Q1 2026 marked a challenging period for digital assets, with broad-based declines driven by tightening macro conditions, geopolitical uncertainty, and a sharp deterioration in institutional flows. The drawdown across major indices and assets reflected a synchronized risk-off environment, where crypto traded increasingly in line with traditional financial markets. However, beneath the surface, relative resilience in bitcoin, dispersion across altcoins, and pockets of outperformance within indices such as the CoinDesk 80 highlighted a market that continues to change in both structure and participant composition.

At the same time, structural tailwinds remain firmly in place. The growing influence of spot ETFs, evolving regulatory clarity, and the expansion of tokenization and institutional infrastructure are reshaping the demand landscape for digital assets. These forces, combined with a structurally constrained supply environment post-halving, suggest that while cyclical headwinds may persist, the long-term foundation of the asset class continues to strengthen.

Looking ahead to Q2 2026, the market remains highly sensitive to macro developments, particularly the trajectory of geopolitical tensions and central bank policy. Energy prices and inflation dynamics will be key in determining whether financial conditions ease or remain restrictive. In parallel, ETF flows will serve as a critical barometer of institutional sentiment, with sustained inflows likely acting as a catalyst for recovery.

Ultimately, Q2 represents a potential inflection point. While near-term volatility may persist, a stabilization in macro conditions - combined with continued structural adoption - could set the stage for a gradual rebuilding of risk appetite and a transition toward the next phase of the cycle.

## VI. Linked Products

### **CoinDesk 5:**

[BitGo Platform for Wealth Management](#)

[ICE CoinDesk 5 Index Futures](#)

[Lyons CoinDesk Large Cap SMA](#)

[Grayscale CoinDesk Crypto 5 ETF](#)

[Luno Large Cap Bundle](#)

### **CoinDesk 20:**

[Anchorage CoinDesk 20 SMA](#)

[Bullish | CoinDesk 20 Perpetual Futures](#)

[Etana Platform](#)

[Golden Dragon Portugal Fund](#)

[HD CoinDesk Acheilus Fund](#)

[ML Tech CoinDesk 20 Strategy](#)

[Nonco Spot and Derivatives Execution](#)

[TDX CoinDesk20 Bonus Coupon](#)

[WisdomTree Physical CoinDesk 20 ETP](#)

[BlockFills CoinDesk 20 Options Market](#)

[Eightcap | CoinDesk 20 CFDs](#)

[Finst CoinDesk 20 Bundle](#)

[GSR Options on CoinDesk 20](#)

[ICE Futures](#)

[Marex 12 Months USD Tracker Certificate](#)

[ProShares CoinDesk 20 Crypto ETF](#)

[Tokenwell Platform](#)

[Zerocap CoinDesk 20 Structured Product Series](#)

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