Teroxx

Market Pulse August 2026

Digital Assets, Traditional Finance & Macro Outlook

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Teroxx | Digital Assets Research
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Executive Summary

July 2026 was the month the market absorbed a wall of bad news and held its ground. Bitcoin entered the month bruised, slipping below $59,000 on July 1 after June's record capitulation, yet closed the month near $64,000, holding a +7% gain even as the calendar filled with events that would ordinarily have pushed it lower. A hawkish Warsh Fed, a fresh eruption of US Iran hostilities that reignited the oil shock, a security scare in the hardware wallet market, and the smallest month of ETF inflows on record all landed in the same four weeks. The asset absorbed each of them because the forced selling that defines a capitulation had already been spent in June. With leverage flushed and daily liquidations running well below the year's typical range, there was little fuel left for another decline.

The contrast with equities was the story of the month. Where June saw digital assets and the AI trade sell off together, July saw them diverge again, this time with equities leading the recovery. After the July 29 FOMC, a wave of hyperscaler earnings drove a relief rally: Microsoft jumped 16% on Azure strength and added roughly $450 billion in market value in a single session, semiconductors rallied more than 8%, and the Nasdaq snapped a six day losing streak. Bitcoin did not join that move. It drifted lower into month end even as the Kospi rose 15% and US index futures advanced, a decoupling that left digital assets looking heavy against a risk-on tape rather than leading it.

The macro frame hardened further. Kevin Warsh chaired his second FOMC on July 28 to 29 and again held the federal funds rate at 3.50% to 3.75%, but this time three officials dissented in favour of a hike, the clearest signal yet that the committee's centre of gravity has shifted toward tightening. Warsh kept his terse communication style and offered no forward guidance, and while the market read the meeting as marginally less hawkish than feared, it still entered August pricing meaningful odds of a September hike. The energy picture, which had looked disinflationary at the end of June, inverted: the June 18 US Iran memorandum frayed, renewed strikes and a reinstated naval blockade sent Brent back above $84 and WTI near $80, and oil finished July more than 20% higher, threatening to keep headline inflation hot into the autumn.

Bitcoin Price (2026-YTD)

Source: Investing.com, Teroxx Research

Beneath the noise, the structural story kept compounding, and it did so more visibly than in any prior month of the year. On July 1, MiCA's transitional window closed across the bloc, ending grandfathering and leaving only 244 fully authorised CASPs standing while an estimated 83% of previously registered firms fell outside the perimeter. On the same day, Robinhood launched an Ethereum layer 2 for tokenized stocks across 120 countries, and within a fortnight tokenized real world asset value on the network multiplied several times over. Ether ETFs drew $365 million while Bitcoin's drew a record low $205 million, the first month in which the rotation into tokenization infrastructure showed up clearly in the flows. The month closes with digital assets caught between a macro that has not turned and a structural build that keeps accelerating. The question carrying into the second half is no longer whether June was the low, but whether price can reconnect to a fundamental story that is plainly still strengthening.

Key Takeaways:

- **AI Rebounds, Bitcoin Diverges:** A wave of hyperscaler earnings drove a sharp equity recovery in late July. Microsoft jumped 16% and added roughly $450 billion in value in a single session, semiconductors rallied over 8%, and the Nasdaq snapped a six day losing streak. Bitcoin did not follow, drifting lower into month end as equities advanced.
- **ETF Inflows Hit Record Low:** US spot Bitcoin ETFs took in just $205 million in July, the smallest monthly total since launch, after $2.43 billion left in May and $4.52 billion in June. Ether ETFs outpaced them with $365 million of inflows, a first sign of rotation.
- **Bitcoin Holds Its June Low:** Bitcoin fell below $58,000 on July 1 but closed the month near $63,000, absorbing a hawkish Fed, an oil shock and a wallet exploit without a fresh decline, because the forced selling was already spent in June.
- **Warsh Holds, Three Dissent:** The Fed held at 3.50% to 3.75% at the July 28 to 29 meeting, but three officials dissented in favour of a hike. Markets entered August pricing meaningful odds of a September move.
- **MiCA Deadline Lands:** The transitional window closed on July 1. Only 244 CASPs held full authorisation across the EU and EEA, leaving an estimated 83% of previously registered firms outside the perimeter and facing fines up to 12.5% of global turnover.

Market Performance – July Review

Key Insight

July restored the divergence that June had erased, but with the roles reversed. In June, equities and digital assets fell together as the dollar and yields firmed. In July, US equities staged a sharp recovery on hyperscaler earnings, with the Nasdaq up 1.77% on the week and pushing back toward record territory near 25,374, while the S&P 500 advanced around 1% to 7,490. The rally was led by the AI complex, and the broad risk appetite that lifted US indices toward their highs ran well ahead of digital assets, which stayed tied to their own flow ledger rather than the momentum driving equities.

Digital Asset Majors

Digital Asset Majors	Market Cap	Current Price	7D Change	30D Change
BTC	$ 1.3 tn	$64,294	-1.8%	-0.8%
ETH	$ 222.1 bn	$1,870	-2.5%	+3.4%
SOL	$ 42.0 bn	$74	-2.3%	-11.4%

Equities	Market Cap	Current Price	7D Change	30D Change
S&P 500 ($)	~58.0 tn	7,736.52	+1.03%	-0.6%
NASDAQ ($)	~49.0 tn	26,584.99	+1.77%	-2.9%
DAX40 (€)	~2.4 tn	26,202	+2.51%	+0.7%

Currencies	Current Price	7D Change	30D Change
Euro (€/$)	$1.15	-1.33%	-0.7%
Pound (£/$)	$1.35	+1.25%	+0.7%
Yen ($/¥)	¥157	-4.16%	-2.7%

Source: Artemis Terminal, Google Finance, Investing.com, TradingView, Teroxx Research

The split within digital assets was as telling as the gap with equities. Ethereum was the relative outperformer for the first time in months, up around 3% on a 30 day basis to near $1,840, buoyed by the tokenization narrative as Robinhood's layer 2 launch and rising real world asset value pulled flows toward the network. Solana moved the other way, trading near $72 and down roughly 11% over the same window, giving background as the rotation favoured Ethereum's infrastructure story. Open interest stayed compressed, average daily liquidations ran well below the year's typical $400 to $500 million range, and funding sat close to neutral rather than deeply negative. The pattern is not one of a market with far to fall on positioning, but of one waiting for a catalyst that flow alone has not yet supplied.

Story of the Month

The Correlation Loosens: Bitcoin and US Equities Part Ways

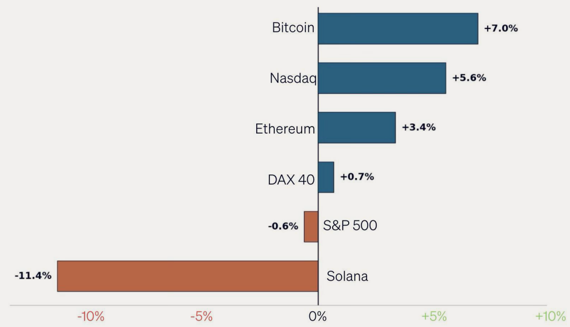
For most of the past two years Bitcoin and US equities traded as two expressions of the same variable, risk appetite. When liquidity turned supportive they rose together, and when it turned they fell together, with Bitcoin typically moving as the higher beta version of whatever the Nasdaq was doing. July was the month that link visibly loosened, and it did so in both directions rather than one.

The equity leg of the move was among the sharpest of the cycle. After the July 29 Fed decision, a wave of hyperscaler earnings drove US indices back toward record territory: Microsoft jumped 16% on Azure strength and added roughly $450 billion of market value in a single session, semiconductors rallied more than 8%, and the Nasdaq closed the week up 1.77% near 25,374 while the S&P 500 advanced around 1% to 7,490. This was a targeted, earnings driven rally in the AI complex, not a broad liquidity wave, and that distinction matters for how Bitcoin responded.

Bitcoin rose too, closing July up around 7%, but it did not track the equity move tick for tick. It climbed on its own schedule, holding the high $50,000s and reclaiming the low $60,000s while the equity rally was concentrated in the final days of the month around earnings. The result was a month in which both assets ended higher but their paths diverged, with Bitcoin's beta to the Nasdaq measurably lower than it had been through 2024 and 2025. The asset behaved less like a leveraged proxy for the AI trade and more like a market clearing its own positioning.

That loosening cuts two ways, and both are constructive relative to the reflexive correlation of prior years. On the one hand, a Bitcoin less tethered to equities is one that no longer rises simply because the Nasdaq does, removing a borrowed source of demand. On the other, it is also one that no longer falls simply because equities do, and July's resilience through a hawkish Fed and an oil shock, without a fresh liquidation cascade, is early evidence of that independence. The takeaway is not that Bitcoin has decoupled from risk entirely, but that its price is increasingly set by its own flow ledger, ETF demand, positioning and structural adoption, rather than by the momentum driving US indices.

Everyone Up, To Different Degrees
July returns by asset: Bitcoin led, but the equity and digital asset moves diverged



Source: Teroxx Research, BTC & Nasdaq monthly;
ETH, SOL, S&P, DAX approximated from 30-day change.

A Flaw in the Foundation: The Coldcard Exploit

The month's sharpest reminder that market risk is not the only risk came from the hardware wallet layer. Beginning on July 30, an attacker exploited a firmware flaw in Coldcard, the Bitcoin only hardware wallet made by the Canadian firm Coinkite, reconstructing private keys offline and sweeping funds in tightly coordinated bursts. Galaxy Research eventually tied around 1,596 BTC, worth close to $115 million, to the sweeps across 7300 addresses. The root cause was a March 2021 build error that routed seed generation to a software pseudorandom number generator instead of the device's hardware source, leaving Mk3 seeds with roughly 40 bits of entropy instead of the intended 128, a key space brute forceable with commodity hardware. Coinkite shipped emergency firmware for every affected model, though a patch does not repair a seed already generated under the flaw.

The notable part was the market's reaction, or lack of one. In prior cycles a headline of this kind, thousands of self-custodied wallets drained through a foundational flaw, would have fed directly into fear and pressured price. This time it did not. Bitcoin held its ground through the episode and closed the month higher, absorbing the news without a fresh wave of selling. The exploit does not implicate Bitcoin itself, and the blast radius was confined to specific firmware versions rather than the self custody model as a whole. That the market treated it as a contained operational incident rather than a systemic threat is a sign of maturing infrastructure, and it strengthens rather than weakens the case for regulated custody and institutional grade key management, the parts of the stack built to remove exactly this category of hidden risk.

Macro Outlook & Monetary Policy

The Warsh Fed's Second Verdict: A Hold, With Dissent

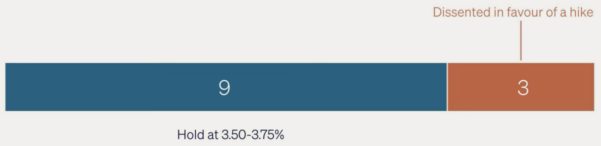
July's defining macro event was Kevin Warsh's second FOMC meeting on the 28th and 29th. The committee again held the federal funds rate at 3.50% to 3.75%, a result markets had largely priced, but the character of the vote shifted. Three officials dissented in favour of a hike, an unusually visible split that signalled the committee's centre of gravity moving toward tightening even as the majority stayed patient. Warsh maintained the terse, guidance free communication style he introduced in June, declined to telegraph a September move, and reiterated that the Fed would deliver price stability after years above target.

The market read the meeting as marginally less hawkish than feared. Equities sold off into the decision but rebounded sharply the next session on earnings, and the two year yield actually slipped even as the thirty year rose to its highest since 2007. By month end the futures market was pricing a meaningful but not dominant probability of a September hike, with several strategists expecting the Fed to hold through the year end absent a fresh inflation surprise. The signal is one of a committee that has stopped pretending it might cut, without yet committing to move.

The energy picture, which had looked cleanly disinflationary as June closed, inverted through July. The June 18 US Iran memorandum that promised to reopen the Strait of Hormuz frayed within weeks. Renewed strikes, a reinstated US naval blockade of Iranian ports, and repeated attacks on tankers transiting Hormuz sent Brent back above $87 and WTI toward $80, and crude finished July more than 20% higher on the month. What had briefly been a tailwind for the inflation outlook became a fresh upside risk, one that keeps the Warsh Fed boxed in and revives, at the margin, the debasement thesis that lower oil had dismantled in June.

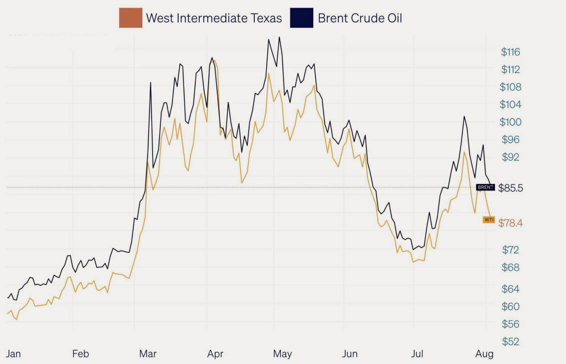
A Committee Splitting Towards Tightening

July FOMC vote: the majority hold, but a quarter of the committee broke ranks for hike



Source: Teroxx Research, FOMC voting members, July 28-29 meeting

Crude Oil Prices (2026-YTD)



Source: Trading View, Teroxx Research

For digital asset allocators the message is that the higher for longer regime is now entrenched under a chair who has signalled a hike is more likely than a cut. The monetary tailwind that bulls anticipated at the start of the year remains off the table for 2026. But the return of the oil shock, and with it a live inflation narrative, quietly restores part of the macro case for a scarce, non-sovereign store of value, precisely the pillar that June's oil slump had removed.

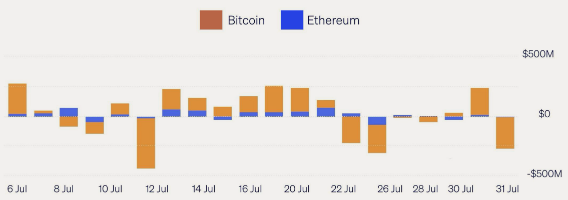
Digital Asset Performance, Intersection with TradFi

The Flow Rotation: Record Low Bitcoin ETF Inflows as Ether Pulls Ahead

July marked a turning point in the character of institutional flows, though not the one bulls had hoped for. US spot Bitcoin ETFs took in just $205 million on the month, the smallest positive total since the products launched in January 2024. That figure stopped the bleeding after $2.43 billion of May outflows and a record $4.52 billion in June, but it did not reverse it: a $205 million month does not replace what an $8 billion drain removed. Total net assets across the complex stood near $76 billion at month end, down from a peak above $150 billion in September 2025, and the year to date flow tally remained firmly negative at roughly $5.3 billion out.

The texture of July's flows tells the real story. The month strung together several multiday inflow streaks that analysts repeatedly cited as evidence of returning demand, only for each to be bracketed by outflow days that ate most of the gains. A late July selloff, including a $265 million single day outflow on the final Friday, flipped the last week negative and ended a three week run of inflows. The recovery being celebrated on a daily basis never accumulated into a decisive monthly figure. What resets the picture is not a good week but a good month, and July was not yet that month.

Daily Crypto ETF Net Flow Chart (July 2026)



Source: CoinMarketCap, Teroxx Research

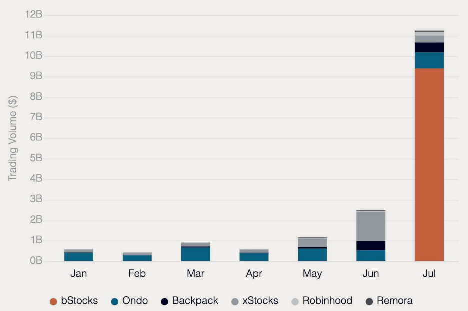
The more consequential shift was rotation. Ether ETFs drew $365 million in July, their strongest month of the year, logging four consecutive weeks of inflows and outpacing the far larger Bitcoin complex for the first time. XRP products added a further $27 million. The rotation is not incidental: it tracks a fundamental narrative in which Ethereum's value accrues from its position as the settlement layer for tokenized assets, a thesis that gained concrete support in July. Corporate balance sheet accumulation, meanwhile, never stopped, with committed treasury holders continuing to treat the high $50,000s and low $60,000s as an accumulation window even as tactical ETF capital rotated between assets. Cumulative net Bitcoin ETF inflows since January 2024 remain near $51 billion, a base of regulated capital that two brutal quarters have dented but not erased.

Tokenization's Record Month, and Its Asterisk

On-chain trading of tokenized equities had its largest month on record in July. Monthly volume jumped 288% to $11.3 billion, nearly four times June's prior record. The chart makes the shape of that growth unmistakable: a flat, sub-$1 billion base through the first four months of the year, a first meaningful step up in June past $2 billion, and then a vertical July bar that dwarfs everything before it. For a sector that spent the year as a narrative in search of volume, it is the first month the volume genuinely arrived.

The composition, though, is where the story turns. Binance's bStocks accounted for 83.3% of the total, or $9.41 billion, almost entirely from a single tokenized QQQ product, which alone recorded $9.27 billion in trades. That one token, tracking Invesco's Nasdaq 100 ETF, represents roughly 82% of all tokenized equity volume for the month, and it is the orange block that makes up nearly the entire July bar. Its surge was driven less by organic demand than by incentives: zero maker fees through August and a new VIP volume multiplier introduced on July 23.

Tokenized Equities:
On-chain Trading Volumes by Issuer, 2026



Source: CoinMarketCap, Teroxx Research

Strip that product out and the picture is far more sober. Excluding the QQQ token, tokenized equity volume was roughly $2.03 billion, about 30% below June's total. The rotation among venues underlines how early this remains. xStocks, which had led the market in June, fell to $335 million, while Ondo recorded $792 million, Backpack $479 million, and Robinhood entered the rankings for the first time.

The read is two sided, and on balance constructive. The concentration is real and the headline figure should be treated with caution: one incentivized product on one venue is not broad based adoption, and a single token carrying 80% of a market is a fragility, not a strength. But the infrastructure beneath it is compounding regardless. The market capitalization of tokenized public equities rose 50% in July to a record $2.26 billion, a fourth consecutive month of expansion. The volume headline flatters the sector, yet the direction of travel, more issuers, more venues, more assets moving on-chain, is the part that carries into the second half.

Outlook & Portfolio Strategy

Reconnection or Drift: The Setup Into Q4 2026

July leaves digital assets in a position defined by a widening gap between price and fundamentals. On one side, the structural build accelerated visibly: MiCA became binding reality, tokenization infrastructure went live at retail scale, Ether flows turned decisively positive, and Bitcoin absorbed a month of bad news without a fresh cascade. The forced selling that produces cycle lows was spent in June, leverage stayed flushed through July, and the asset held its low. These are not the conditions of a market with far to fall on positioning alone.

Bitcoin Monthly Returns %

Time	January	February	March	April	May	June	July	August	September	October	November	December
2026	-10.17%	-14.94%	+1.81%	+11.87%	-3.41%	-20.48%	+7.36%	+0.02%				
2025	+9.29%	-17.39%	-2.3%	+14.08%	+10.99%	+2.49%	+8.13%	-6.49%	+5.16%	-3.69%	-17.67%	-2.97%
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+7.29%	+10.76%	+37.29%	-2.85%
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
2022	-16.68%	+12.21%	+5.39%	-17.3%	-15.6%	-37.28%	+16.8%	-13.88%	-3.12%	+5.56%	-16.23%	-3.59%
2021	+14.51%	+36.78%	+29.84%	-1.98%	-35.31%	-5.95%	+18.19%	+13.8%	-7.03%	+39.93%	-7.11%	-18.9%
2020	+29.95%	-8.6%	-24.92%	+34.26%	+9.51%	-3.18%	+24.03%	+2.83%	-7.51%	+27.7%	+42.95%	+46.92%
2019	-8.58%	+11.14%	+7.05%	+34.36%	+52.38%	+26.67%	-6.59%	-4.6%	-13.38%	+10.17%	-17.27%	-5.15%
2018	-25.41%	+0.47%	-32.85%	+33.43%	-18.99%	-14.62%	+20.96%	-9.27%	-5.58%	-3.83%	-36.57%	-5.15%
2017	-0.04%	+23.07%	-9.05%	+32.71%	+52.71%	+10.45%	+17.92%	+65.32%	-7.44%	+47.81%	+53.48%	+38.89%
2016	-14.83%	+20.08%	-5.35%	+7.27%	+18.78%	+27.14%	-7.67%	-7.49%	+6.04%	+14.71%	+5.42%	+30.8%
2015	-33.05%	+18.43%	-4.38%	-3.46%	-3.17%	+15.19%	+8.2%	-18.67%	+2.35%	+33.49%	+19.27%	+13.83%
2014	+10.03%	-31.03%	-17.25%	-1.6%	+39.46%	+2.2%	-9.69%	-17.55%	-19.01%	-12.95%	+12.82%	-15.11%
2013	+44.05%	+61.77%	+172.76%	+50.01%	-8.56%	-29.89%	+9.6%	+30.42%	-1.76%	+60.79%	+449.35%	-34.81%
Average	+2.81%	+11.11%	+11.47%	+12.98%	+7.35%	-1.59%	+7.58%	+1.04%	-3.08%	+19.92%	+41.12%	+4.16%
Median	+0.29%	+11.68%	-0.24%	+9.57%	+3.17%	-0.49%	+8.16%	-6.99%	-3.12%	+14.71%	+8.81%	-2.97%

Source: Coinglass, Teroxx Research

On the other side, price refused to reward any of it. Bitcoin sat out the sharpest equity rally of the cycle, ETF inflows hit a record low, and the macro turned less friendly as the oil shock returned and the Fed's dissenters pushed toward a hike. The honest assessment is that the next directional move is event driven rather than seasonal: the path of the Warsh Fed's communication into the autumn, whether the US Iran conflict re-escalates or the Hormuz reopening holds, the trajectory of ETF flows, and whether the tokenization build begins to pull spot demand along with it will collectively decide whether July's resilience becomes a base or merely a pause.

Our positioning stance is unchanged in philosophy but sharpened in emphasis. We continue to favour a staged, dollar cost averaged accumulation of high quality majors weighted toward Bitcoin, with Ethereum exposure justified by its tokenization moat, a thesis that gained hard evidence in July rather than near term price momentum. We would treat the current disconnect between an accelerating structural story and a lagging price as the opportunity, not the warning, while sizing for the real possibility that the macro keeps prices range bound into Q4. The structural thesis, ETF maturity, tokenization, corporate treasury adoption, and the decoupling of on-chain dollar demand, did not weaken in July. It strengthened while price stood still. That divergence, more than any single price level, is the signal worth holding onto.