
Market Pulse

July 2026

Digital Assets, Traditional Finance
& Macro Outlook



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Teroxx | Digital Assets Research

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Executive Summary

June 2026 marked the month the rotation finally circled back. The same dynamic that had pressured digital assets through May, capital crowding into artificial intelligence equities, reversed sharply in the final ten days of June as investors began asking for evidence of returns rather than promises of them. The Nasdaq Composite fell more than 6% from its June 2 record, semiconductor names gave back over a trillion dollars of value in single sessions, and the unwind extended across risk assets broadly. For the first time this year, crypto and tech sold off together rather than trading places, a sign that the year's dominant trade is being reassessed rather than abandoned.

Bitcoin felt the move most. Having entered the month near \$73,100, it moved through the closely watched \$70,000, \$65,000, and \$60,000 levels in succession, touching the high \$58,000s and closing June near \$59,100, its lowest level since October 2025 and roughly 53% below the \$126,198 all time high set eight months earlier. Ethereum fell below \$1,600 and Solana traded into the mid \$70s, both extending their year to date underperformance versus Bitcoin. The headline driver was the spot Bitcoin ETF complex, which recorded its largest weekly outflow on record in early June, near \$1.8 billion, as part of a multi week run of redemptions that pushed the year to date flow tally back into negative territory.

The macro frame firmed considerably. Kevin Warsh chaired his first FOMC meeting on June 16 to 17 and, while the committee held the federal funds rate unchanged at 3.50% to 3.75% by a unanimous vote, the projections underneath told a hawkish story: the median year end dot rose from 3.40% in March to 3.80%, shifting the implied path from a cut to a hike, with 17 of 18 participants judging inflation risks to the upside. Warsh stripped forward guidance from a deliberately terse statement and announced five task forces to review Fed operations. Two year Treasury yields jumped and the dollar posted its best session in nearly a year, adding pressure to every non yielding asset.

Yet beneath the price action, the structural story kept compounding. On the geopolitical front, the June 17 memorandum of understanding between President Trump and Iranian President Pezeshkian set a path toward ending the war and reopening the Strait of Hormuz, though the truce remained fragile through month end as both sides worked through the harder questions still on the table.

Even so, the de-escalation backdrop helped ease energy markets relative to the peak of the conflict. More telling for digital assets, stablecoin supply held firm near \$312 billion, and its resilience even as token prices fell offers some of the clearest evidence that on-chain dollar demand is decoupling from speculative risk appetite. The month closes with digital assets trading with a sentiment of notably caution, and a constructive setup taking shape for the second half: with much of the speculative excess cleared and structural demand intact, the question is increasingly whether June marked the cycle low rather than whether further downside lies ahead.

Bitcoin Price (2026-YTD)



Source: Investing.com, Teroxx Research

Key Takeaways:

- **SpaceX Debut, Tech Wobbles:** SpaceX's June 12 Nasdaq listing briefly made Musk the first trillionaire before reversing sharply; alongside it the Nasdaq fell over 6% from its June 2 high and semiconductors gave back more than \$1 trillion in single sessions. The capital that left crypto for tech in May did not rotate back, and both sold off together
- **ETF Outflows Build:** US spot Bitcoin ETFs posted their largest single week outflow on record near \$1.8 billion in early June, pulling year to date net flows negative. Cumulative inflows since the January 2024 launch remain near \$51.
- **Bitcoin Slips Below \$60,000:** Bitcoin closed June near \$59,100, its lowest since October 2025 and roughly 53% off its high. Ethereum eased below \$1,600 and Solana into the mid \$70s.
- **Warsh Turns Hawkish:** At his first FOMC meeting, the median 2026 dot moved from an implied cut to a hike (3.40% to 3.80%), with 17 of 18 participants seeing upside inflation risk. Markets began pricing meaningful odds of an October hike.
- **Hormuz Path Stalls:** A June 17 US-Iran memorandum set a path toward reopening the Strait of Hormuz, but the truce frayed late in the month as renewed strikes left implementation unsettled. Oil stayed volatile rather than settling at pre war lows.

Market Performance – June Review

Key Insight

June inverted May's bifurcation. Where May saw equities advance while digital assets gave back gains, June saw both decline together as the dollar and Treasury yields strengthened. The Nasdaq, which had set a record on June 2, surrendered more than 6% as the market shifted from rewarding AI capital expenditure to demanding evidence of returns. Combined 2026 capex across the largest hyperscalers crossed \$450 billion, a figure that increasingly unsettled allocators who began questioning the monetisation timeline. For Bitcoin, this removed the one tailwind that had partly offset macro pressure in prior months: there was no longer a risk asset rotating in, only risk assets rotating out together.

Bitcoin's year to date drawdown widened sharply, from roughly 17% at the end of May to nearly 32% by month end, as the asset lost three round number levels in succession.

The deepest damage concentrated in the most liquid majors only in relative terms; in absolute terms Ethereum and Solana again underperformed, with ETH down close to 46% year to date and SOL near 40%. The pattern is consistent with a late stage deleveraging where leverage is flushed across the board, open interest contracts, and funding rates flip negative, conditions that historically precede capitulation rather than follow it.

 **Asset Performance by Key Asset Classes**

Digital Asset Majors	Market Cap	Current Price	7D Change	30D Change
BTC	\$ 1.2 tn	\$60,636	-3.5%	-17.6%
ETH	\$ 190.4 bn	\$1,626	-2.4%	-21.2%
SOL	\$ 43.6 bn	\$77.81	+10.7%	-7.3%

Equities	Market Cap	Current Price	7D Change	30D Change
S&P 500 (\$)	-58.0 tn	7,499	+1.92%	-1.3%
NASDAQ (\$)	-49.0 tn	26,214	+2.89%	-3.2%
DAX40 (€)	-2.4 tn	25,065	+0.7%	+3.1%

Currencies	Current Price	7D Change	30D Change
Euro (€/€)	\$1.14	-0.33%	+2.1%
Pound (£/£)	\$1.33	+0.68%	-1.5%
Yen (\$/¥)	¥163	+0.55%	+2.1%

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

Story of the Month

The Great Rotation Reverses: When the AI Trade and the Crypto Trade Sold Off Together

For most of the first half of 2026 the dominant institutional narrative was a one way rotation: capital leaving digital assets and crowding into artificial intelligence equities, where the earnings catalyst looked clearer and nearer term. That narrative defined May. In June it broke. After the Nasdaq set a fresh record on June 2, a hotter than expected jobs report reignited rate fears, and over the following weeks the AI complex suffered its most significant correction of the year. Semiconductor indices fell by double digits in single sessions, with individual memory and accelerator names dropping 10 to 17%, and the sell off cascaded into Asian markets, where Korea's Kospi fell sharply on its chip exposure.

The proximate triggers were valuation and policy rather than broken fundamentals. AI infrastructure earnings remained robust, but after a parabolic run, with some semiconductor indices up over 100% across the spring, the market began to demand monetisation evidence to justify more than \$450 billion of combined hyperscaler capex. Layered on top, the hawkish repricing of the Fed lifted the discount rate applied to long duration growth equities at precisely the moment their valuations were most stretched. The result was a textbook expectations reset.

The implication for digital asset allocators is the heart of this month's story. In May, the AI rotation was a headwind for crypto because capital was leaving one for the other. In June, the correlation flipped: as the AI trade deleveraged, the same macro vise, higher yields, a stronger dollar, fading rate cut hopes, squeezed both AI equities and Bitcoin simultaneously. This is the uncomfortable regime for diversification, where the assets investors hold to offset each other instead fall together. It also clarifies what a durable digital asset recovery now requires. With the speculative, liquidity driven bid gone, the case for Bitcoin must rest on its structural drivers, ETF product maturity, tokenization, corporate treasury accumulation, and the gradual decoupling of on-chain dollar demand from token prices, rather than on a near term monetary tailwind that the data does not support.

 June 2026 Performance — Risk-Off Hits Every Cylinder at Once



Source: Teroux Research. Trading View

Macro Outlook & Monetary Policy

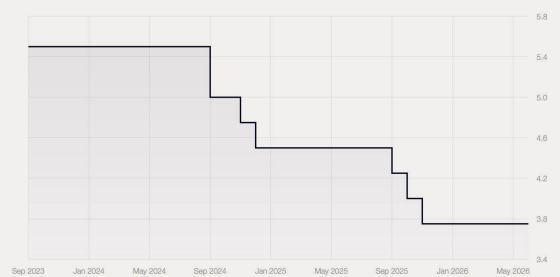
The Warsh Fed Delivers Its First Verdict: A Hawkish Hold

June's defining macro event was Kevin Warsh's first FOMC meeting on the 16th and 17th. The committee held the federal funds rate unchanged at 3.50% to 3.75% by a unanimous 12 to 0 vote, a result markets had fully priced. The signal lived in the projections. The median participant's year end 2026 rate rose to 3.80% from 3.40% in March, flipping the implied path from a cut to a hike above the current midpoint, and 17 of 18 participants judged the risks to their inflation forecast to be weighted to the upside. Officials lifted their headline inflation projection for 2026 to 3.6% and trimmed growth to 2.2%.

Warsh used the meeting to remake the institution's communication. He published a deliberately terse statement, stripped of forward guidance, and declined to submit his own dot. He announced five task forces to review the Fed's operations, communications, data, and the causes of inflation, and was emphatic that the committee would deliver price stability after five years above target. The market read it as hawkish: two year Treasury yields jumped sharply, the dollar index posted its strongest session in almost a year, gold fell, and risk assets sold off into the close. By late June the futures market was pricing meaningful odds of a hike by October.

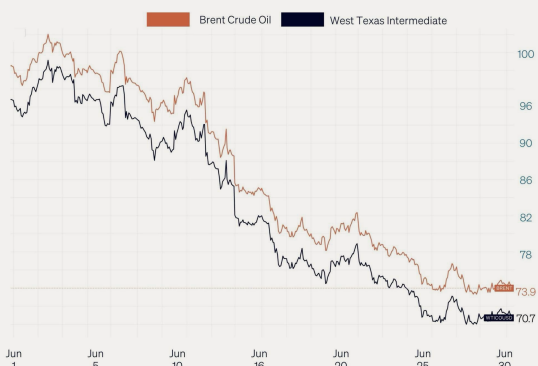
The energy picture, paradoxically, cut both ways. On June 17 President Trump and Iran's President Pezeshkian signed a memorandum of understanding to end the war and the blockade of the Strait of Hormuz; within days vessel traffic through the strait doubled to its highest level since February, and crude fell to pre war lows, with Brent near \$73 and WTI dipping below \$70 for the first time since the conflict began. That decline is a genuine disinflationary impulse and, over time, eases the supply shock that has kept the Fed boxed in. But in the near term it also dismantled the debasement trade, the thesis that drove parallel inflows into Bitcoin and gold, removing a key pillar of demand precisely as the ETF bid turned negative. Lower oil is good for the macro and, for now, bad for the marginal crypto buyer.

Federal Funds Rate
Target range upper bound, % — Federal Reserve, 2024 to 2026



Source: Federal Reserve, Teroxx Research

Brent Crude Oil and WTI Price — June 2026



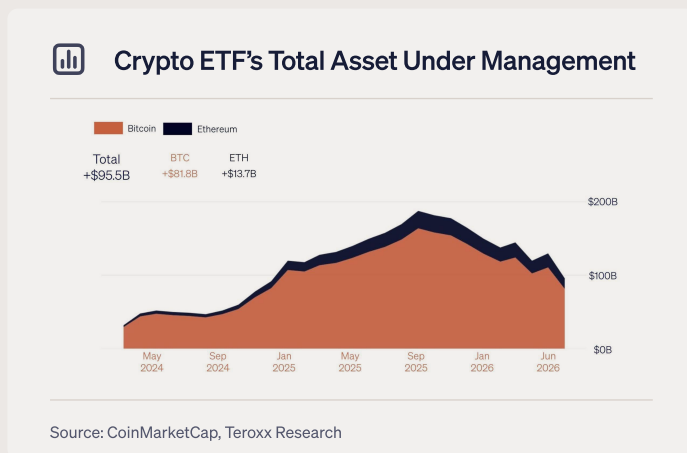
Source: Trading View, Teroxx Research

For digital asset allocators the message is unambiguous. The higher for longer regime is no longer a forecast but the base case, and under a chair who has signalled a hike is more likely than a cut, the monetary tailwind that crypto bulls anticipated at the start of the year is off the table for 2026. The case for the asset class must be built on fundamentals.

Digital Asset Performance, Intersection with TradFi

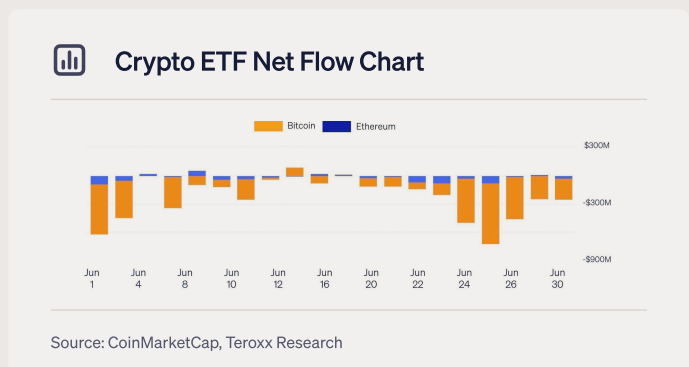
The ETF Flow Reversal Becomes a Rout

The tactical outflow that began in mid May became, in June, the most severe institutional redemption event in the short history of the spot Bitcoin ETF. June saw a record net outflow near \$3.4 billion, the largest since the products launched in January 2024, capping a multi week streak that by some measures erased the year's accumulated inflows and pushed the year to date tally negative. Across the worst stretches, total assets under management in the US spot complex fell from above \$170 billion in October 2025 toward the \$95 billion range as both price and units declined together.



Corporate balance sheet accumulation, meanwhile, never stopped. Strategy continued to add through the volatility, and smaller treasury adopters disclosed fresh purchases at prices in the mid \$60,000s, reinforcing a familiar pattern: the most committed structural holders treat these drawdowns as accumulation windows even as tactical ETF capital exits. Cumulative net ETF inflows since January 2024 remain near \$55 to 58 billion, a base of regulated capital that one quarter of outflows has dented but not erased.

The character of the selling matters as much as its size. Much of it appears to be disciplined profit taking by institutions that established positions in the \$52,000 to \$58,000 range during the first quarter and rationally locked in gains as the macro regime shifted against a non yielding asset. The share of professional 13F holders in total ETF assets declined over the reporting period, evidence of large players trimming rather than capitulating. Crucially, by June 23 a single positive flow day reappeared, a modest net inflow led by a couple of issuers, the first tentative sign that the pace of selling may be slowing. It is far too early to call a reversal, but exhaustion of forced and profit driven selling is typically how these episodes end.



The European Rulebook Hardens: MiCA Pulls Banks Onto the Bridge

If June's price action told a story of retreat, the regulatory layer in Europe told one of convergence. The month marked the final stretch of MiCA's transitional period for crypto asset service providers (CASPs), the grandfathering window that closes on July 1, 2026, after which operating without full authorization ceases to be tolerated across the bloc. The more consequential shift is who is now stepping through that gate. Rather than leaving the space to digital native firms, established banks and traditional asset managers are the ones acquiring CASP licenses, folding digital asset custody, execution, and tokenized products into the same regulated entity that already holds their conventional clients. That is the bridge forming in practice: not a parallel system, but incumbents extending their existing franchises to cover digital assets, which removes the counterparty and custody objections that kept conservative capital on the sidelines.

The structure underneath runs along two tracks. Stablecoins and asset referenced tokens fall under MiCA, while tokenized versions of traditional instruments sit outside it, governed by MiFID II and the existing securities framework, with the DLT Pilot Regime offering a venue to trade and settle tokenized securities on ledger infrastructure. That design lets a bank tokenize a bond or money market fund without reclassifying it as something novel, keeping it inside familiar capital and custody rules. The friction is pace rather than direction. The licensing pipeline remains slow, supervisory practice still varies by member state, and the distinction that increasingly matters is not who holds a license but how many service categories each one actually covers. Turning a written rulebook into consistent supervision across twenty seven jurisdictions is the live question carrying into the second half.

Outlook & Portfolio Strategy

Capitulation or Continuation: The Setup Into Q3 2026

June leaves digital assets in a genuinely two sided position. On one hand, the technical and sentiment picture reads like a washout: Bitcoin roughly 53% off its high, the Fear and Greed Index pinned in extreme fear, leverage flushed, open interest at multi month lows, funding negative, and the first positive ETF flow day in weeks appearing in the final stretch. These are the conditions under which cycle lows have historically formed, not the conditions of a market with far to fall on positioning alone. For long term allocators operating a disciplined accumulation framework, prices in the high \$50,000s represent the most attractive entry of the year.



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%	+0.29%					
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%	+7.08%	+1.12%	-3.08%	+19.92%	+41.12%	+4.16%
Median	+0.29%	+11.68%	-0.24%	+9.57%	+3.17%	-0.49%	+8.16%	-7.49%	-3.12%	+14.71%	+8.81%	-2.97%

Source: Coinglass, Terroxx Research

On the other hand, the macro has not yet turned. A hawkish Fed under a new chair, a stronger dollar, rising real yields, and the loss of the debasement bid as oil falls together form a coherent case for further pressure, and the simultaneous deleveraging of the AI trade removes the convenient assumption that crypto weakness is idiosyncratic. 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, the durability of the Hormuz reopening and the US Iran framework, the fate of the CLARITY Act, and whether the AI correction stabilises or deepens will collectively decide whether June was the low or a waypoint.

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 rather than near term price momentum. We would treat the extreme fear and oversold technicals as an opportunity to build rather than reduce, while sizing for the real possibility that the macro keeps prices lower for longer into Q3. The structural thesis, ETF maturity, tokenization, corporate treasury adoption, and the decoupling of on-chain dollar demand, did not weaken in June. It strengthened while prices fell. That divergence, more than any single price level, is the signal worth holding onto.