
Market Pulse

June 2026

Digital Assets, Traditional Finance
& Macro Outlook



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Teroux | Digital Assets Research

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Executive Summary

May 2026 proved to be a month of significant transition across global markets, as geopolitical dynamics shifted materially with the gradual diplomatic progress toward a more durable US-Iran ceasefire. Brent crude, which had touched a four-year high of \$126.41 per barrel in late April, retreated sharply falling nearly 19% over the course of May as both nations reached a 60-day memorandum of understanding that raised hopes for the partial reopening of the Strait of Hormuz. Despite lingering security concerns and significant damage to Gulf energy infrastructure, the easing of the most acute supply-shock fears provided meaningful relief to energy and broader financial markets.

In digital assets, May presented a tale of two halves. Bitcoin began the month with momentum, briefly pushing above \$80,000 on strong early ETF inflows and renewed institutional optimism before reversing sharply in the second half of the month. A \$1.29 billion dark-pool block sale in BlackRock's IBIT on May 26 crystallized a broader institutional de-risking trend, with spot Bitcoin ETFs recording over \$2.6 billion in net outflows in the final two weeks of May. Bitcoin closed the month near \$73,100, bringing its year-to-date drawdown to approximately -17%, while Ethereum and Solana remained under continued pressure. The shift stands in contrast to April's constructive tone and reflects how quickly risk appetite can revert in the face of macro uncertainty.

Meanwhile, Strategy continued its Bitcoin accumulation, purchasing 24,869 BTC in the week of May 11 to 18 for approximately \$2 billion, lifting its total treasury to 843,738 BTC and reporting a year-to-date BTC yield of 13.3%. Despite near-term headwinds, structural institutional conviction in digital assets, from corporate treasuries to regulated tokenization, remains firmly intact.

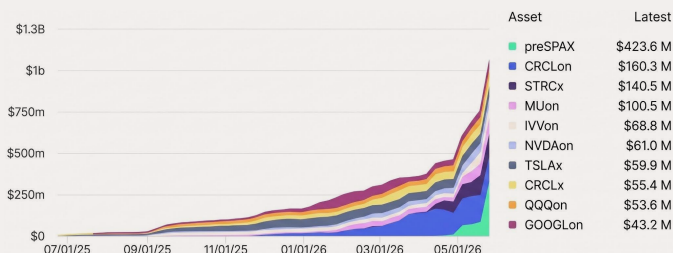
Wall Street Goes On-Chain: The Tokenization Infrastructure Sprint

In May 2026, two institutional moves redefined the digital assets landscape. Morgan Stanley launched direct cryptocurrency trading on its E-Trade platform at 0.50% per transaction, undercutting Coinbase, Robinhood and Schwab, covering Bitcoin, Ethereum and Solana for its 8.6 million clients. The bank also announced plans to integrate tokenized versions of US stocks and ETFs alongside a proprietary digital wallet in the second half of 2026, directly challenging crypto-native exchanges that had bet on traditional banks remaining on the sidelines.

In parallel, the NYSE advanced the development of its tokenized securities platform in partnership with BNY and Citi, also targeting a second half of 2026 launch. The platform will enable 24/7 on-chain trading and settlement of Russell 1000 equities and ETFs, with instant settlement, stablecoin-based funding and fractional share access, while preserving all traditional shareholder rights. The custody infrastructure is backed by an SEC-approved pilot from the Depository Trust Company, which also underpins similar initiatives from Nasdaq.

What emerged in May was not an isolated announcement but a coordinated convergence: the two largest US stock exchanges, the largest wirehouse by assets and the clearing infrastructure of the US equity market are all in active build mode simultaneously. The on-chain settlement of traditional securities, a concept that existed only in whitepapers four years ago, is now a 2026 delivery commitment from the institutions that run the \$126 trillion US equity market.

Tokenized Stocks Market Cap



Source: Token Terminal, Teroux Research

Key Takeaways:

- **Stablecoin ATH:** Stablecoin market cap hits a new all-time high of \$323 billion in May 2026, the third consecutive monthly record, driven by USDT reaching \$190 billion and USDC growing to approximately \$79 billion as institutional demand for compliant dollar liquidity accelerates.
- **IBIT Outflow Storm:** IBIT records a near-record \$527.84 million in single-day outflows on May 28, part of a nine-consecutive-day outflow streak that saw over \$2.6 billion exit the US spot Bitcoin ETF complex in the final two weeks of May.
- **Oil Retreat on Ceasefire Hope:** Brent crude falls nearly 19% in May, from its April high of \$126.41 to around \$92.56 at month-end, as the US and Iran agree to a 60-day memorandum of understanding to pause hostilities, though the Strait of Hormuz remains partially closed.
- **Warsh Takes the Helm:** Kevin Warsh is confirmed 54 to 45 by the Senate on May 13 as the new Federal Reserve Chair, the most divisive confirmation vote in Fed history, and is sworn in on May 22. His first FOMC meeting is set for June 16 to 17.


Market Performance – May Review

Key Insight

May delivered a bifurcated performance across asset classes. Equity markets continued their advance, with the S&P 500 rising a further 5% on the month to 7,609 and the NASDAQ gaining 8.1%, driven by strong Q1 earnings results (84% of S&P 500 companies beat EPS estimates, the highest beat rate since Q2 2021) and sustained momentum in AI infrastructure spending. The DAX40 held largely flat as eurozone stagflation concerns continued to weigh. The dollar softened modestly as crude prices eased and geopolitical risk premiums partially unwound, providing a marginal tailwind to the Euro, Pound, and Yen.

Digital assets gave back a significant portion of April's recovery. Bitcoin's YTD drawdown widened from 12.1% to approximately 24%, as ETF flow reversals, a bearish crossover (50-day SMA crossing below the 200-day SMA), and a second-half risk-off shift combined to push BTC below \$73,500 at month-end.

Ethereum and Solana remained the laggards at 37% and 40% YTD declines respectively, continuing to underperform Bitcoin as liquidity concentrated in the highest quality and most liquid digital assets. The pattern is consistent with late-cycle risk reduction behaviour, where investors prioritise the asset with the deepest institutional base over broader altcoin exposure.

 **Asset Performance by Key Asset Classes**

Digital Asset Majors	Market Cap	Current Price	7D Change	30D Change	YTD Change
BTC	\$ 1.33 tn	\$66,316	-10.8%	-6.2%	-24.13%
ETH	\$ 221.8 bn	\$1,837	-10.63	-7.5%	-37.9%
SOL	\$ 43.1 bn	\$73.1	-11.67	-6.0%	-40.8%

Equities	Market Cap	Current Price	7D Change	30D Change	YTD Change
S&P 500 (\$)	-58.0 tn	7,609	+0.22%	+5.0%	+9.7%
NASDAQ (\$)	-49.0 tn	27,093	+0.5%	+8.1%	+13.6%
DAX40 (€)	-2.5 tn	25,124	+0.7%	+3.1%	-0.1%

Currencies	Current Price	7D Change	30D Change	YTD Change
Euro (€/€)	\$115	+0.44%	+1.10%	+1.8%
Pound (£/£)	\$1.37	+0.31%	+0.55%	+1.5%
Yen (\$/¥)	¥153	+1.20%	+1.95%	+1.9%

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

Story of the Month

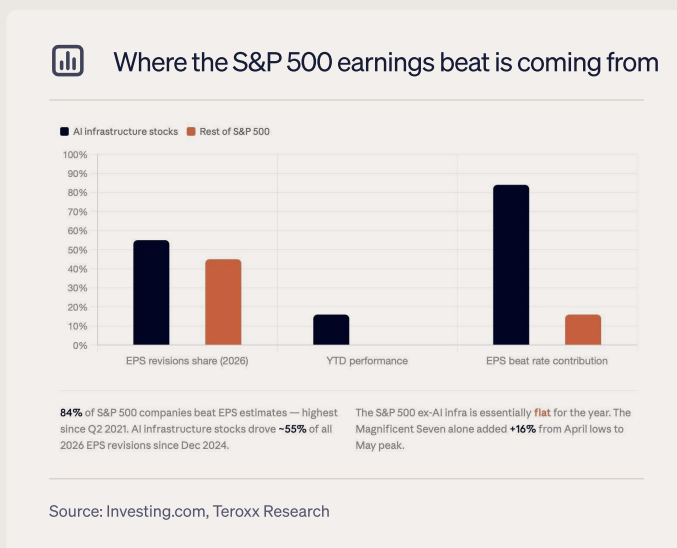
The Warsh Era Begins: Fed Leadership Transition and Its Market Implications

The defining macro event of May 2026 was not a data release or a central bank decision but a change in command. On May 13, the US Senate confirmed Kevin Warsh as the 17th Chair of the Federal Reserve in a 54 to 45 vote, the most divisive confirmation in modern Fed history, ending a months-long search that included nearly a dozen candidates. Only Pennsylvania Democrat Senator John Fetterman crossed party lines to support Warsh. He was formally sworn in on May 22, succeeding Jerome Powell, whose term as Chair expired on May 15. Powell opted to remain on the Board of Governors, which he can do until his governor term expires in early 2028, marking the first time a former chair has returned to the Board in nearly 80 years.

Warsh enters the chairmanship at a uniquely challenging moment. The US economy faces persistent inflation above target, elevated energy costs tied to the Iran conflict, a high-pressure labor market, and a federal debt burden approaching \$39 trillion. His first FOMC meeting is scheduled for June 16 to 17, and markets are already positioning for signals about the direction of monetary policy under his leadership. Projected rates will likely remain unchanged until at least mid-2027, with the risk of a hike rather than a cut. Warsh himself has been a consistent critic of monetary policy under Powell, having called publicly for regime change at the Fed, and his confirmation initially rattled crypto markets given his hawkish reputation. His past comment that Bitcoin does not trouble him and that he views it as an important asset has also provided some reassurance to digital asset investors ahead of his first meeting.

The AI Earnings Supercycle: Fundamentals Arrive at Last

If the Warsh confirmation was the macro story of May, the AI earnings supercycle was the market story. Q1 2026 delivered the strongest earnings beat rate since Q2 2021, with 84% of S&P 500 companies exceeding Earnings Per Share (EPS) estimates and the blended year-over-year earnings growth rate climbing to 27 to 28% as of mid-May, more than double the 13.2% consensus modeled at the end of March. The aggregate EPS surprise of 18.2% above estimates is the highest in five years, and critically, this outperformance is concentrated in companies with demonstrable artificial intelligence infrastructure buildout. AI infrastructure stocks drove approximately 55% of all 2026 EPS estimate revisions since December 2024. The S&P 500 excluding AI infrastructure stocks is essentially flat for the year, underscoring how narrow but deep the current earnings cycle is.



Semiconductor stocks led the market in the first half of May, with the PHLX Semiconductor Index gaining 2.6% in a single session on May 8 as Nvidia and AMD posted results that cemented the narrative of a self-sustaining AI spending cycle. The S&P 500 closed at a fresh all-time high of 7,412.84 on May 11, and the NASDAQ set a concurrent record at 26,274.13. The Magnificent Seven cohort collectively added more than 16% from its April lows to its May peak, with Alphabet alone contributing materially after blowout Google Cloud and Waymo results carried over from its April earnings print. Goldman Sachs revised its S&P 500 year-end target to 7,600, citing 12% full-year EPS growth as the structural anchor. Roughly \$8 trillion in cash remains parked in US money market funds, representing a significant latent bid for equities on any pullback.

The key implication for digital asset allocators is indirect but important. The AI capex supercycle is consuming an ever-larger share of institutional capital allocation bandwidth, creating a valuation environment where equities with tangible AI productivity gains are increasingly the preferred risk asset of institutional portfolios. This dynamic partially explains the May rotation away from digital assets and toward AI-driven equities even as Bitcoin ETF inflows had rebounded strongly in April. The divergence is not structural abandonment of crypto by institutions, but rather a portfolio rebalancing toward assets where the earnings catalyst is clearer and nearer-term. As the AI infrastructure spending cycle matures and crypto regulatory clarity advances via the CLARITY Act, the conditions for a convergence of institutional interest across both asset classes are building.

Macro Outlook & Monetary Policy

May's macro picture was shaped by two overriding forces: the de-escalation of the energy shock and the transition of leadership at the Federal Reserve. Brent crude's near-20% decline over the month provided a meaningful disinflationary impulse to the global economy, with analysts from ICMA projecting oil prices would stabilize between \$90 and \$100 per barrel over the coming months even under optimistic ceasefire scenarios, given significant damage to Gulf energy infrastructure and ongoing security challenges for tanker traffic through the Strait of Hormuz. The 60-day MOU agreed between the US and Iran is a positive development, but Saudi Aramco's CEO warned that global oil markets may not normalize until 2027 if the Strait remains blocked beyond mid-June.

With no scheduled FOMC meeting in May, the month's monetary policy developments centered on the Warsh transition rather than rate decisions. Markets had already priced out any near-term rate cuts, with JPMorgan and other major institutions projecting the federal funds rate will remain in the 3.50% to 3.75% range through at least mid-2027. The Bank of England, which held its Bank Rate at 3.75% in April, is also widely expected to maintain its restrictive posture as UK CPI remains at 3.3% well above target. The ECB, navigating a stagflationary environment with eurozone inflation at 3% and Q1 GDP growth of only 0.8%, faces the sharpest dilemma, though rate cuts remain constrained by energy-driven price pressures.

For digital assets, the macro implication is clear: the higher-for-longer rate environment remains the dominant framework, and any monetary tailwind from imminent policy easing is not supported by the data. Warsh's hawkish reputation, combined with persistent inflation and constrained liquidity, has reinforced the shift that began in April from speculative anticipation of rate cuts toward a regime focused on fundamentals such as on-chain adoption, regulatory clarity, and institutional product development. For allocators in digital assets, May reinforced that the case for Bitcoin and crypto must rest on structural drivers of ETF product development, tokenization, and corporate treasury adoption rather than near-term monetary relief.

Interest Rates vs Inflation Comparison



Source: Investing.com, Teroxx Research

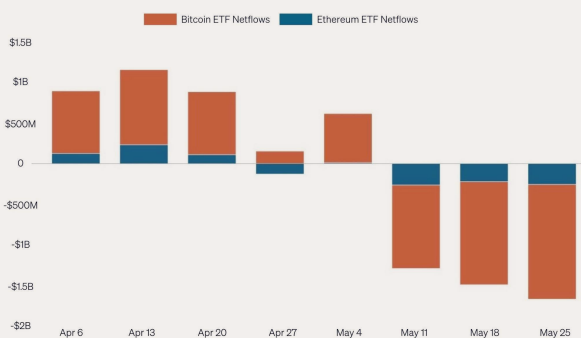
Digital Asset Market Performance – Intersection with TradFi

The ETF Flow Reversal: Institutional Positioning Shifts in May

The strong \$2.44 billion in net inflows recorded by US spot Bitcoin ETFs in April proved to be the high-water mark. May delivered a sharp reversal, particularly in the second half of the month. From May 14 through month-end, US spot Bitcoin ETFs recorded over \$2.6 billion in net outflows, the most sustained outflow streak since the November 2025 to February 2026 period. The most dramatic single event was a \$1.29 billion dark-pool block sale of BlackRock’s IBIT on May 26, which one market analyst described as the largest dark-pool trade of its kind on record. IBIT itself recorded \$527.84 million in outflows on May 28, its second-largest single-day withdrawal since the fund’s January 2024 launch. Total US spot Bitcoin ETF assets under management remained above \$100 billion, with IBIT holding approximately \$62 to 64 billion, reflecting the durability of the structural asset base even as tactical flows turned negative.

The reversal can be attributed to a confluence of factors: heightened macro uncertainty around the Warsh Fed transition, Bitcoin slipping below the psychologically significant \$73,000 level, and a broader reduction in risk appetite as the 'debasement trade' the macro thesis that had driven parallel inflows into Bitcoin and gold lost momentum as ceasefire hopes emerged and energy prices fell. Notably, XRP ETFs were a rare bright spot in the final two weeks, attracting \$35 million in net inflows from May 20 to 29 as broader Bitcoin and Ethereum ETFs saw combined outflows of approximately \$2 billion. The divergence reflects rotation within the digital asset ETF complex rather than wholesale institutional exit. Total cumulative net inflows across US spot Bitcoin ETFs since January 2024 remain above \$58 billion, and market participants broadly view the May outflow episode as tactical repositioning rather than a structural reversal of institutional engagement.

Weekly ETF Crypto Flows

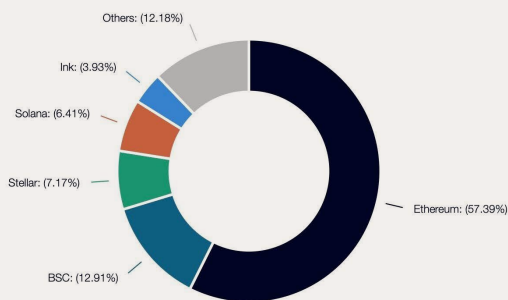


Source: CoinMarketCap, Teroux Research

Ethereum and Tokenized Assets: Consolidating Institutional Infrastructure

While Ethereum’s price remained under pressure in May, its position as the dominant infrastructure layer for institutional tokenization continued to strengthen. Ethereum ended the month holding approximately 57% of the over \$26 billion tokenized real-world asset (RWA) market, consistent with April’s figures. BlackRock’s BUIDL fund crossed \$2.39 billion in AUM during the month, and JPMorgan filed its second tokenized money market fund on Ethereum a move that underscores how leading traditional financial institutions are committing to public blockchain rails for regulated financial products. The filing explicitly cited the GENIUS Act framework as enabling the structure, confirming that the July 2025 legislation is functioning as the regulatory foundation its architects intended.

On-Chain Market Capitalization (May 2025)



Source: DeFiLlama, Teroux Research

The CLARITY Act continued to progress through Congress during May, with its passage now expected by late 2026, which would provide the broader digital asset market structure framework that the GENIUS Act’s stablecoin-focused provisions left unaddressed. Stablecoin market capitalization on Ethereum exceeded \$175 billion and grew further in May, with Ethereum maintaining approximately 53 to 56% of total global stablecoin market share. Standard Chartered reiterated its projection that the tokenized RWA market could reach \$2 trillion by 2028, with Ethereum serving as the primary settlement layer. May’s data reinforces that even in a difficult price environment for ETH, the network’s institutional moat driven by deep liquidity, regulatory acceptance, and first-mover advantages in tokenized products continues to compound.

Outlook & Portfolio Strategy

May's 3.41% decline follows the 11.87% surge of April and represents a healthy consolidation rather than a trend reversal. The month underperformed both the historical May median of 3.17% and the 7.35% historical average, suggesting that geopolitical and macro headwinds meaningfully muted what could have been a more constructive seasonal performance. Critically, the sequence of two consecutive positive monthly closes in March and April (1.81% and 11.87%) before the May pullback mirrors historical post-drawdown recovery patterns, where a decisive confirmation month is typically followed by a digestion phase before the next expansion leg.



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%	-5.01%						
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%	-0.48%	+7.60%	+1.12%	-3.08%	+19.92%	+41.12%	+4.16%
Median	+0.29%	+11.68%	-0.24%	+9.57%	+3.17%	-0.49%	+8.20%	-7.49%	-3.12%	+14.71%	+8.81%	-2.97%

Source: Coinglass, Teroux Research

The ETF outflow story that dominated the final two weeks of May is best understood in structural context: despite the nine-day outflow streak and \$2.6 billion in withdrawals, total US spot Bitcoin ETF assets remain above \$100 billion, and cumulative net inflows since January 2024 exceed \$58 billion. The outflows reflect institutional profit-taking and tactical repositioning consistent with behavior observed in previous post-inflow consolidations, rather than a structural reassessment of Bitcoin as a legitimate asset class. Strategy's substantial \$2 billion-plus purchase in the same two-week window during which ETF flows turned negative further reinforces that the most committed institutional holders remain active buyers through periods of volatility.

Outlook: Transition Month Sets Stage for Q3 Positioning

With the Warsh Fed era beginning, oil prices stabilizing, and Bitcoin's price action consolidating after the April peak, June presents a pivotal setup for the second half of 2026. The FOMC meeting on June 16 to 17 will be closely watched as Warsh's first opportunity to communicate his policy framework to markets. Any signal of openness to rate normalization, however distant, could act as a meaningful catalyst for risk assets, including digital assets. Historical seasonality for June is neutral to modestly negative (average decline of 0.20%, median of 0.58%), suggesting that the next directional move is more likely to be driven by event risk, such as the Warsh Fed meeting, CLARITY Act developments, and the progression of the US-Iran ceasefire. For long-term allocators in digital assets, the consolidation of May represents an accumulation opportunity rather than an exit signal.

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