

KEY TAKEAWAYS

- Bitcoin activity: Transactions near ATH, with transaction fees near multi-year lows.
- Crypto technicals: BTC \$80–82K and ETH \$2,400 are key support.
- Macro: Inflation, rising yields, oil prices, and dollar strength remain crypto headwinds.

DIGITAL ASSET COMMENTARY

Bitcoin transactions are approaching all-time highs, driven largely by increased activity from Ordinals, Runes, BRC-20 tokens, microtransactions, and data inscriptions. A growing share of transactions involves small-value transfers or data-related activity rather than meaningful economic transfers, pushing transaction counts higher without a proportional increase in dollar value transferred. Transaction fees, meanwhile, remain near multi-year lows, further suggesting that record transaction counts do not necessarily reflect a corresponding increase in economic demand for the network.

For price action, \$80k–\$82k for BTC and \$2,400 for ETH remain key support levels for maintaining the potential for bullish continuation in Q4. Meanwhile, altcoins continue to experience independent mean-reversion rallies. Wormhole, a cross-chain interoperability token, has rallied approximately 300% from its August lows, highlighting pockets of strength across the altcoin market despite broader macroeconomic uncertainty.

Geopolitical tensions, rising oil prices, and global yields remain top of mind for markets as traders look ahead to this week's CPI report, which is expected to reach 3.6% and could shift the current 80% probability of the Fed holding rates at its next FOMC meeting. Inflation has remained above the Fed's 2% target for more than 65 months, marking one of the most persistent inflationary periods since the 1970s and 1980s.

Meanwhile, the 2-year Treasury yield continues to climb toward 5%, signaling that markets may be pricing in a more hawkish interest-rate outlook. Adding to the headwinds for digital assets, the US dollar is strengthening, with the DXY showing signs of a technical breakout toward 105. A combination of persistent inflation, rising yields, and dollar strength could continue to constrain risk appetite and limit upside for crypto in the near term.

CHART 1: US SPOT BTC & ETH FLOWS YTD

ETF flows for both assets have been mixed this year.

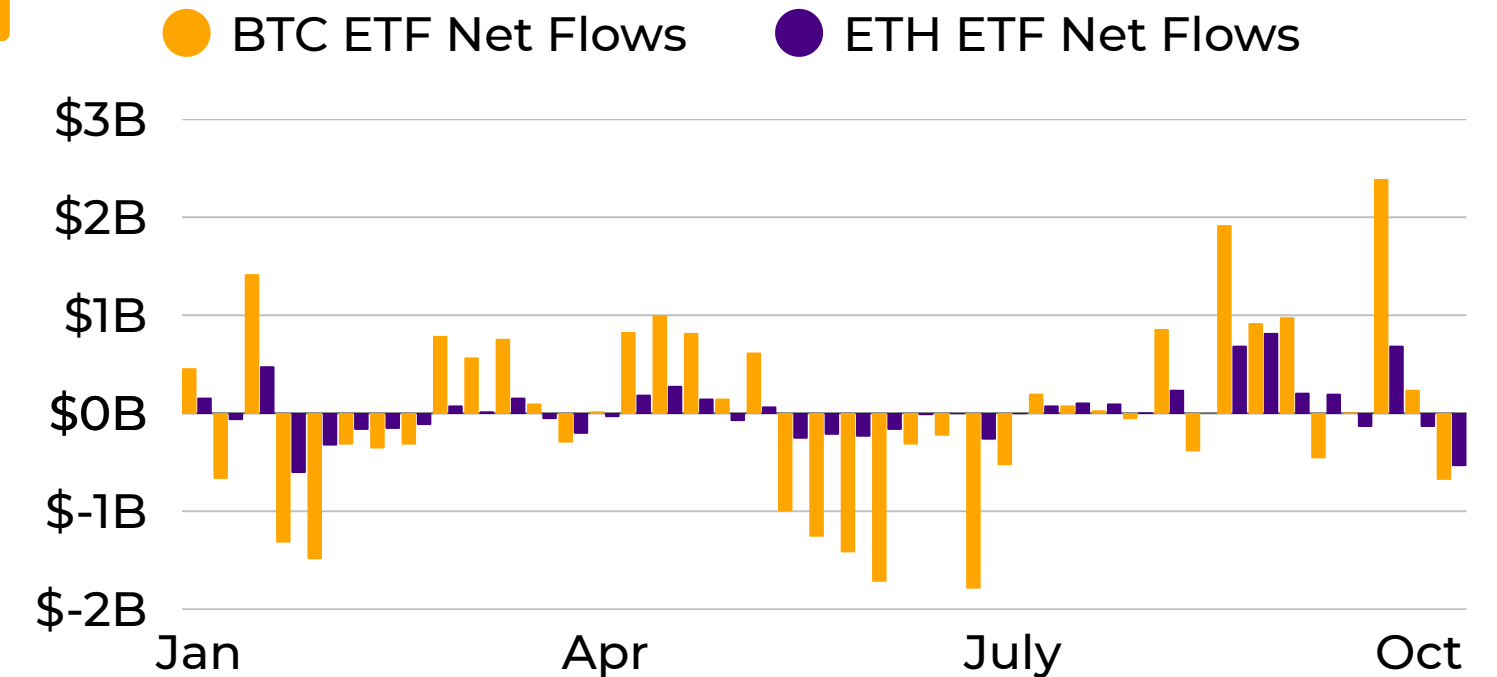


CHART 2: CONSECUTIVE MONTHS ABOVE 2% INFLATION

The Fed has not failed this badly to tame inflation since the '70s and '80s.

