

## KEY TAKEAWAYS

- Macro Risk: likely hold then hike for rates, as inflation continues to rise
- Crypto Weak: most assets in the sector losing support and trending lower
- Relative Opportunity: HYG double bottom potential attractive in short-term

## DIGITAL ASSET COMMENTARY

The FOMC meets Wednesday, followed by PCE inflation data on Thursday. Markets expect the Fed to hold rates at this meeting before hiking in December, with two further hikes in 2027. Prediction markets also favor a Democratic sweep of both the House and Senate, a party that has generally taken a more skeptical stance toward crypto and the AI buildout.

Real-time inflation gauges like Truflation continue to trend higher, while oil and gasoline prices maintain a bullish posture, adding further pressure to inflation. Altcoins are particularly vulnerable to an environment of rising inflation and higher interest rates, though they have historically responded positively to liquidity injections and fiscal stimulus. After breaking out from their bear market lows, most altcoins that rallied in August and earlier this month have stalled and are now trending lower.

BTC, the bellwether of the sector, has also been struggling to hold \$80,000, while ETH has formed a bearish head-and-shoulders top. The pattern features a major peak flanked by two lower highs, with price now breaking below the neckline. The measured downside target is approximately \$2,000.

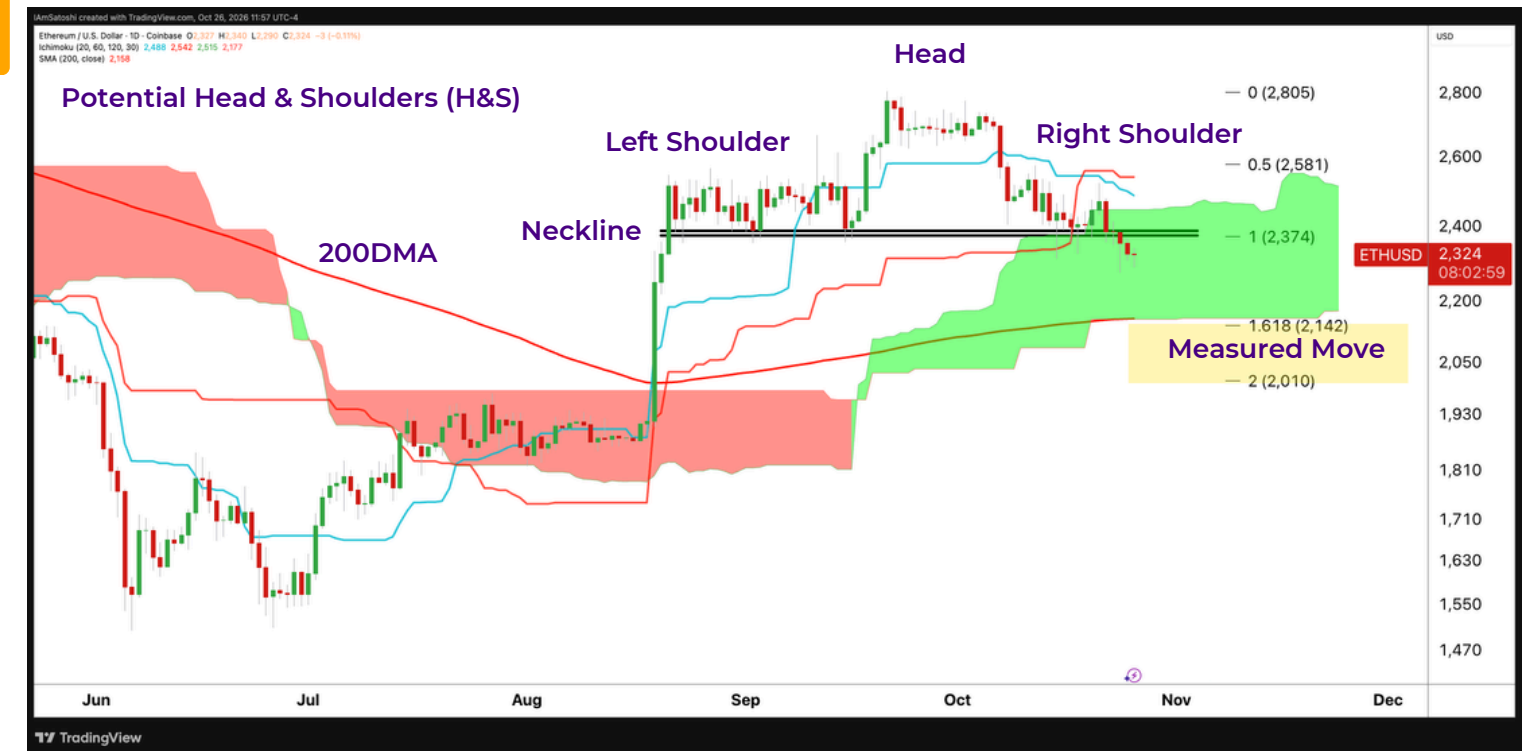
Big Tech and semiconductor momentum is stalling, while beaten-down software stocks are beginning to turn higher. Meanwhile, debt and equity issuance to finance the AI buildout remains an important consideration for markets.

Despite deteriorating sentiment across risk assets, the high-yield bond ETF HYG has formed a potential technical double bottom. With much of the traditional risk-on universe looking unattractive, credit may offer traders a more compelling near-term opportunity than equities and crypto in the near-term.

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## CHART 1: ETH TOPPING PATTERN, READY FOR LOWER?

ETH has formed a Hand and Shoulders (H&S) top since the Aug breakout.



## CHART 2: HAVE JUNK BONDS FOUND A BOTTOM?

The HYG ETF has formed a double bottom over the past month.

