WEEKLY MARKET REVIEW - NOVEMBER 2ND, 2026

KEY TAKEAWAYS

- $6.3B Binance hack weighs on crypto markets despite nearly all losses being repaid.
- Q4 and October tailwinds have disappointed; November looks optimistic.
- Midterm election certainty could give way to market volatility.

DIGITAL ASSET COMMENTARY

The largest crypto heist on record, and potentially the largest in human history, occurred Friday when Binance, the world's largest cryptocurrency exchange, experienced a security breach that resulted in approximately $6.3 billion in digital assets being moved out of its wallets, most of it within roughly 20 minutes. Stablecoin issuers and other industry participants quickly froze approximately $3 billion of the affected funds. Binance temporarily halted withdrawals and has since covered nearly 100% of the losses. Withdrawals have been reinstated, with the exchange experiencing $4.7 billion in outflows, according to Bloomberg.

Crypto markets, which had already been leaning bearish over the past month, reacted negatively amid escalating rhetoric toward Iran and rising oil prices. By Monday, however, some of the dust had settled. Crypto prices rebounded modestly as headlines surrounding potential peace talks pushed oil prices down 5%, while US bond yields also moved lower.

Despite November's historically strong seasonal tailwinds, the post-COVID performance profile has been more muted. Since 2010, November has averaged a 35% return for crypto, but the post-COVID average is approximately 8%, with a median return of just 1%.

CME Commitment of Traders data remains bearish for both BTC and ETH, although commercial traders have reduced their net short positions in ETH over the past four weeks. Digital asset treasury (DAT) giants MSTR and BMNR continue to accumulate BTC and ETH, respectively, although BMNR is approaching its 5% cap on ETH purchases.

Higher-risk altcoins have retraced much of their September gains, with bearish trends firmly in place. A reversal of this posture likely requires BTC to establish a bottom and regain momentum above $80,000.

BLUE WAVE PRICED IN, BUT ELECTION VOLATILITY MAY BE INEVITABLE

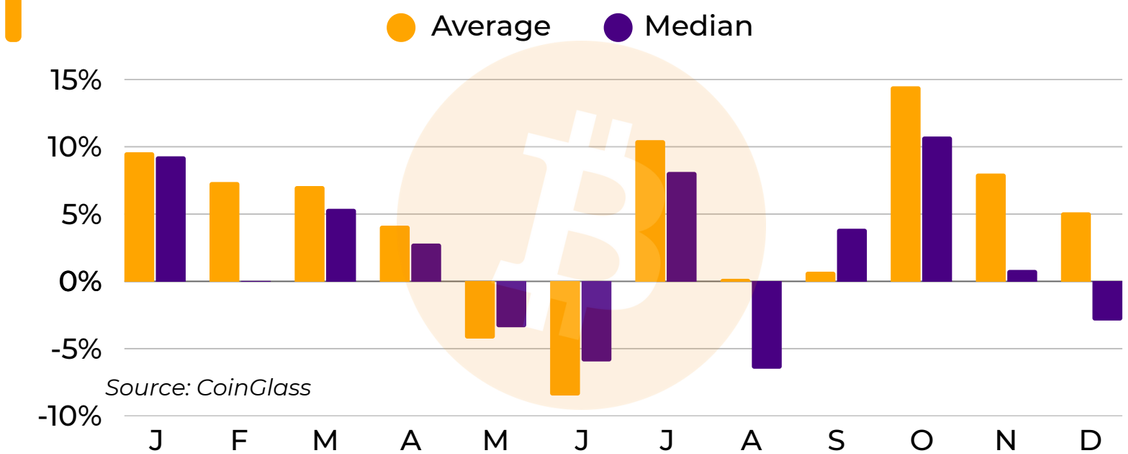
Markets appear to be increasingly pricing in a Democratic sweep of the 2026 midterms. Kalshi now places the odds of a Democratic sweep at 74%, a new high.

The crypto industry has invested heavily in shaping the political landscape, raising the possibility of political retribution if Democrats regain control of Congress. According to Reuters, the industry has spent approximately $176 million across more than 100 midterm races this election cycle. This spending is part of a years-long effort to build a bipartisan coalition of allies in Congress that can advance the industry's interests well beyond President Donald Trump's current term.

A Democratic sweep could also accelerate an end to the Iran conflict, potentially pushing oil prices and bond yields lower over the coming months. With a Democratic sweep increasingly priced in, the risk of a market reaction to an unexpected election outcome remains elevated.

CHART 1: MONTHLY BTC RETURNS - 2020 TO PRESENT

November has historically delivered positive returns on average.



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