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Digital Assets - Comments

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CRYPTO'S RELATIVE STRENGTH FACES A NEW TEST AS GEOPOLITICAL RISK RE-EMERGES

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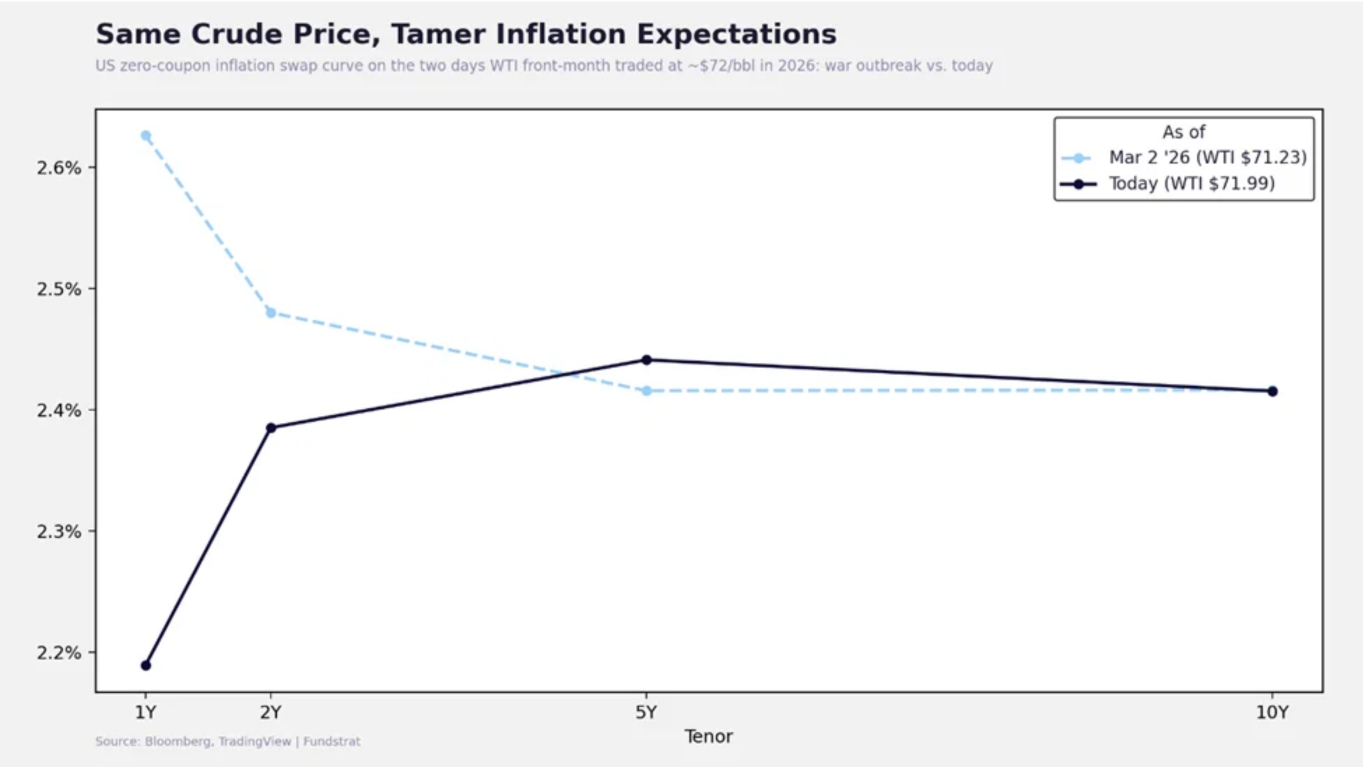
Crypto Was Quietly Outperforming Before Geopolitical Headlines Emerged: Today's price action was shaping up to be another encouraging session for crypto. Overnight weakness largely reflected a continuation of the selloff across technology, with memory, semiconductor, and data center names coming under renewed pressure. Despite that backdrop, BTC and the other majors held up well. Given the more than 3% intraday decline in the technology sector, I thought crypto's relative resilience was notable and suggested that investors were becoming increasingly comfortable leaning into last week's rebound.

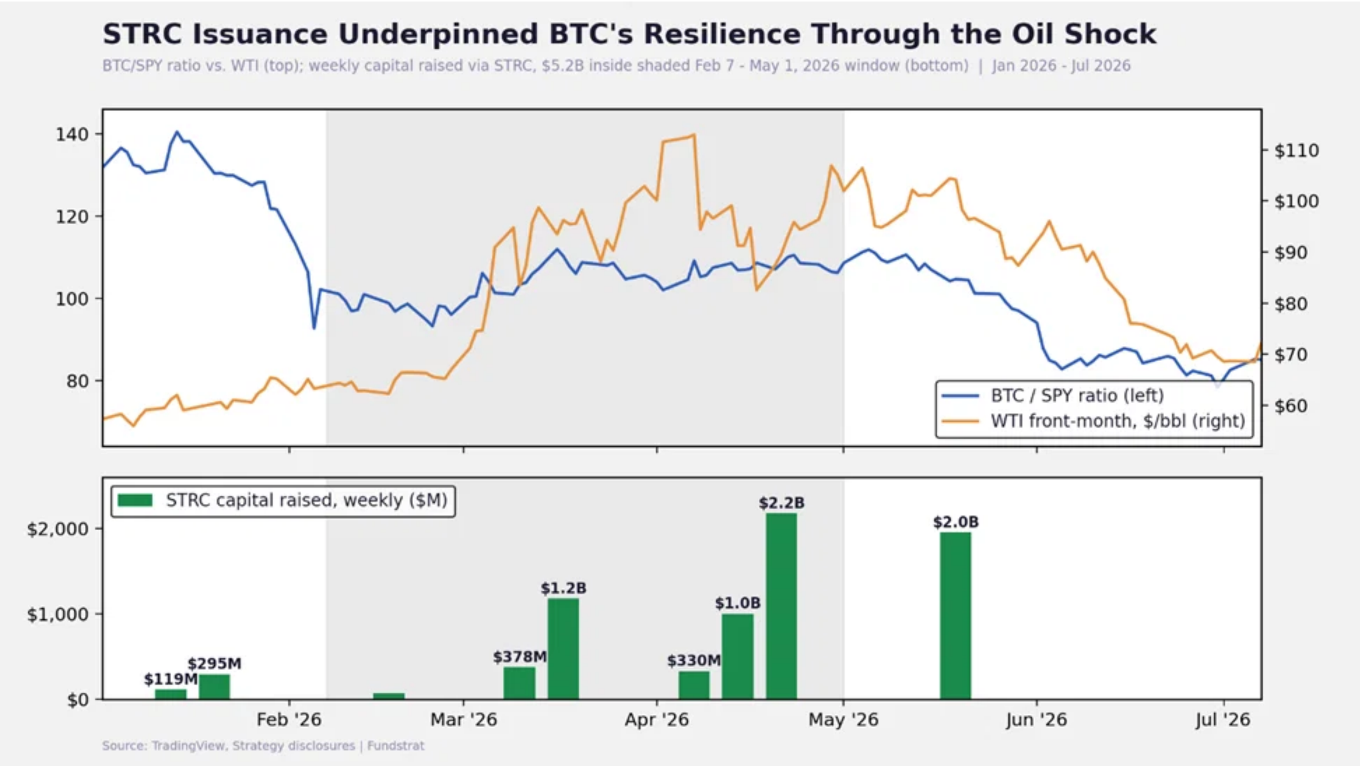
Middle East Headlines Shifted the Narrative: The tone changed meaningfully during the afternoon as geopolitical tensions resurfaced. Reports of Iranian attacks on commercial shipping in the Strait of Hormuz were followed by the U.S. revoking its general license permitting Iranian oil sales. After the close, U.S. Central Command announced retaliatory airstrikes against Iranian targets. As a result, crude rallied, Treasury yields moved higher, the U.S. dollar strengthened, and rates markets began pricing a somewhat more hawkish policy path. Bitcoin ultimately gave back much of its earlier strength as markets shifted toward a more defensive posture.

The Inflation Starting Point Is More Favorable Than Earlier This Year: While the headlines deserve attention, I think it is equally important to recognize that today's backdrop differs slightly from the environment we faced during the initial escalation earlier this year. Although crude prices have returned to similar levels as we saw in early March (just days after the start of the war), forward inflation expectations are lower, particularly across one- and two-year inflation swaps. In other words, the market enters this episode from a better starting point. That does not eliminate the risk of higher energy prices feeding into inflation expectations, but it does suggest investors have marginally more room to absorb an oil shock than they did several months ago.



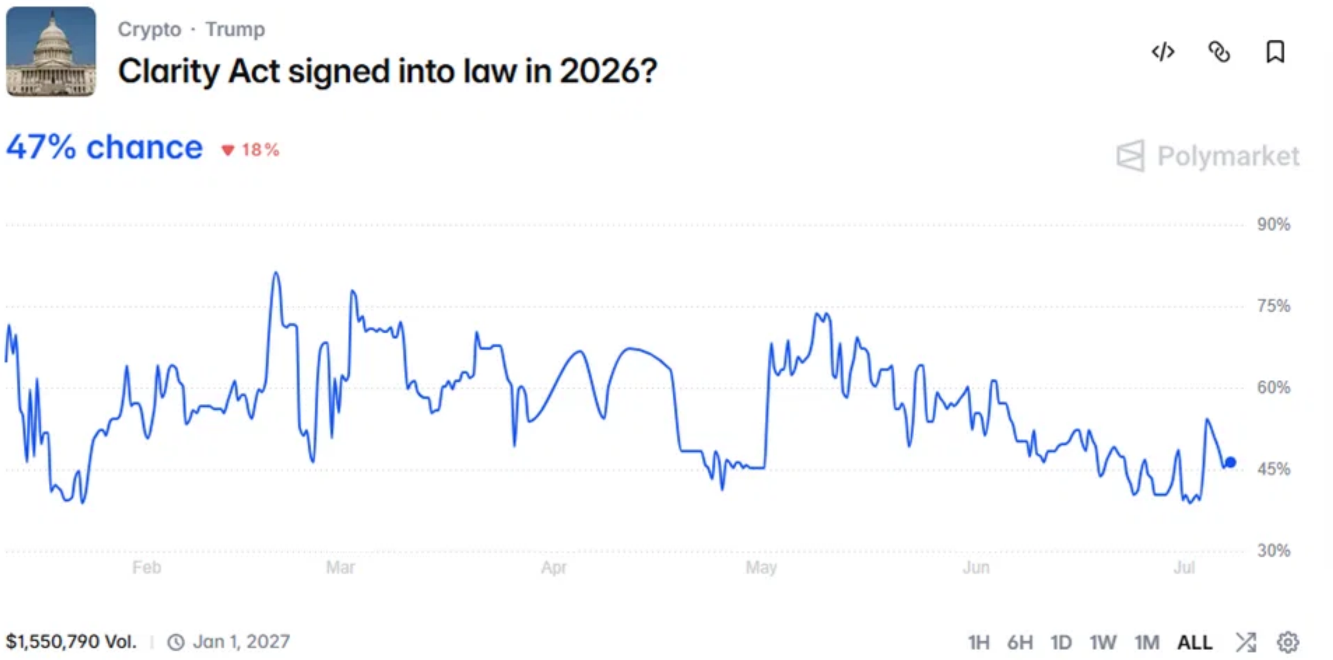
Source: Bloomberg, Fundstrat

Tough to Expect the Same Relative Outperformance if Geopolitical Risk Continues to Rise: In game-planning a scenario where geopolitical tensions continue to escalate, one tempting conclusion is that crypto should once again outperform, as it largely did during the February-April period. I am less convinced that history necessarily repeats itself. Earlier this year, crypto entered the conflict following a sharp capitulatory decline that had already cleared a significant amount of positioning. At the same time, Strategy's preferred issuance program was generating substantial price-insensitive demand for BTC. Those conditions no longer exist to the same degree. As a result, while crypto has recently exhibited encouraging relative strength, I would be cautious about assuming it will demonstrate the same resilience through another prolonged geopolitical episode simply because it did so last time.



Source: TradingView, MSTR Filings, Fundstrat

Clarity Act Returns to the Forefront: Another catalyst worth keeping on the radar is the Clarity Act. The Senate returns on July 13th, leaving roughly three weeks before the next congressional recess. Prediction markets continue assigning roughly even (47%) odds to passage this year, and I still think those probabilities are broadly reasonable. Conversations on Capitol Hill continue to suggest opinions remain highly fluid, and the increasingly compressed legislative calendar limits confidence in either direction. Regardless of the ultimate outcome, crypto market structure is likely to become a much more active topic over the coming weeks.



Source: Polymarket

Bottom Line: Crypto is showing impressive relative strength, but a new geopolitical risk has emerged and it is too early to know whether it will become a lasting macro headwind. For now, I think the tactical lean remains constructive, provided crude does not continue moving materially higher. That said, while the odds of this bounce extending continue to improve, I have not yet seen enough evidence to conclude that we are at the beginning of a durable bull market. For now, I continue to view this as a tactical opportunity rather than the start of a new cycle.

Crypto Equities Portfolio - July 7, 2026								
Ticker	Date of Latest Rebalance	Weight at Latest Rebalance	Subsector/Theme	Subsector/Theme	Current Price	30-Day Return	90-Day Return	YTD Return
MSTR	7/6/26	1.0%	DAT	BTC	97.36	-19%	-24%	-36%
PURR	7/6/26	4.0%	DAT	HYPE	8.18	-4%	52%	87%
COIN	7/6/26	1.0%	Financial Services	Super App	163.51	7%	-7%	-28%
HOOD	7/6/26	3.0%	Financial Services	Super App	112.90	37%	57%	-0%
BTGO	7/6/26	2.0%	Financial Services	Infrastructure	5.07	8%	-40%	-65%
GLXY	7/6/26	4.0%	Financial Services	AI Compute	24.73	-2%	30%	11%
CLSK	7/6/26	1.0%	BTC Mining	AI Compute	12.48	-20%	26%	23%
WULF	7/6/26	1.0%	BTC Mining	AI Compute	20.24	-16%	12%	76%
IREN	7/6/26	1.0%	BTC Mining	AI Compute	39.82	-27%	8%	5%
BTDR	7/6/26	1.0%	BTC Mining	AI Compute	12.88	-26%	24%	15%
HUT	7/6/26	1.0%	BTC Mining	AI Compute	96.74	-14%	57%	111%
HIVE	7/6/26	1.0%	BTC Mining	AI Compute	3.18	-16%	54%	23%
KEEL	7/6/26	1.0%	BTC Mining	AI Compute	4.44	-13%	110%	89%
CORZ	7/6/26	1.0%	BTC Mining	AI Compute	21.54	-17%	22%	48%
CIFR	7/6/26	1.0%	BTC Mining	AI Compute	20.47	-9%	33%	39%
RIOT	7/6/26	1.0%	BTC Mining	AI Compute	21.17	-14%	31%	67%
MARA	7/6/26	1.0%	BTC Mining	AI Compute	12.05	-2%	27%	34%
GSOL	7/6/26	4.0%	Spot Token	SOL	6.13	29%	-1%	-33%
ETHA	7/6/26	8.0%	Spot Token	ETH	13.51	14%	-19%	-40%
BITB	7/6/26	17.0%	Spot Token	BTC	34.63	6%	-11%	-27%
Cash	7/6/26	45.0%	Cash	Cash	1.00	0%	0%	0%

Returns	Since Portfolio Inception (6/22/23)	YTD
BTC	113%	-28%
ETH	-4%	-40%
S&P 500	71%	10%
Crypto Equities Portfolio	237%	0%

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - July 7, 2026								
Ticker	**Latest Rebalance**	**Last Rebalance Weight**	**Token Class**	**Sector**	**Current Price**	**30-Day Return**	**90-Day Return**	**YTD Return**
BTC	7/6/26	*37.0%*	*BTC*	*Currency*	63,380	*0%*	*-11%*	*-28%*
ETH	7/6/26	*8.0%*	*Alt. Major*	*SCP*	1,774	*5%*	*-19%*	*-40%*
SOL	7/6/26	*5.0%*	*Alt. Major*	*SCP*	81	*22%*	*-2%*	*-35%*
HYPE	7/6/26	*5.0%*	*Altcoin*	*DeFi*	69	*16%*	*79%*	*172%*
USDC	7/6/26	*45.0%*	*Stablecoin*	*Cash*	1.00	*0%*	*0%*	*0%*

Returns	**ITD (1/16/2023)**	**YTD**
BTC	*204%*	*-28%*
ETH	*14%*	*-39%*
S&P 500	*88%*	*10%*
Core Strategy Portfolio	***185%***	***-8%***

Source: Artemis, Bloomberg, Fundstrat

Tickers in this video: #BTC

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