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Digital Assets - Comments

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ETH'S RELATIVE STRENGTH DESERVES ATTENTION, CLARITY ODDS MAY BE BETTER THAN MARKETS APPRECIATE

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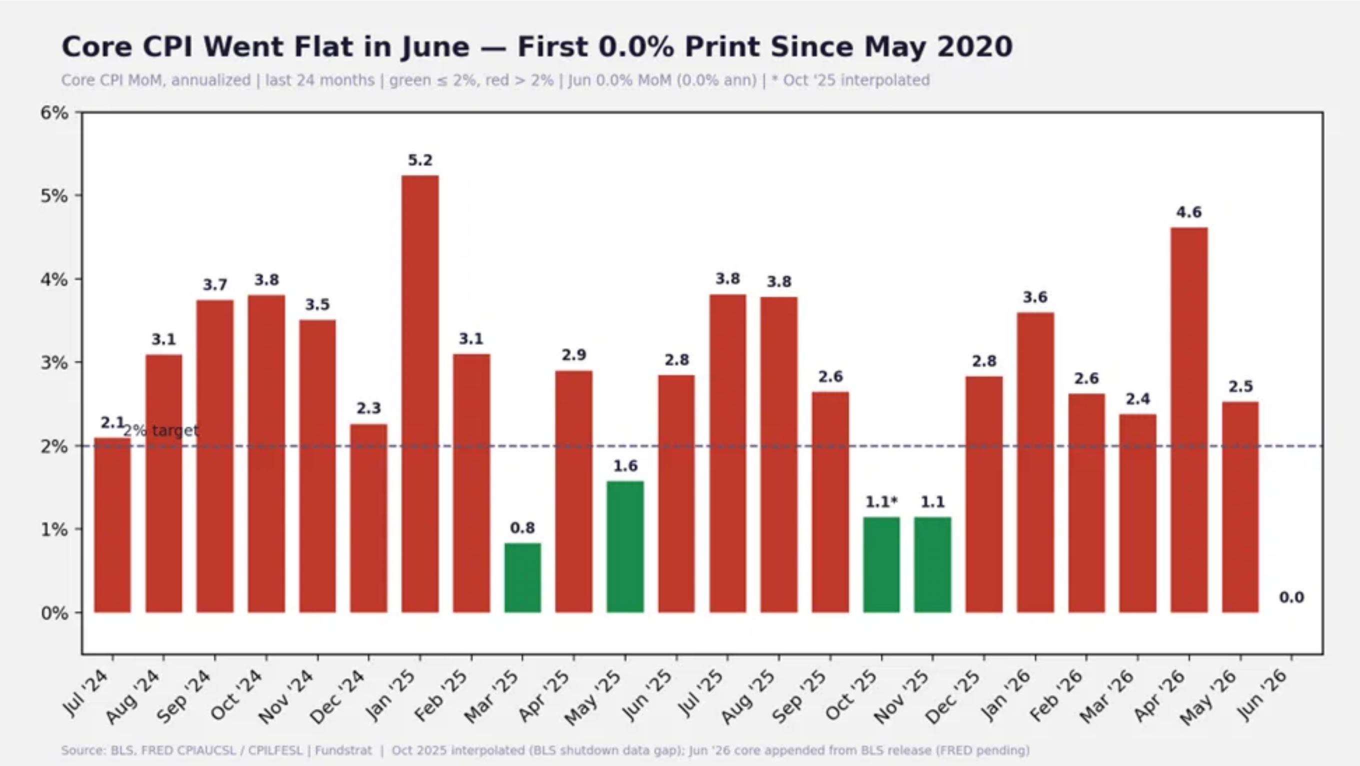
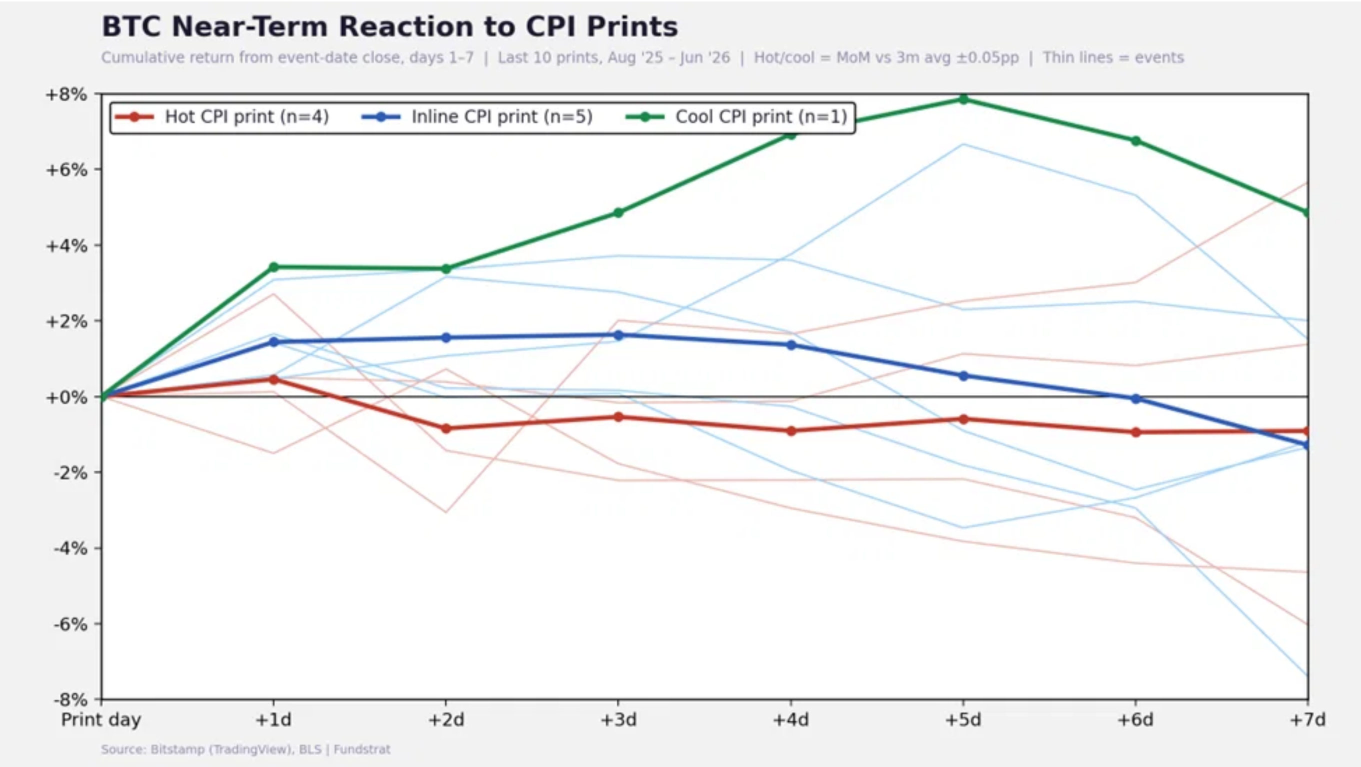
Cool CPI Should Help Reverse Some of the Hawkish Repricing

The biggest development today was the June CPI report, which came in materially cooler than expected. Core CPI was unchanged month-over-month, marking the first 0.0% reading since May 2020. While tomorrow's PPI report still has the potential to shift the narrative, today's data should, at the margin, encourage markets to unwind some of the hawkish policy expectations that have built over recent weeks. That is particularly important for crypto given the role rate hike expectations and rising real yields have played in tightening liquidity conditions. If today's inflation data proves durable, lower real yields should provide a more supportive backdrop for liquidity-sensitive assets.



The Tactical Case for the Bounce Continues to Improve

Yesterday, I argued that the tactical rally was beginning to look tired following higher oil prices, rising real yields, and renewed geopolitical concerns. Today's CPI report largely offset those headwinds. We have also shared this study over the past several days showing Bitcoin's reaction following prior CPI releases. While the sample size for similarly cool inflation prints is admittedly limited (n=1), the historical precedent is constructive. More importantly, today's macro data fits neatly within the broader thesis that easing inflation pressures should eventually allow rates markets to remove some of the hawkish expectations currently embedded in the curve.



ETH Makes a Compelling Relative Case

ETH was the clear outperformer among the major crypto assets today, and I think the relative case versus BTC is becoming increasingly compelling. The ETH/BTC ratio appears to have found support around the same breakout area established following the launch of the ETH DATs in 2025. This makes intuitive sense to me as an important psychological level.

Additionally, from a flows perspective, ETH remains a cleaner asset. BTC continues to face idiosyncratic sources of supply, most notably the possible sell-side flows from Strategy monetizing a portion of its BTC treasury to support its preferred capital structure. ETH, by comparison, lacks that structural headwind.

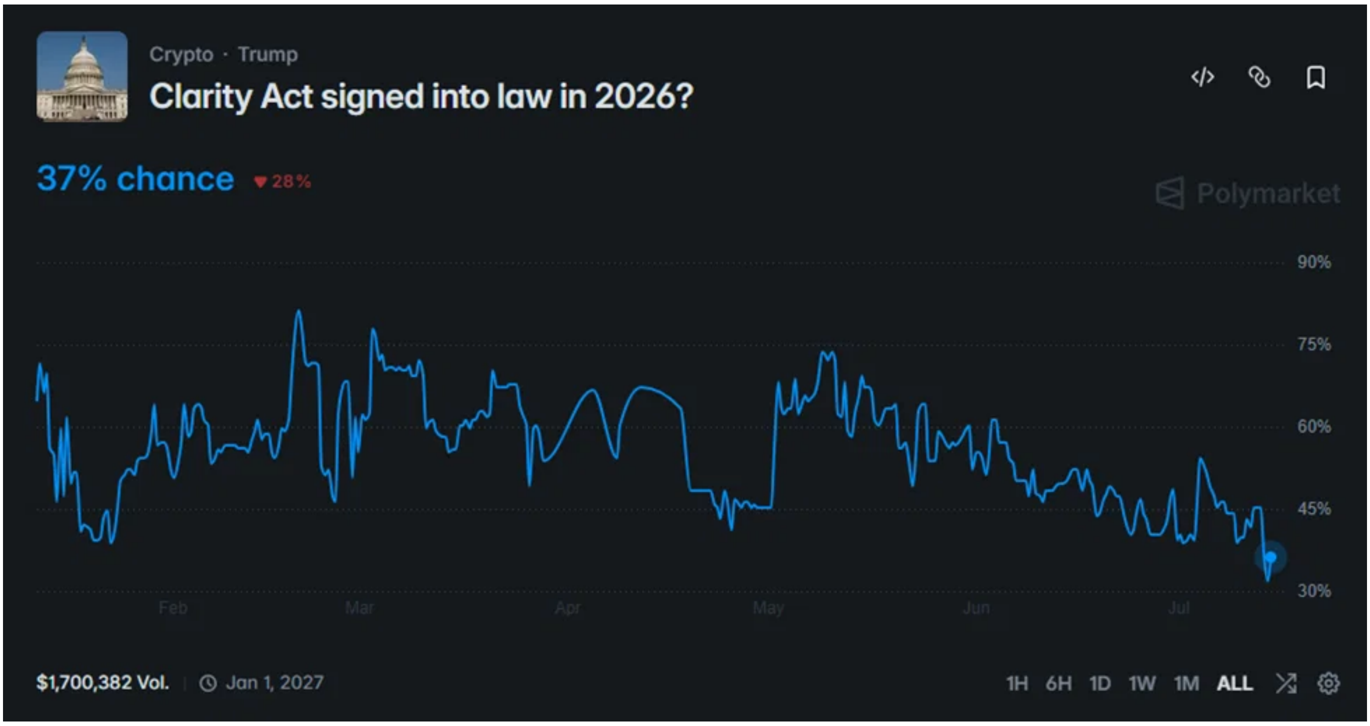
At the same time, I think investors are beginning to appreciate that ETH is becoming much more than simply a higher-beta version of BTC. It represents a “left curve” institutional vehicle for gaining exposure to tokenization, stablecoins, and on-chain capital markets.

Further, unlike many alternative Layer 1s, ETH benefits from deep ETF liquidity, listed options, and CME futures. As a result, I think improving sentiment toward tokenization or regulatory clarity is likely to accrue disproportionately to ETH, regardless of the debates pertaining to value accrual.

There is also historical precedent for ETH leading broader crypto recoveries. During the 2022 bear market, the ETH/BTC ratio established its relative bottom several months before BTC ultimately found its macro low. While the Merge undoubtedly influenced that period, it nevertheless provides the market with an example to anchor to.

The Clarity Outlook May Be Better Than Prediction Markets Suggest

We also hosted a webinar today with the Solana Policy Institute, whose team has been closely involved in advocacy efforts surrounding the Clarity Act. One takeaway that stood out to me was the difference between how policy participants and financial markets currently view the bill's prospects. While prediction markets continue implying 30%-40% odds of passage this year, participants on the webinar generally expressed materially greater optimism, with estimates clustering closer to 50-70%. I am not prepared to move my own estimate that high, but I did leave the discussion incrementally more constructive than I was beforehand.



The remaining hurdle continues to center on the ethics provisions, but one interesting point raised during the discussion was that the President's recently disclosed crypto-related gains may actually make compromise somewhat easier. With many of those gains now publicly disclosed and monetized, there may be less pressure to pursue broader conflict-of-interest provisions than previously feared, potentially narrowing one of the bill's remaining sticking points.

Perhaps the more interesting discussion, however, centered around prediction markets. Polymarket currently implies 37% odds of the Clarity Act passing this year, but I came away somewhat less convinced that the quoted market fully reflects informed positioning. It only has ~$1.7M in all time volume, which is a pretty illiquid market, even by Polymarket standards. Further, there was a Senate ban on placing wagers on prediction markets back in April, potentially reducing informed flows.

Additionally, one should consider the possibility that some retail traders are leveraging the market to hedge their crypto positions. ARCA, a crypto asset manager with liquid funds, reportedly hedged part of its crypto exposure through an OTC transaction that referenced the Polymarket contract. It is possible that this dynamic extends beyond institutions. As the Clarity Act has become an increasingly important driver of crypto prices, it is conceivable that some retail market participants are using the Polymarket contract as a hedge against broader crypto exposure rather than expressing a pure view on the legislative outcome. If that is the case, the quoted odds may reflect both hedging demand and legislative expectations, making them a somewhat noisier gauge of the bill's true probability than many investors assume.

Taken together, I still would not characterize passage as a “sure thing,” but I did leave the discussion believing the market may have become somewhat too pessimistic. While prediction markets continue to imply odds in the high-30% range, I now think the true probability is likely closer to a coin flip. That distinction matters because it sets the market up for a non-consensus upside surprise.

Bottom Line

Today's CPI report materially improved the near-term macro backdrop for crypto by increasing the likelihood of a dovish repricing in rates markets. At the same time, ETH's relative strength continues to build, supported by cleaner flow dynamics and possible Clarity-related tailwinds. Finally, after today's discussion with the Solana Policy Institute, I came away modestly more constructive on the outlook for the Clarity Act than I was entering the webinar. While I still would not characterize passage as a foregone conclusion, I now think market pricing has likely become too pessimistic. Taken together, I continue to believe the tactical backdrop for crypto is improving, with ETH increasingly standing out as one of the more attractive ways to express that view. We increased ETH exposure last week and would likely look to add further on weakness should the macro and regulatory backdrop continue to evolve constructively.

Crypto Equities Portfolio - July 14, 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	97.58	-21%	-32%	-36%
PURR	7/6/26	4.0%	DAT	HYPE	7.35	-16%	13%	68%
COIN	7/6/26	1.0%	Financial Services	Super App	161.50	1%	-18%	-29%
HOOD	7/6/26	3.0%	Financial Services	Super App	113.45	22%	30%	0%
BTGO	7/6/26	2.0%	Financial Services	Infrastructure	5.18	4%	-50%	-64%
GLXY	7/6/26	4.0%	Financial Services	AI Compute	24.22	-27%	1%	8%
CLSK	7/6/26	1.0%	BTC Mining	AI Compute	13.45	-18%	19%	33%
WULF	7/6/26	1.0%	BTC Mining	AI Compute	19.41	-26%	-1%	69%
IREN	7/6/26	1.0%	BTC Mining	AI Compute	38.59	-35%	-21%	2%
BTDR	7/6/26	1.0%	BTC Mining	AI Compute	12.36	-31%	-2%	10%
HUT	7/6/26	1.0%	BTC Mining	AI Compute	98.33	-17%	38%	114%
HIVE	7/6/26	1.0%	BTC Mining	AI Compute	3.18	-15%	29%	23%
KEEL	7/6/26	1.0%	BTC Mining	AI Compute	4.49	-20%	58%	91%
CORZ	7/6/26	1.0%	BTC Mining	AI Compute	22.09	-20%	16%	52%
CIFR	7/6/26	1.0%	BTC Mining	AI Compute	19.87	-19%	10%	35%
RIOT	7/6/26	1.0%	BTC Mining	AI Compute	20.19	-24%	16%	59%
MARA	7/6/26	1.0%	BTC Mining	AI Compute	12.16	-14%	16%	35%
GSOL	7/6/26	4.0%	Spot Token	SOL	5.82	16%	-9%	-36%
ETHA	7/6/26	8.0%	Spot Token	ETH	14.18	13%	-21%	-37%
BITB	7/6/26	17.0%	Spot Token	BTC	35.05	2%	-14%	-26%
Cash	7/6/26	45.0%	Cash	Cash	1.00	0%	0%	0%

Returns

	Since Portfolio Inception (6/22/23)	YTD
BTC	113%	-26%
ETH	-4%	-40%
S&P 500	72%	10%
Crypto Equities Portfolio	**236%**	**0%**

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - July 14, 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	64,955	-1%	-13%	-26%
ETH	7/6/26	8.0%	Alt. Major	SCP	1,889	10%	-20%	-36%
SOL	7/6/26	5.0%	Alt. Major	SCP	78	9%	-8%	-38%
HYPE	7/6/26	5.0%	Altcoin	DeFi	65	2%	47%	157%
USDC	7/6/26	45.0%	Stablecoin	Cash	1.00	0%	0%	0%

Returns	ITD (1/16/2023)	YTD
BTC	211%	-26%
ETH	22%	-39%
S&P 500	89%	10%
Core Strategy Portfolio	**188%**	**-7%**

Source: Artemis, Bloomberg, Fundstrat

Tickers in this video: #ETH #BTC

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