Digital Assets - Comments

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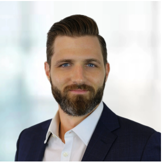
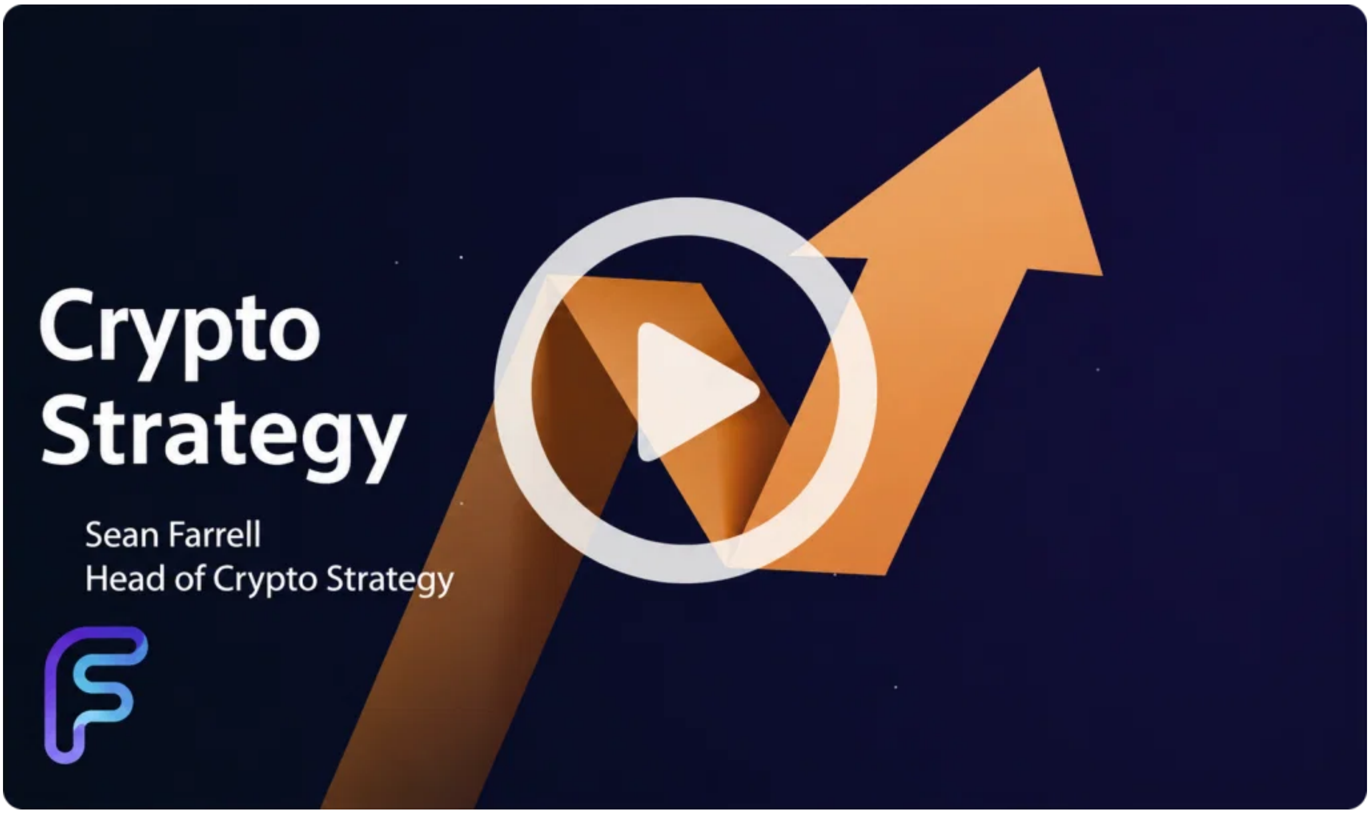
MINER RISK/REWARD BECOMING MORE COMPELLING, CPI + NEXT ERCOT MEETING ARE KEY CATALYSTS, SEC BEGINS MOVING FORWARD ON CRYPTO RULES



Sean Farrell AC
HEAD OF DIGITAL ASSET STRATEGY



- **Miner risk/reward is becoming more compelling:** Since Governor Abbott's 8/3 directive, Texas-exposed miners have materially underperformed as investors price in delayed data center timelines and a higher cost of capital (yields rising).

After that reset, I think the group is getting closer to levels where investors should be careful about waiting for the perfect entry.

- **The ERCOT memo helps bound the downside:** Already energized capacity is unaffected, mature projects should retain their queue positions, and the audit is expected to take “several months.” That does not eliminate the entire overhang, but it increasingly makes this look like a timing issue rather than a question of whether mature projects ultimately get energized at all.
- **August 20th is now an important date:** The next PUCT meeting should provide additional clarity around the audit timeline and specific requirements. If the market gets a more defined roadmap, I think a meaningful portion of the Texas-related risk premium could come out of these names.
- **The other major headwind for miners is rising cost of capital:** These projects are highly capital intensive and will require substantial debt financing, so rising Treasury yields directly pressure project economics. That is the main reason I am not adding aggressively just yet.
- **CPI could help clean up the setup:** A benign print tomorrow could ease pressure on the long end and, combined with improving ERCOT visibility, create a much cleaner backdrop for a tactical rebound in the miners. I think it makes sense to wait for that data point, but I am getting more interested in adding exposure.
- **The SEC is beginning to move forward on crypto rules:** Friday’s meeting will consider a tailored offering regime for certain investment contracts involving crypto assets. The fact that the agencies are advancing rulemaking while Clarity remains stalled may reflect preparation for a world in which Congress does not provide a comprehensive framework in the near term.
- **The catalyst is in the details, not the meeting itself:** Markets already expect the SEC and CFTC to produce crypto rules. The real opportunity for upside comes if the proposal is more permissive than expected on token offerings, DeFi, or other areas where regulatory uncertainty remains high.

Tickers in this video: #BTC

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