Digital Assets - Comments

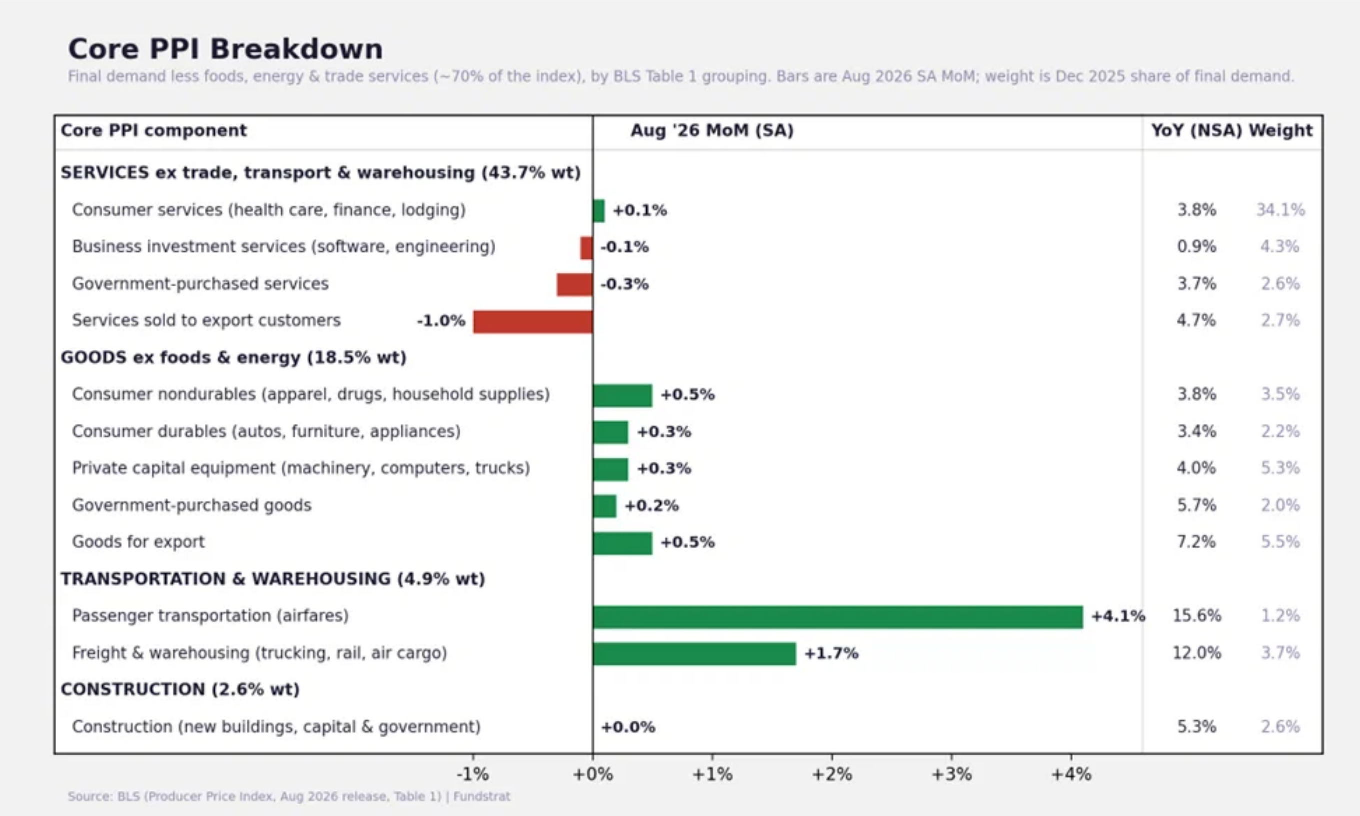
September 10, 2026

# FED HIKE SCARE INTENSIFIES, BUT CRYPTO RESILIENCE LEAVES SIGNIFICANT UPSIDE IF CPI COOPERATES

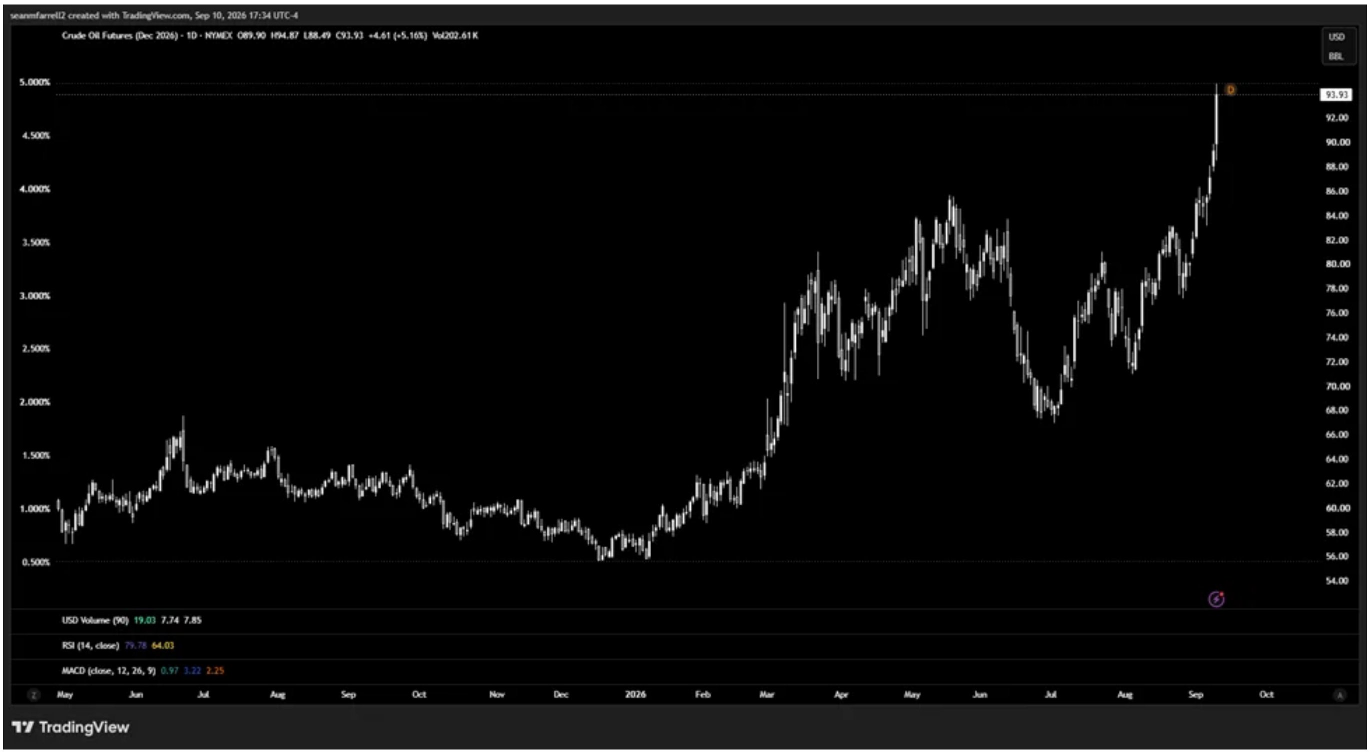
**Sean Farrell** AC

HEAD OF DIGITAL ASSET STRATEGY

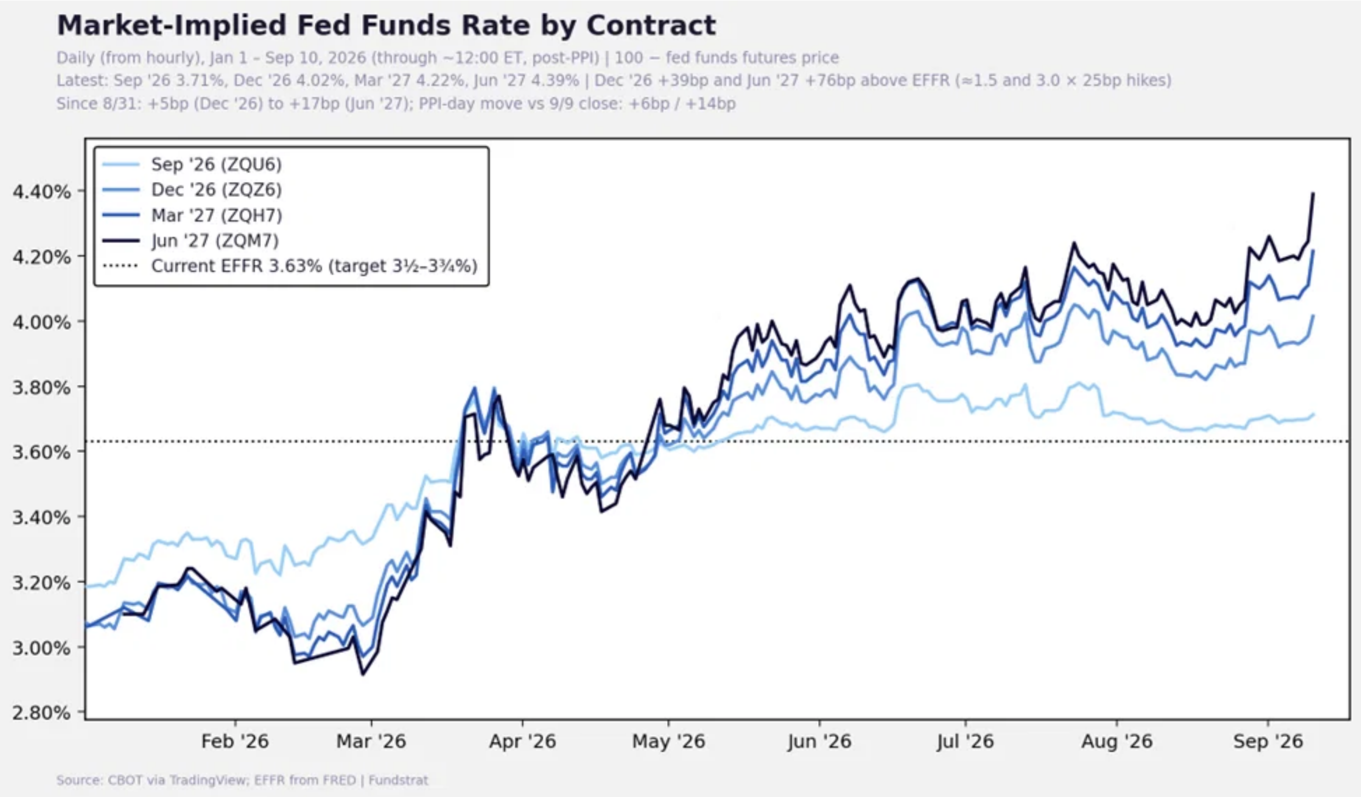

- The big data point today was PPI, which offered something for both hawks and doves. Headline PPI remained firm, while core PPI came in somewhat better than expected, albeit against a July reading that was revised higher. Beneath the surface, much of the pressure in core PPI was concentrated in transportation-related categories. Passenger transportation rose 4.1% MoM and freight/warehousing increased 1.7%, while the broader goods and services components looked considerably more benign. A meaningful portion of services actually posted negative monthly readings. As always, there is some danger in selectively excluding the components we don't like, but the underlying composition was arguably less inflationary than the headline suggested.

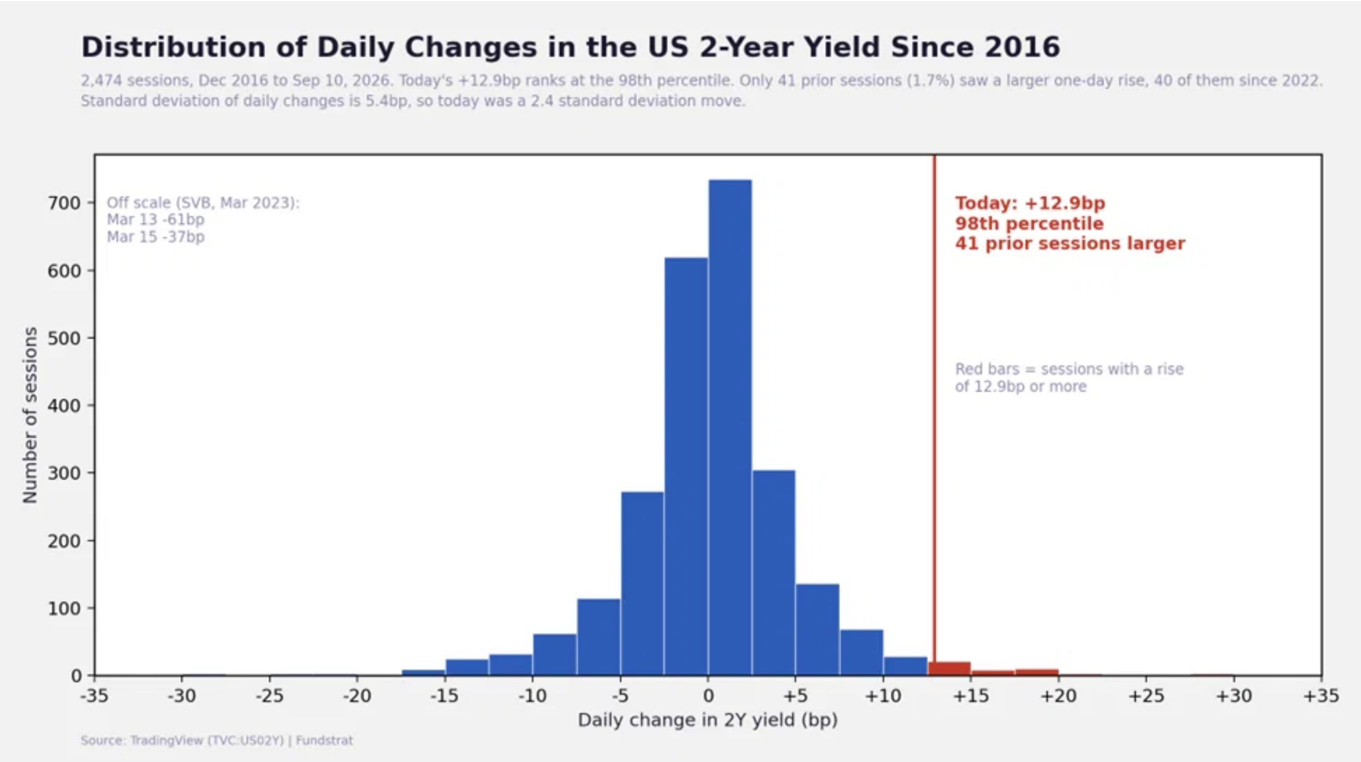



- Crude may have been the more important driver of rates today. The December contract pushed to a new YTD high around $94, extending the recent rise in the broader commodity complex. That matters because higher energy prices are increasingly feeding into inflation expectations and complicating the Fed's ability to look through otherwise more benign underlying inflation data.




- The largest move was at the front end of the Treasury curve, as markets aggressively repriced the path for Fed policy. At the time of recording, futures implied roughly a 70% probability of a September hike and approximately three hikes over the next 10-12 months. The 2-year yield rose roughly 13 bps today, a 98th-percentile daily move in our sample going back to December 2016. Only 41 prior sessions saw a larger move. The curve also flattened meaningfully as the front end sold off more aggressively than the long end, reflecting a market increasingly contemplating renewed tightening and the potential growth consequences that come with it.




- The bad news is that many of the ingredients for something to break are increasingly falling into place. Yields are rising across the curve, correlations are beginning to increase, volatility has picked up, and some fear is finally creeping back into broader risk markets. The good news is the same thing. A significant amount of hawkishness has now been priced into the curve without a corresponding collapse in risk assets. If incoming data fails to validate that hawkish repricing, there is increasingly meaningful room for rates expectations to reverse.

- Crypto's relative resilience remains encouraging in that context. Despite one of the largest daily increases in the 2-year yield in the past decade and a substantial repricing of Fed expectations, the broader complex held up reasonably well. ETH/BTC was up roughly 1.2% today, while ETH itself was down only around 50 bps at the time of recording. Given the magnitude of tightening being priced through rates markets, I think the lack of a more significant crypto selloff is notable.
- Tomorrow's CPI print is obviously particularly important. It is the last major inflation release ahead of the September FOMC meeting and has a larger direct contribution to PCE than today's PPI report. A benign print would provide the market with an opportunity to unwind some of today's aggressive hawkish repricing. Conversely, another upside surprise would further validate the move in the front end and increase the probability that the Fed ultimately follows through.
- To put today's 2-year move into context, I looked at prior instances where the 2-year yield increased at least 12 bps in a single session and separated them based on whether the move was subsequently validated by a Fed hike within six months. When these yield shocks correctly anticipated a hiking cycle, BTC's subsequent performance was predictably weak. Across 35 observations, the median 60-day forward return was -9.1% with a 34% win rate.

**Bitcoin After Front-End Shocks: Validated Hiking Cycle (Fed Hiked Within 6 Months)**

All 35 sessions with the 2Y yield up 12bp or more, Aug 2017 to Feb 2026, followed by a Fed hike within six months (all fall in 2022 to mid-2023). Columns are forward BTC returns from the event close.

| Date | 2Y | Δ 2Y | 10d | 20d | 30d | 40d | 50d | 60d |
|---|---|---|---|---|---|---|---|---|
| Jan 26, 2022 | 1.16% | +14bp | +20.3% | +4.0% | +7.0% | +19.3% | +18.0% | +7.8% |
| Feb 10, 2022 | 1.58% | +22bp | -10.0% | -10.9% | +1.8% | -2.9% | -7.1% | -30.5% |
| Mar 02, 2022 | 1.52% | +20bp | -6.3% | +7.1% | -6.3% | -9.4% | -33.9% | -33.4% |
| Mar 21, 2022 | 2.12% | +18bp | +13.5% | +1.0% | -8.1% | -25.9% | -27.5% | -45.0% |
| Mar 25, 2022 | 2.28% | +13bp | -4.6% | -8.8% | -31.7% | -34.4% | -29.7% | -54.9% |
| Apr 01, 2022 | 2.46% | +12bp | -11.8% | -16.8% | -35.5% | -31.3% | -52.0% | -56.6% |
| Apr 19, 2022 | 2.60% | +14bp | -9.0% | -26.7% | -28.2% | -45.6% | -52.3% | -49.8% |
| May 17, 2022 | 2.71% | +13bp | -2.1% | -25.8% | -35.0% | -31.5% | -21.8% | -19.8% |
| Jun 10, 2022 | 3.07% | +25bp | -28.7% | -33.6% | -27.0% | -20.4% | -26.0% | -33.7% |
| Jun 13, 2022 | 3.36% | +29bp | -9.8% | -10.1% | +2.0% | +6.5% | -4.9% | -14.0% |
| Jul 06, 2022 | 3.01% | +18bp | +13.1% | +11.2% | +13.6% | -2.4% | -4.1% | -4.7% |
| Aug 02, 2022 | 3.05% | +18bp | +3.9% | -13.8% | -11.9% | -15.5% | -16.6% | -9.6% |
| Aug 05, 2022 | 3.33% | +28bp | -10.4% | -14.3% | -16.1% | -15.7% | -16.1% | -12.0% |
| Sep 13, 2022 | 3.75% | +18bp | -5.8% | -6.1% | -1.0% | -8.6% | -20.2% | -17.0% |
| Sep 26, 2022 | 4.36% | +14bp | -0.4% | +0.6% | +7.2% | -17.9% | -11.1% | -12.1% |
| Oct 13, 2022 | 4.47% | +17bp | +4.7% | -9.3% | -14.8% | -11.6% | -13.3% | -10.0% |
| Oct 19, 2022 | 4.56% | +13bp | +5.3% | -12.9% | -11.4% | -9.3% | -13.3% | +10.6% |
| Oct 28, 2022 | 4.42% | +14bp | -17.3% | -21.3% | -16.5% | -18.8% | -12.9% | +11.8% |

| Date | 2Y | Δ 2Y | 10d | 20d | 30d | 40d | 50d | 60d |
|---|---|---|---|---|---|---|---|---|
| Feb 03, 2023 | 4.29% | +19bp | +4.8% | -4.3% | +18.4% | +18.5% | +29.6% | +22.3% |
| Feb 06, 2023 | 4.48% | +19bp | +7.4% | -2.4% | +23.8% | +23.8% | +26.6% | +27.4% |
| Mar 07, 2023 | 5.01% | +12bp | +26.8% | +26.8% | +29.7% | +30.5% | +23.3% | +20.7% |
| Mar 14, 2023 | 4.26% | +28bp | +10.2% | +21.8% | +14.9% | +11.6% | +6.4% | +7.1% |
| Mar 16, 2023 | 4.16% | +27bp | +11.9% | +21.7% | +17.1% | +7.0% | +6.7% | +3.4% |
| Mar 20, 2023 | 3.98% | +14bp | +0.1% | +9.5% | +3.3% | -2.6% | -2.0% | -9.5% |
| Mar 21, 2023 | 4.17% | +19bp | -0.0% | +2.3% | +2.9% | -2.8% | -4.8% | -9.2% |
| Mar 27, 2023 | 4.00% | +22bp | +11.4% | +4.3% | +1.9% | +0.3% | -2.9% | +10.2% |
| Apr 10, 2023 | 4.02% | +18bp | -7.2% | -6.6% | -9.4% | -8.1% | +1.3% | +0.9% |
| Apr 14, 2023 | 4.10% | +13bp | -3.8% | -12.1% | -12.4% | -15.0% | +0.7% | -0.3% |
| Apr 27, 2023 | 4.07% | +12bp | -8.4% | -10.2% | -10.2% | +2.7% | +3.9% | -0.8% |
| May 01, 2023 | 4.14% | +14bp | -3.2% | -1.4% | -7.7% | +7.1% | +12.0% | +4.0% |
| May 05, 2023 | 3.92% | +12bp | -9.0% | -12.8% | -4.1% | +3.3% | +1.3% | -1.3% |
| May 25, 2023 | 4.54% | +16bp | +0.0% | +14.3% | +15.7% | +10.4% | +12.4% | -1.7% |
| Jun 02, 2023 | 4.50% | +16bp | -3.4% | +14.3% | +9.6% | +8.9% | +7.0% | +1.8% |
| Jun 29, 2023 | 4.87% | +15bp | -0.4% | -3.7% | -3.4% | -14.4% | -17.4% | -13.6% |
| Jul 14, 2023 | 4.77% | +13bp | -3.3% | -3.1% | -14.1% | -17.0% | -13.3% | -9.1% |
| **Median** | | | **-2.1%** | **-4.3%** | **-4.1%** | **-8.1%** | **-4.9%** | **-9.1%** |
| **Average** | | | **-0.6%** | **-3.7%** | **-3.9%** | **-6.0%** | **-7.3%** | **-9.2%** |
| **Win ratio** | | | **40%** | **37%** | **43%** | **37%** | **37%** | **34%** |

Source: TradingView (TVC:US02Y), Bitcoin daily close from master_data, Federal Reserve | Fundstrat

- As you might have guessed, the opposite setup has historically been much more constructive. When similar 2-year yield spikes represented hike scares that were not subsequently validated by the Fed, BTC had an 86% 60-day win rate with a median return of roughly +35%. The sample should not be treated as deterministic, and much of the validated-hike cohort is concentrated around the 2022-23 tightening cycle. But I think the distinction is useful. The important question from here is not simply whether yields moved sharply higher today, but whether the tightening now embedded in the curve is ultimately validated by the Fed.

### Bitcoin After Front-End Shocks: Hike Scares Not Validated by the Fed

All 14 sessions with the 2Y yield up 12bp or more, Aug 2017 to Feb 2026, with no Fed hike in the following six months. 2026 events below the summary rows are too recent to classify. Columns are forward BTC returns from the event close.

| Date | 2Y | Δ 2Y | 10d | 20d | 30d | 40d | 50d | 60d |
|---|---|---|---|---|---|---|---|---|
| Mar 10, 2020 | 0.55% | +16bp | -14.9% | -9.3% | -10.0% | +17.2% | +20.4% | +23.9% |
| Mar 17, 2020 | 0.50% | +13bp | +23.2% | +27.1% | +68.4% | +77.4% | +82.3% | +78.4% |
| Dec 08, 2023 | 4.72% | +13bp | -0.4% | +4.5% | -9.3% | +0.3% | +16.2% | +51.5% |
| Jan 17, 2024 | 4.37% | +14bp | -0.4% | +21.3% | +43.2% | +67.0% | +65.5% | +57.2% |
| Feb 02, 2024 | 4.37% | +16bp | +20.8% | +58.2% | +56.4% | +51.5% | +47.8% | +40.4% |
| Feb 13, 2024 | 4.66% | +18bp | +25.7% | +46.9% | +39.6% | +40.8% | +29.6% | +26.8% |
| Apr 10, 2024 | 4.98% | +23bp | -8.9% | -13.3% | -2.1% | +0.2% | -9.2% | -19.7% |
| Jun 07, 2024 | 4.89% | +16bp | -13.1% | -16.3% | -4.9% | -19.2% | -14.9% | -16.4% |
| Aug 15, 2024 | 4.10% | +14bp | +3.2% | +5.2% | +14.3% | +8.5% | +21.5% | +52.8% |
| Oct 04, 2024 | 3.93% | +22bp | +8.5% | +9.3% | +48.8% | +59.1% | +61.2% | +58.1% |
| Apr 07, 2025 | 3.79% | +14bp | +17.9% | +22.2% | +34.8% | +32.2% | +32.4% | +38.4% |
| Apr 09, 2025 | 3.91% | +18bp | +13.8% | +25.0% | +35.2% | +26.4% | +27.9% | +31.9% |
| May 02, 2025 | 3.82% | +12bp | +6.8% | +9.3% | +10.2% | +9.1% | +22.5% | +21.6% |
| May 12, 2025 | 4.01% | +12bp | +6.0% | +7.2% | +4.4% | +12.8% | +15.1% | +14.3% |
| **Median** | | | **+6.4%** | **+9.3%** | **+24.5%** | **+21.8%** | **+25.2%** | **+35.2%** |
| **Average** | | | **+6.3%** | **+14.1%** | **+23.5%** | **+27.4%** | **+29.9%** | **+32.8%** |
| **Win ratio** | | | **64%** | **79%** | **71%** | **93%** | **86%** | **86%** |
| | | | | | | | | |
| Jun 17, 2026 | 4.19% | +13bp | -4.6% | -0.8% | -2.5% | -2.2% | +20.8% | |
| Aug 28, 2026 | 4.36% | +13bp | | | | | | |
| Sep 10, 2026 | 4.57% | +13bp | | | | | | |

Rows in the shaded block are 2026 shocks (Jun 17, Aug 28, Sep 10) that cannot yet be classified. Source: TradingView (TVC:US02Y), Bitcoin daily close from master_data, Federal Reserve | Fundstrat

- There is still a reasonable case for the Fed to hold. Today's PPI composition was less alarming beneath the surface than the headline might imply, while a substantial amount of tightening has already occurred through market rates. The less predictable variable remains crude and the geopolitical backdrop. Energy-driven inflation is less amenable to Fed policy, and hiking into a supply-driven rise in crude risks imposing additional demand destruction without addressing the underlying source of inflation. Further tightening would also risk working against the Treasury's efforts to lower long-term financing costs. While renewed hikes would likely flatten the curve as growth expectations deteriorate, I would still expect them to keep upward pressure on the 10-year yield in absolute terms over the intermediate term.
- I would be cautious about making an explicit geopolitical forecast, but it is worth acknowledging the potential reflexivity around crude. As oil moves toward levels that increasingly threaten domestic growth and become politically problematic ahead of the midterms, incentives for some form of de-escalation increase. We have seen periods over the past several months where sharp moves higher in crude were followed by more constructive geopolitical dialogue. That is not something I would underwrite as a base case, but with energy increasingly driving

the rates narrative, any easing of geopolitical tensions could become a meaningful positive catalyst for yields and risk assets.

- Bottom line: A considerable amount of hawkishness was priced into rates today, including a historically large move in the 2-year, yet crypto absorbed the tightening reasonably well. The key question is now whether that repricing is validated. As one might expect, large front-end yield shocks followed by actual Fed tightening have been challenging for crypto, while false hike scares have produced almost the opposite outcome. Tomorrow's CPI print should go a long way toward determining which path we are on, with crude and the geopolitical backdrop remaining the biggest wild cards. In the short-term, I remain biased long, while acknowledging that the swing factors in yields and crude could induce some downside volatility should they not resolve in a constructive direction soon.

**Tickers in this video: #ETH #BTC**

## Disclosures

This research is for the clients of Fundstrat Global Advisors only. For additional information, please contact your sales representative or Fundstrat Global Advisors at 150 East 52nd Street, New York, NY, 10022 USA.

**Analyst Certification (Reg AC)**

Sean Farrell, the research analyst denoted by an "AC" on the cover of this report, hereby certifies that all of the views expressed in this report accurately reflect his personal views, which have not been influenced by considerations of the firm's business or client relationships. Neither I, nor a member of my household is an officer, director, or advisory board member of the issuer(s) or has another significant affiliation with the issuer(s) that is/are the subject of this research report. There is a possibility that we will from time to time have long or short positions in, and buy or sell, the securities or derivatives, if any, referred to in this research.

**Conflicts of Interest**

This research contains the views, opinions and recommendations of Fundstrat. At the time of publication of this report, Fundstrat does not know of, or have reason to know of any material conflicts of interest.

**General Disclosures**

Fundstrat Global Advisors is an independent research company and is not a registered investment advisor and is not acting as a broker-dealer under any federal or state securities laws.

Fundstrat Global Advisors is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of Fundstrat (i.e., Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by Fundstrat clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of Fundstrat, which is available to select institutional clients that have engaged Fundstrat.

As registered representatives of IRC Securities, our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

Fundstrat does not have the same conflicts that traditional sell-side research organizations have because Fundstrat (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of Fundstrat Global Advisors only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but Fundstrat Global Advisors does not warrant its completeness or accuracy except with respect to any disclosures relative to Fundstrat and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies.

The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein.

Except in circumstances where Fundstrat expressly agrees otherwise in writing, Fundstrat is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fundstrat.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.