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Digital Assets - Comments November 3, 2026

MIDTERMS OFFER A RISK-CLEARING EVENT WITH A D SWEEP MOSTLY PRICED, R OUTPERFORMANCE OFFERING UPSIDE OPTIONALITY, AND THE QRA LIKELY THE MORE IMPORTANT FACTOR FOR CRYPTO



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Thoughts on Tonight's Election

There is clearly a lot of nervousness around the midterms, particularly around the possibility that a Democratic sweep increases policy risk for AI, data centers, and markets more broadly. My bias is to fade any extreme market reaction to the headline result. For clarity, the probabilities below are Polymarket-implied probabilities, not my own forecasts. As of 5:30pm ET, Polymarket assigns roughly 75% odds to a Democratic sweep, roughly 23% to a Republican Senate and Democratic House, roughly 5% to a Republican sweep, and <1% to a Democratic Senate and Republican House.

Democratic sweep (~75% Polymarket-implied probability)

I view this outcome as largely priced in. While no one knows exactly how tonight will play out (see Brazilian election prognostications vs end result), the incumbent president's party historically tends to lose ground in midterms, while cost-of-living concerns remain important to voters. More importantly for markets, a Democratic Congress alongside a Republican White House would produce divided government. That substantially raises the hurdle for major legislative changes, since legislation would still need presidential approval or veto-proof majorities. I would therefore be

hesitant to extrapolate a Democratic sweep directly into an immediate “anti-market” policy regime.

The more interesting question is what the result signals about 2028. If Democrats outperform already-high expectations and more “economically interventionist” candidates perform particularly well, markets could begin assigning a higher probability to a materially different fiscal and regulatory regime after the next presidential election. I would not trade aggressively on that today given how much ground there is between now and 2028, but it is worth keeping on the radar.

Interestingly, some of the potential implications are not necessarily negative for crypto. If markets begin pricing a greater likelihood of higher government spending and larger deficits, that could strengthen the monetary-debasement case for BTC. A higher perceived risk of wealth taxation or other restrictions on private capital could also increase the value placed on censorship-resistant and privacy-preserving assets. I would watch ZEC closely in the event of a strong Democratic sweep.

Republican Senate, Democratic House (~23% Polymarket-implied probability)

This is probably the most interesting upside scenario for crypto-specific policy. The CLARITY Act failed to advance this year because of unresolved political issues, including ethics provisions and stablecoin-yield considerations, despite meaningful bipartisan work on digital-asset market structure.

If Republicans retain control of the Senate, I think CLARITY retains optionality on two fronts. The first is the lame-duck session before the current Congress ends on 1/3. The second is the next Congress. The bill would need to restart the process there and still clear 60 votes, but with the midterms behind them, lawmakers would face less pressure to take political positions on the bill, including avoiding handing the administration a win. Republican Senate leadership would also be more likely to give it floor time. Divided government would still constrain most legislation, but crypto market structure is one area where there has already been enough bipartisan work that another attempt looks plausible.

I would expect altcoins and crypto equities to react positively to this outcome, at least tactically.

Republican sweep (~5% Polymarket-implied probability)

This is the clearest upside surprise relative to current market pricing. I do not think it radically changes the fundamental macro setup overnight, but it would likely be read as supportive of the current administration's market and digital-asset agenda while adding real optionality around CLARITY returning, whether in the lame duck or the next Congress. Given how little probability Polymarket currently assigns to this result, I would expect a fairly broad tactical rally across crypto and crypto equities if it occurs.

Democratic Senate, Republican House (<1% Polymarket-implied probability)

This is sufficiently unlikely that I would not spend much time underwriting it. From a broader market perspective, I think the immediate result would look similar to the other divided-government outcome, with gridlock limiting major legislative change. The difference for crypto is that Democratic control of the Senate would provide less optionality around CLARITY returning to the floor, so I would expect a more muted crypto-specific response than under a Republican Senate and Democratic House.

Real Risk: State and Local Elections

The more important downside election risks may actually sit at the state and local level. The Texas gubernatorial race is particularly relevant for miners and the broader AI infrastructure complex because of the amount of compute capacity located in the state.

Data-center pushback in Texas is already bipartisan. Governor Abbott paused new data-center grid connections in early August pending a state audit. Democratic nominee Hinojosa has argued that pause does not go far enough and has called for a broader moratorium until the legislature acts. A Hinojosa win would therefore likely mean tighter and longer-lasting restrictions rather than a complete change in direction.

A surprise Democratic win in Texas is not my base case, but I think it could produce another sharp leg lower in miners and potentially a capitulatory move in parts of the

AI infrastructure complex, particularly for operators that depend on new ERCOT interconnections.

Tomorrow's QRA May Matter More for BTC

The Quarterly Refunding Announcement is arguably as important, if not more important, for BTC than the election. Recall that the rally off the summer lows accelerated as Treasury increased its long-end buyback program. In essence, Treasury has increasingly been willing to use debt management to reduce duration pressure at the long end of the curve. I view that as a form of financial repression that is stimulative at the margin and supportive for monetary-debasement hedges such as BTC.

Importantly, the upsized buybacks are not necessarily the default going forward. Treasury raised the per-operation size in the 10-20Y and 20-30Y buckets from $2B to $6B in September, but only through 11/4, so maintaining that pace requires an active decision tomorrow. At the current pace, 10-30Y buybacks retire roughly $180-190B a year against ~$440B of annual 20- and 30-year issuance. That is not insignificant.

The important question tomorrow is not how much Treasury needs to borrow, but how it chooses to fund that borrowing. We already received the headline financing estimates on Monday, with ~ $600B of borrowing expected in Q4 and ~$800B in Q1. Tomorrow we get the more important details around the composition of that issuance. The market will be focused on how much duration Treasury supplies, whether it changes auction sizes farther out the curve, and what it signals about the next phase of the buyback program.

There are several possible permutations, and the combination matters more than any single announcement. Treasury could reduce aggregate duration issuance, alter or potentially suspend 20-year issuance, shift relatively more financing toward bills and shorter coupons, maintain long-end issuance near current levels, or change the size and frequency of duration buybacks. The 20-year alone accounts for ~$168B of annual issuance, roughly a third of the duration Treasury supplies in 20s and 30s. I do not have an edge in predicting which combination Treasury chooses, so I would rather read and react to the actual announcement.

My framework is straightforward. A result that meaningfully reduces net duration supply, whether through lower long-end issuance, larger buybacks, or some combination of the two, would reinforce the “Operation Treasury Twist” thesis. For example, if Treasury were to eliminate 20-year issuance without offsetting that reduction through additional 10-30Y supply while maintaining an aggressive buyback program, I would view that as clearly stimulative. Conversely, if Treasury maintains or increases duration supply while scaling back long-end buybacks, I would view that as a near-term disappointment. Ultimately, it will be the combination of the issuance schedule and buyback guidance that matters.

Bottom Line: The election is primarily a risk-clearing event, with the most likely outcome already substantially reflected in Polymarket pricing and some tactical upside for crypto if Republicans outperform those expectations. The QRA is the more important macro catalyst because it could directly affect net duration supply and long-end financial conditions, beginning with whether Treasury extends its upsized long-end buybacks.

Portfolios

Crypto Equities Portfolio - November 3, 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	9/22/26	2.0%	DAT	BTC	135.63	-15%	38%	-11%
PURR	9/22/26	6.0%	DAT	HYPE	10.16	-15%	49%	185%
CYPH	9/22/26	2.0%	DAT	ZEC	2.60	-14%	-14%	60%
COIN	9/22/26	1.0%	Financial Services	Super App	145.45	-21%	-3%	-36%
HOOD	9/22/26	2.5%	Financial Services	Super App	85.68	-24%	-8%	-24%
BTGO	9/22/26	1.0%	Financial Services	Infrastructure	5.32	-28%	6%	-63%
GLXY	9/22/26	3.5%	Financial Services	AI Compute	16.83	-27%	-12%	-25%
FIGR	9/22/26	2.0%	Crypto-Enabled Services	Tokenization	22.10	-23%	-23%	-27%
CLSK	9/22/26	1.5%	BTC Mining	AI Compute	8.15	-36%	-40%	-19%
WULF	9/22/26	1.5%	BTC Mining	AI Compute	12.53	-19%	-31%	9%
IREN	9/22/26	1.5%	BTC Mining	AI Compute	24.46	-41%	-37%	-35%
BTDR	9/22/26	1.5%	BTC Mining	AI Compute	6.92	-37%	-37%	-38%
HUT	9/22/26	1.5%	BTC Mining	AI Compute	63.75	-29%	-31%	39%
HIVE	9/22/26	1.5%	BTC Mining	AI Compute	1.81	-39%	-36%	-30%
KEEL	9/22/26	1.5%	BTC Mining	AI Compute	2.19	-40%	-44%	-7%
CORZ	9/22/26	1.5%	BTC Mining	AI Compute	14.24	-13%	-35%	-2%
CIFR	9/22/26	1.5%	BTC Mining	AI Compute	8.12	-48%	-57%	-45%
RIOT	9/22/26	1.5%	BTC Mining	AI Compute	14.02	-29%	-35%	11%
MARA	9/22/26	1.5%	BTC Mining	AI Compute	7.16	-36%	-36%	-20%
GSOL	9/22/26	5.5%	Spot Token	SOL	7.05	-21%	25%	-23%
ETHA	9/22/26	9.0%	Spot Token	ETH	17.26	-14%	19%	-23%
BITB	9/22/26	19.0%	Spot Token	BTC	42.22	-8%	20%	-11%
Cash	9/22/26	30.0%	Cash	Cash	1.00	0%	0%	0%
Returns								
							ITD	YTD
BTC							158%	-12%
ETH							21%	-23%
S&P 500							73%	11%
Crypto Equities Portfolio							**244%**	**1%**

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - November 3, 2026

Ticker	Latest Rebalance	Last Rebalance Weight	Token Class	Sector	Current Price	30-Day Return	90-Day Return	YTD Return
BTC	9/22/26	44.0%	BTC	Currency	77,328	-11%	20%	-12%
ETH	9/22/26	10.0%	Alt. Major	SCP	2,271	-17%	19%	-23%
SOL	9/22/26	7.0%	Alt. Major	SCP	93	-24%	25%	-26%
HYPE	9/22/26	7.0%	Altcoin	DeFi	85	-6%	49%	234%
ZEC	9/22/26	2.0%	Altcoin	Currency	1,221.71	-10%	139%	218%
USDC	9/22/26	30.0%	Stablecoin	Cash	1.00	0%	0%	0%

Returns

	ITD	YTD
BTC	271%	-12%
ETH	46%	-23%
S&P 500	89%	11%
Core Strategy Portfolio	**158%**	**6%**

Source: Artemis, Bloomberg, Fundstrat

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