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Digital Assets - Comments

November 10, 2026

HOT CPI PUSHES FED PRICING IN HAWKISH DIRECTION AS BTC TESTS THE 200D MA AND CROWDED WINNERS UNWIND



Sean Farrell AC

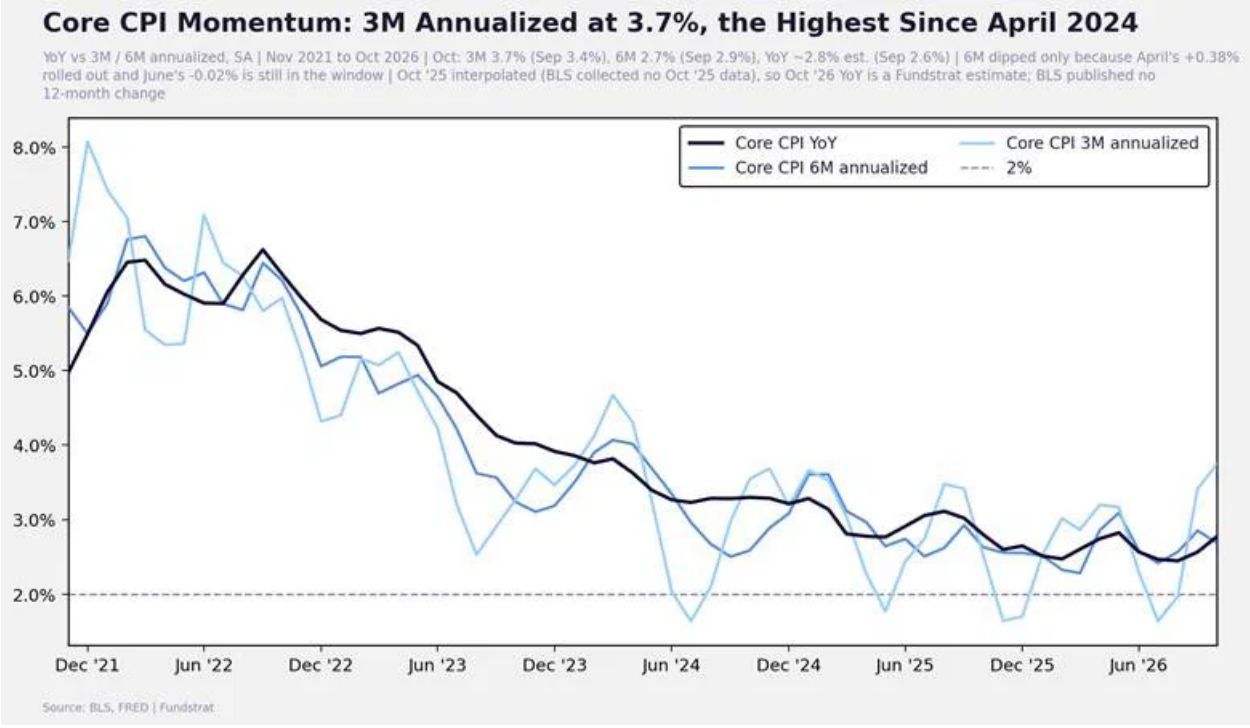
HEAD OF DIGITAL ASSET STRATEGY



- It was another choppy day for crypto, with BTC down ~2% and weakness more pronounced across altcoins. What stood out to me was the selling in several of this year's biggest winners, including ZEC (-10%), HYPE (-4%), and VVV (-10%). These have been among the more crowded positions within crypto-native

portfolios, and the severity of today's move is one reason I am not in a rush to get overly aggressive buying the dip just yet (more on that shortly).

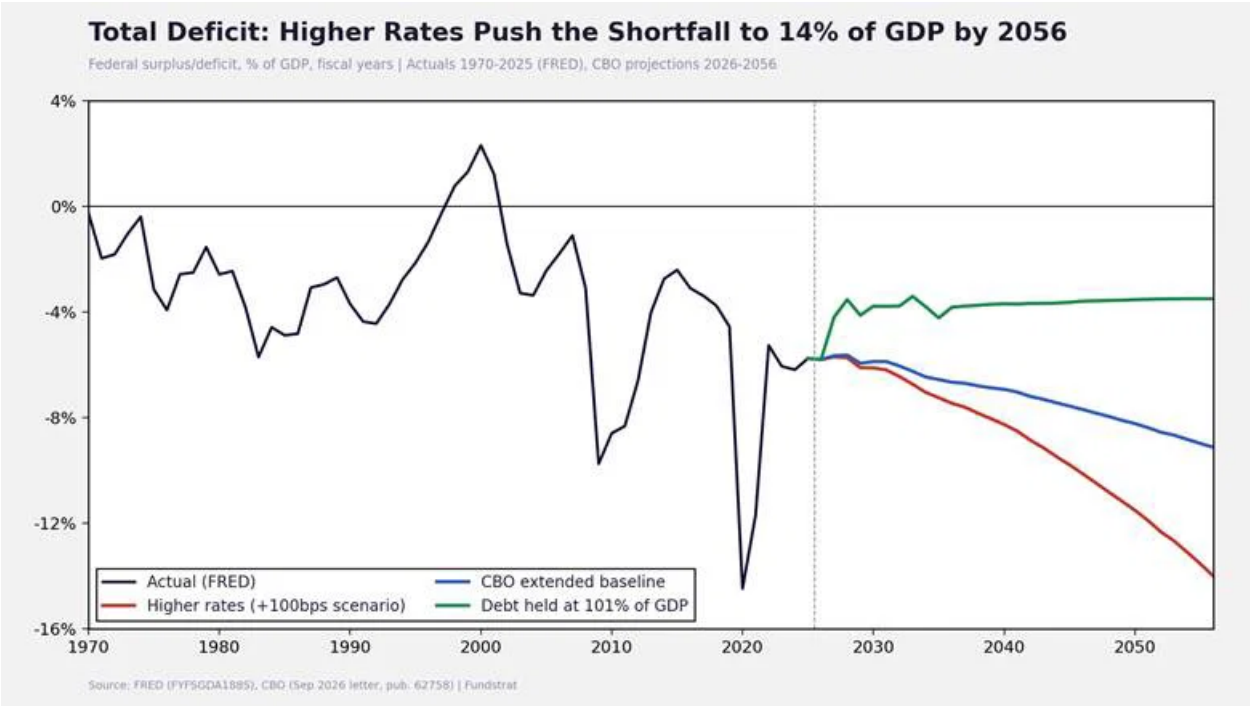
- The macro story today started with Fed Governor Waller. He characterized the labor market as a "slow-to-hire, slow-to-fire" environment that remains broadly in equilibrium, but made clear that inflation is currently the more important constraint on policy. He suggested that even a relatively benign October inflation report would likely leave him supporting a 25 bp hike in December, while a core CPI print around 0.3% month over month or higher could warrant consideration of 50 bps.
- Core CPI subsequently came in at 0.3% month over month against a 0.2% consensus, keeping the inflation picture uncomfortably firm. Three-month annualized core CPI momentum is now running around 3.7%, its highest level since April 2024. The strength was broad-based and firmer than the rounded number suggests, as a 1.2% decline in used car prices masked gains across the rest of core goods. Core services ex-shelter, often referred to as "supercore" inflation, also remained firm. That is likely the component policymakers will find most difficult to dismiss.

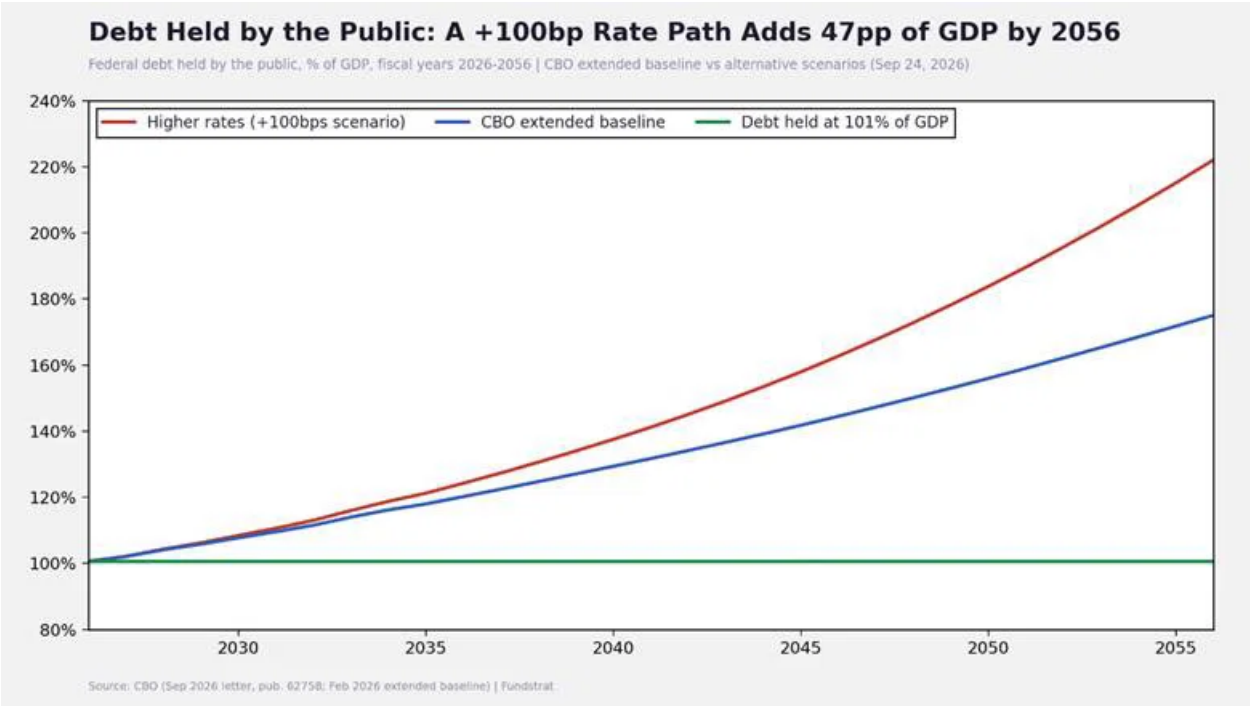


- There is, however, an important timing issue between current inflation data and the inputs that may drive inflation over the next several months. Two of the more important sources of recent price pressure have been energy and the AI

infrastructure buildout. Crude has fallen more than 15% from its late-October highs, and the recent selloff in AI equities suggests investors are tempering their expectations for the pace of AI capex. Whether those trends persist is still an open question, and the relief should reach headline inflation well before it reaches core. Energy price gains had already slowed in October and core still ran hot. Even so, both inputs are moving in a direction that should reduce some inflation pressure on a forward-looking basis.

- The inflation swap market is reflecting that more benign forward view, at least for headline inflation. One- and two-year inflation swaps have continued to move lower, with the one-year rate now just below 2% compared with about 2.65% in mid-October. That sits in tension with the hawkish tone from Waller today, though the two are not measuring the same thing. The Fed is responding to realized core inflation, while the swap market is largely pricing lower energy costs into headline. The question is how much of that eventually passes through to core.
- There are also limits on how far the Fed can push. October payrolls were solid at +165K, but a slow-to-hire, slow-to-fire labor market is less dynamic than headline employment suggests and could deteriorate quickly if labor demand weakens even modestly. The fiscal backdrop adds to the cost of staying restrictive. Debt held by the public is roughly 100% of GDP and the deficit is running around 6% of GDP, so higher policy rates raise the government's financing burden in addition to slowing private-sector demand. That does not prevent the Fed from tightening, but it does raise the cost of remaining restrictive for an extended period.

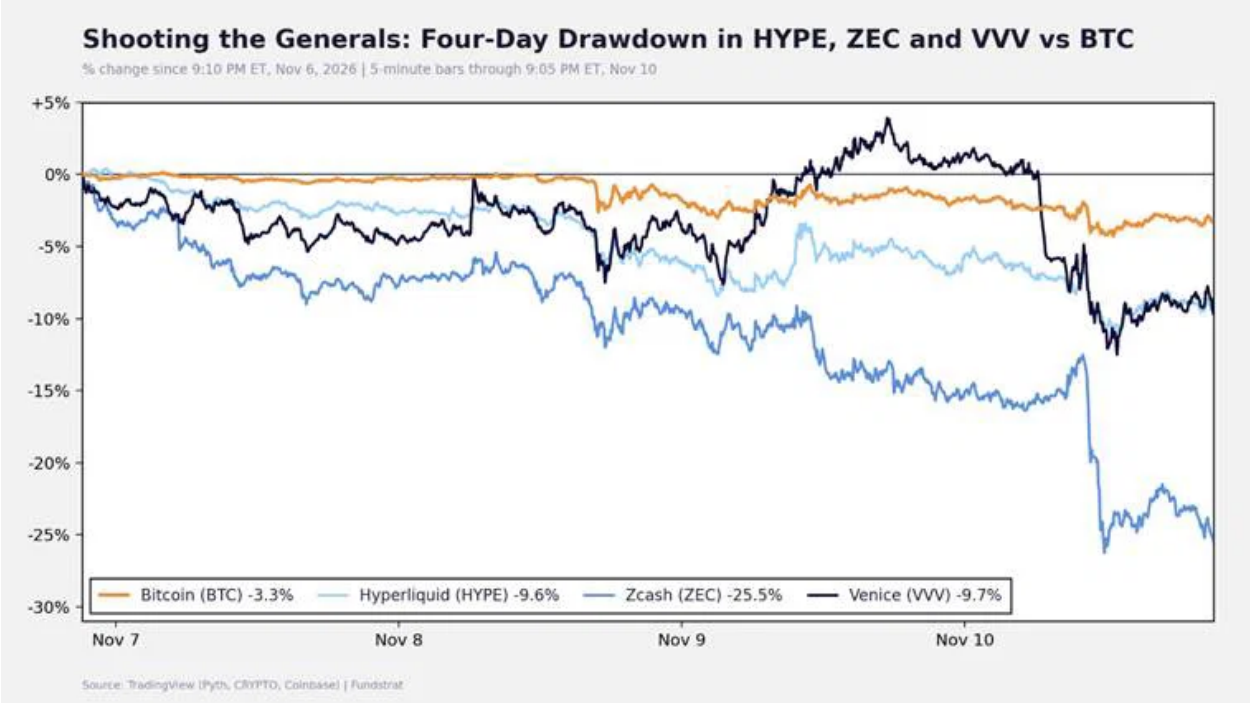




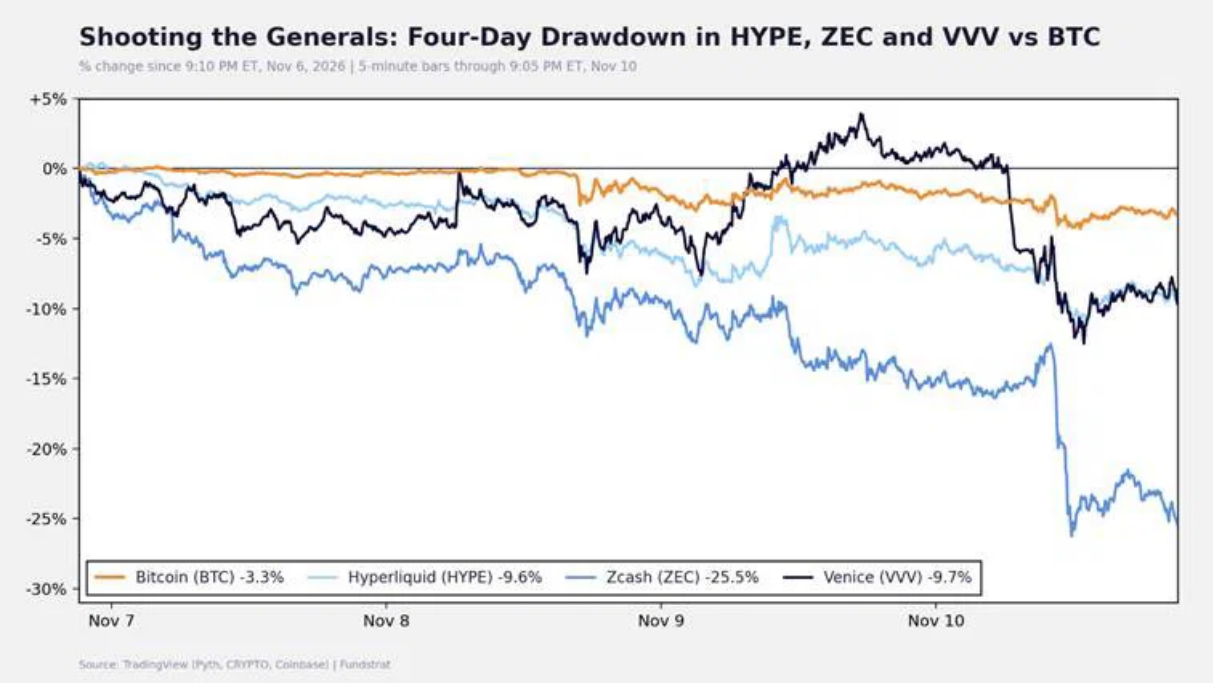
- Markets responded hawkishly today. The 2Y yield rose 18 bps, its largest one-day increase since April 2025, and a 25 bp December hike is now fully priced with a ~10-15% probability of 50 bps. Even so, we may be getting relatively close to “max hawkishness” in the curve. The market now prices about three hikes through September 2027. With that much tightening already embedded in expectations, the

bar for another major hawkish repricing is becoming higher. PPI on Friday and PCE on 11/25 are the next tests.

- BTC also gave us one encouraging technical datapoint today. Price briefly traded below the 200D MA near ~$73K before finding demand and bouncing roughly ~1.5% intraday. I have been highlighting this as the next important area to watch, and the initial response was constructive.



- As alluded to above, the selling in ZEC, HYPE, and other high-performing names (like VVV) may reflect some Q4 de-risking and profit taking from crypto-native funds. These have been relatively crowded winners, and when investors begin locking in gains after a strong year, that capital does not necessarily rush straight back into the same positions. On the margin, that could remove a cohort of dip buyers that had been supportive earlier in the year.



- That does not change my medium-term view on ZEC or HYPE. I continue to think both can present attractive opportunities to add exposure, but with cross-asset volatility still elevated and today's "shooting of the generals," I am not trying to force that trade today. I would rather see more evidence that the current liquidation is exhausting itself before materially increasing risk.
- Bottom Line: Today's inflation data was clearly hawkish, but markets now price ~3 hikes through next September and may be approaching the point where further hawkish repricing becomes more difficult. Lower crude and softer near-term inflation expectations offer some reason to believe realized inflation could moderate from here. BTC's initial defense of the 200D MA near $73K is also encouraging, and daily closes above it are the next thing to watch.
- Even with those positives, I still favor remaining tactically patient. One reason is the sharp unwind in several crowded YTD winners, which suggests some crypto-native funds may still be de-risking into year-end. I continue to think ZEC and HYPE will present opportunities to add, but tactically I would rather let the current selling process mature than get overly aggressive too early.

Portfolios

Core Strategy Portfolio - November 10, 2026

Ticker	Latest Rebalance	Last Rebalance Weight	Current Price	30-Day Return	90-Day Return	YTD Return
BTC	9/22/26	44.0%	73,615	-12%	16%	-16%
ETH	9/22/26	10.0%	2,049	-19%	9%	-31%
SOL	9/22/26	7.0%	83	-25%	10%	-33%
HYPE	9/22/26	7.0%	72	-17%	29%	184%
ZEC	9/22/26	2.0%	1,044	-18%	113%	104%
USDC	9/22/26	30.0%	1.00	0%	0%	0%

Returns

	ITD	YTD
BTC	253%	-16%
ETH	32%	-31%
S&P 500	88%	10%
Core Strategy Portfolio	**146%**	**1%**

Source: TradingView, Fundstrat

Crypto Equities Portfolio - November 10, 2026						
Ticker	Date of Latest Rebalance	Weight at Latest Rebalance	Current Price	30-Day Return	90-Day Return	YTD Return
MSTR	11/4/26	2.0%	121.07	-22%	28%	-20%
PURR	11/4/26	6.0%	8.75	-21%	30%	146%
CYPH	11/4/26	2.0%	2.13	-28%	31%	31%
COIN	11/4/26	1.0%	132.13	-26%	-11%	-42%
HOOD	11/4/26	2.5%	81.33	-25%	-14%	-28%
BTGO	11/4/26	1.0%	4.27	-42%	-14%	-71%
GLXY	11/4/26	2.0%	14.11	-31%	-33%	-37%
FIGR	11/4/26	2.0%	23.34	-18%	-24%	-23%
CLSK	11/4/26	2.0%	6.57	-37%	-46%	-35%
WULF	11/4/26	3.0%	12.56	-9%	-27%	9%
IREN	11/4/26	0.5%	19.73	-44%	-55%	-48%
BTDR	11/4/26	2.0%	6.41	-33%	-29%	-43%
HUT	11/4/26	0.5%	56.77	-33%	-37%	24%
CORZ	11/4/26	2.5%	13.13	-15%	-37%	-10%
CIFR	11/4/26	0.5%	6.53	-52%	-63%	-56%
RIOT	11/4/26	1.5%	18.08	7%	-11%	43%
MARA	11/4/26	0.5%	7.34	-24%	-24%	-18%
GSOL	11/4/26	5.5%	6.28	-24%	10%	-31%
ETHA	11/4/26	9.0%	46.49	-17%	9%	-31%
BITB	11/4/26	24.0%	39.95	-10%	16%	-16%
Cash	11/4/26	30.0%	1.00	0%	0%	0%

Returns	ITD	YTD
BTC	146%	-16%
ETH	9%	-31%
S&P 500	72%	10%
Crypto Equities Portfolio	**226%**	**-4%**

Source: TradingView, Fundstrat

Tickers in this video: #BTC #ZEC #HYPE #VVV

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