Weekly Crypto Market Wrap

23 February 2026

ZEROCAP

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCE100635539-001
Zerocap Pty Ltd ABN: 99 164 874 597

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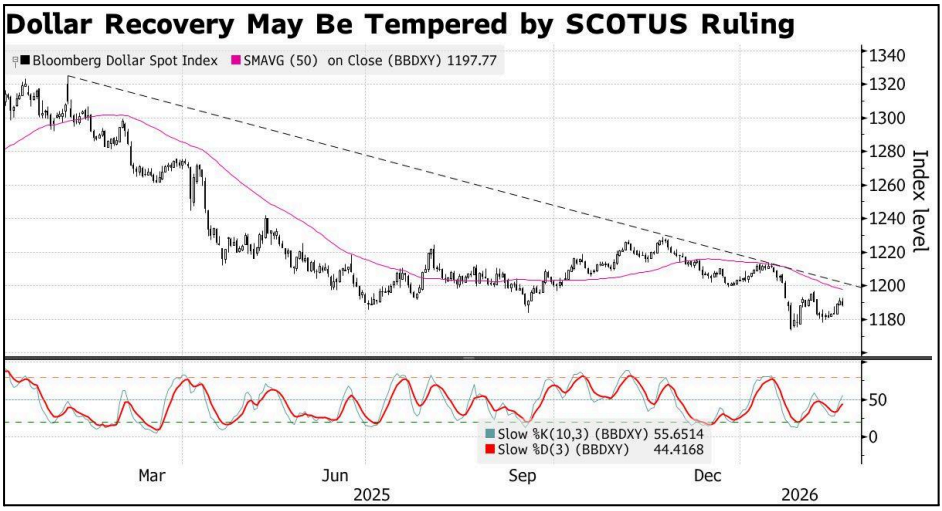
🗞️ Week in Review

- Spot bitcoin ETFs notch five straight weeks of outflows for the first time since March 2025.
- Kraken acquires tokenization platform Magna ahead of a potential IPO.
- US President Donald Trump has said he will impose global tariffs of 15%, continuing to rail against a Supreme Court ruling that struck down his previous import taxes.
- Crypto company Nexo returns to US three years after clash with regulators.
- CME Launches 24/7 Crypto Futures Trading Starting May 29.

Technicals & Macro

Markets

U.S. equities ended last week on firmer footing, with the S&P 500 rising 0.7% on Friday to secure its strongest weekly performance since early January. The rally followed the Supreme Court's decision to strike down President Trump's IEEPA-based reciprocal tariffs, initially boosting risk appetite. However, the policy outlook quickly shifted as President Trump announced a new 10% global tariff under Section 122, subsequently raising it to 15% over the weekend. While Section 232 and 301 tariffs remain in place and additional 301 probes are planned, Treasury guidance suggests overall tariff revenue in 2026 is expected to remain broadly unchanged, tempering fiscal concerns.



Source: Bloomberg

Despite the equity rebound, uncertainty around trade policy persists. Early Asian trading saw S&P 500 futures slip 0.2%. In FX markets, the dollar spot index fell 0.2% as the USD weakened against the JPY and AUD, EUR/USD rose to 1.1816 and USD/JPY declined toward 154.5. Market participants appear cautious, weighing the legal constraints on tariff implementation against the administration's stated intention to pursue alternative measures within the 150-day Section

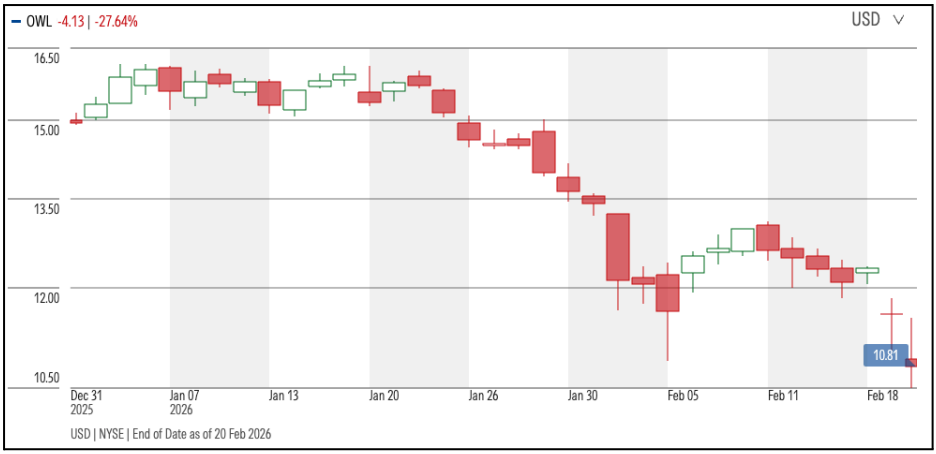
122 window. Meanwhile, emerging market equities reached fresh highs, reflecting relative optimism outside the U.S.

Source: Bloomberg

In the fixed income market, the 10-year Treasury yield rose two basis points to 4.08% on Friday amid volatile trading. Initial selling on concerns over lost tariff income and potential refunds reversed after confirmation that alternative levies would offset revenue shortfalls. Treasuries remain sensitive to shifting fiscal expectations and inflation data, including the upside surprise in December core PCE.

In commodities, oil eased to USD 65.95 per barrel as the U.S. and Iran prepared to resume talks in Geneva, although geopolitical risks remain elevated following reports that Washington is considering more aggressive options. Gold gained 0.8%, supported by a softer dollar and ongoing policy uncertainty.

Separately, stress in private credit markets is emerging as a secondary risk factor.



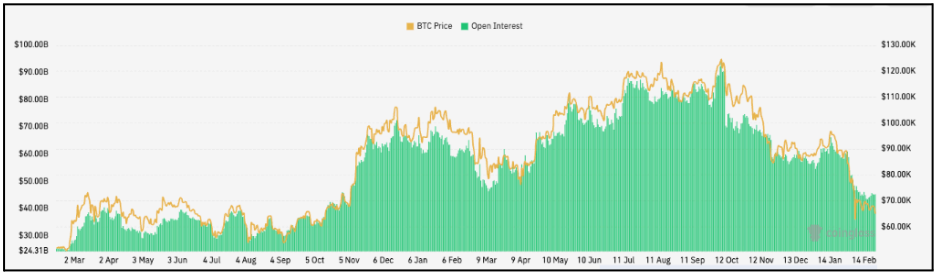
Source: Morningstar (NYSE: OWL)

Developments at Blue Owl Capital have added a financial stability dimension to the macro backdrop. The firm halted standard quarterly redemptions in its USD $1.6 billion retail-oriented OBDC II private credit vehicle and instead sold roughly $1.4 billion of loans at approximately 99.7 cents on the dollar, enabling a 30% return of investor capital. While execution near par suggests asset valuations remain broadly intact, the move triggered a sharp decline in Blue Owl's share price and renewed scrutiny of liquidity mismatches in semi-liquid private credit structures.

With the sector increasingly exposed to software and AI-linked lending, the episode underscores growing investor sensitivity to valuation transparency and redemption risk, even in the absence of clear credit deterioration

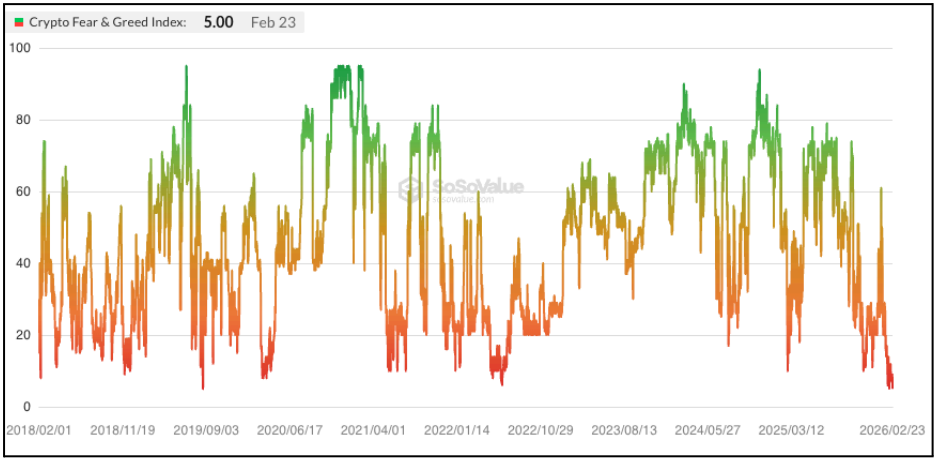
Crypto Markets

In crypto markets, price action remains range-bound, reflecting the broader low-volatility regime evident across equities and macro assets. BTC and ETH both traded modestly lower on the week, with neither asset breaking convincingly from recent consolidation ranges. Realized volatility continues to compress, reinforcing the absence of strong directional conviction.



Source: Glassnode

Broader leverage metrics also continue to soften. The 90-day SMA of top crypto assets' change in open interest has remained negative since October 2025, highlighting sustained deleveraging.



Source: SoSo Value

Sentiment indicators are consistent with this backdrop. The Crypto Fear & Greed Index remains entrenched in "Extreme Fear," marking one of its longest such stretches this cycle. However, the lack of disorderly liquidations suggests this is a controlled reduction in risk rather than forced capitulation.

Source: SoSo Value

Performance dispersion remains elevated beneath the surface. MORPHO (+40.26% YTD) significantly outperformed following continued institutional integrations and its structured acquisition agreement with Apollo, standing out in a weak DeFi environment. The move reflects an investor preference for protocols which demonstrate tangible real-world asset integration and institutional alignment.

Elsewhere, Hyperliquid also remains structurally strong, earning inclusion in the Forbes Fintech 50. Its continued growth without

venture funding underscores a broader shift toward product-led derivatives infrastructure capturing organic market share.

Emir Ibrahim, Analyst

Spot Desk

Volatility remained notably subdued across both digital and traditional markets this week, with price action compressed despite a steady stream of macro and policy headlines. BTC traded in a tight USD 67k - 68.5k range, reflecting consolidation rather than conviction, while FX and equities maintained a patient, data-dependent tone. The broader backdrop was characterised by muted follow-through and a lack of sustained directional momentum across asset classes.

Bitcoin's range bound trading was accompanied by softer spot ETF inflows, which limited upside traction. Retail sentiment stayed entrenched in Extreme Fear, and altcoins underperformed with negative breadth dominating. While isolated names such as WLFI recorded brief spikes, participation remained thin overall. Ongoing US trade policy rhetoric and tariff headlines added a layer of macro uncertainty, reinforcing the sideways structure rather than catalysing a decisive move.

Despite weak sentiment in the digital asset complex and consolidating prices amidst a lack of volatility, the desk noticed clients were skewed to bid on the majors. BTC and SOL were traded both ways, although they were heavily skewed bid-side. ETH on the other hand was largely flat. Altcoin activity was lighter with a modest skew on the offer. Notably, there was an uptick in clients implementing stop-loss parameters on existing crypto exposure, particularly in AUD pairs suggesting a greater focus on downside risk management rather than fresh leverage. Feel free to hit us up over the live chat in the Zerocap portal to discuss any enquiries surrounding tailored downside risk management strategies!

On the FX side, AUD/USD also traded within a contained range (0.7010 - 0.7096). The pair lacked a clear catalyst, with USD direction tied closely to incoming data and limited incremental drivers from Australia. USDT/AUD flows across the desk continued to show a pronounced buy side skew. In contrast USDT and USDC/USD flows were more evenly balanced with two way interest prevailing.

The OTC desk continues to offer tailored cryptocurrency liquidity solutions and competitive pricing across majors, stablecoins, and altcoins, paired with key fiat currencies. With T+0 settlement, we

ensure seamless trading and settlement.

Oliver Davis, OTC Trader

📈 Derivatives Desk

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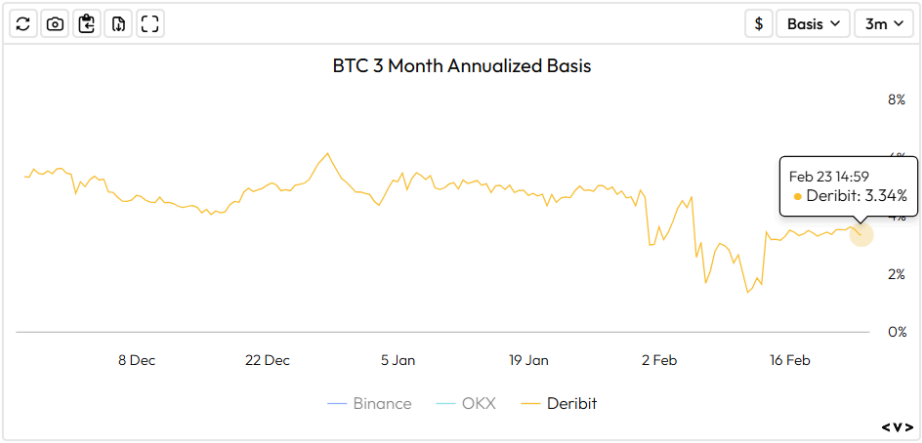
Basis Rates on both BTC and ETH have started the week lower. BTC's 3-month Rate is down 16 bps to 3.34% p.a. ETH's is down 10 bps to 2.93%.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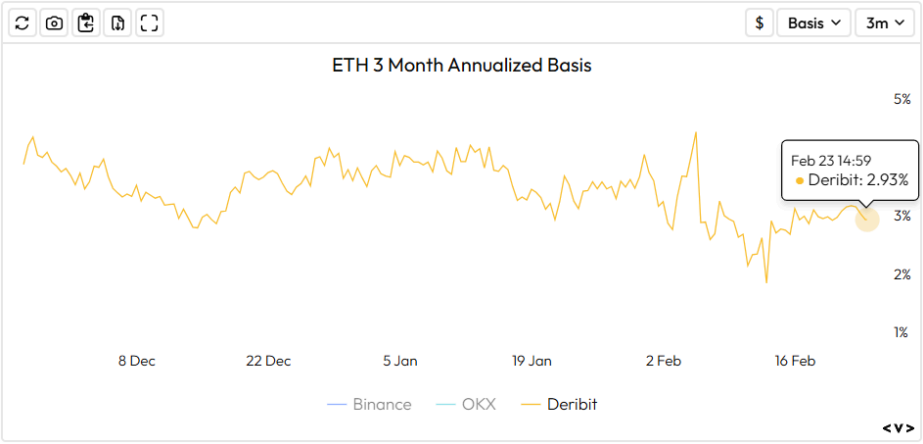
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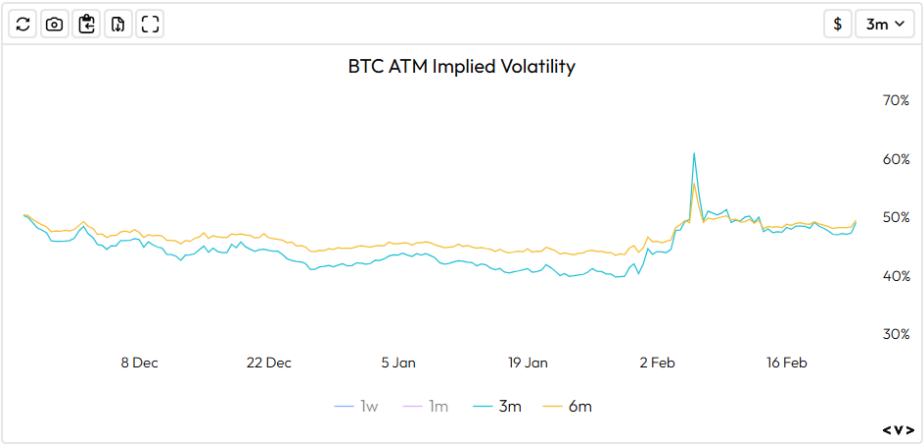
OKX
Deribit

As mentioned last week, we are seeing Bitcoin's ATM implied trade at an elevated premium compared to the baseline levels we've seen this year.



Source: Velodata

The skew on BTC options contracts is also still trading at an elevated level towards Puts - it jumped up ~2 vol points after the spot move this morning.

This Week's Trade Idea – BTC Yield Entry Notes

We still like Yield Entry Notes given the skew towards puts and the fact that basis rates are at yearly lows.

Yield Entry Note sample terms:

For a 1-month BTC Yield Entry Note with 55k Strike Price one can generate 1.5% Yield (~18% annualised). There are two possible outcomes at expiry:

- BTC expires above 55k: investment paid back in cash + earns 1.5% yield (~18% annualised, paid in cash).
- BTC expires below 55k: investment used to buy BTC at 55k + earns 1.5% yield (~18% annualised, paid in BTC).

👀 What to Watch

WED: AU Inflation Rate MoM/YoY, AU Trimmed Mean CPI MoM/YoY, AU CPI

THU: US Initial Jobless Claims

FRI: US PPI MoM, JP Retail Sales YoY, AU Housing data

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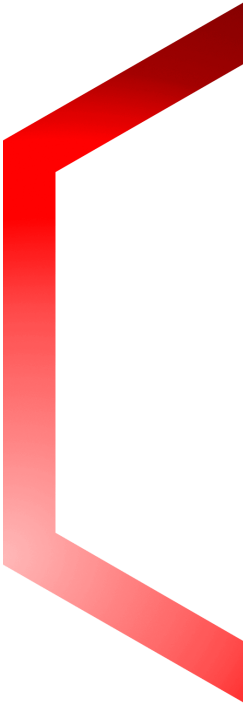
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