

# **BROKSTOCK**

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Crypto Market Outlook for 2Q26

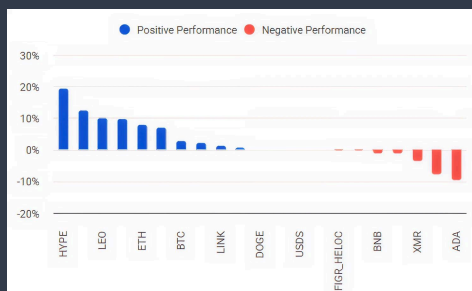
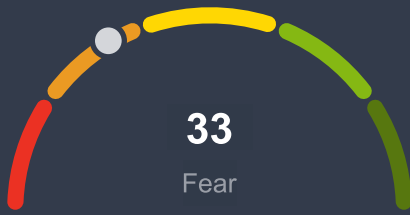


## Current Market Sentiment: Extreme Fear with Structural Divergence

As of late March 2026, crypto market sentiment exhibits classic "extreme fear" characteristics, yet beneath this surface-level panic lies a significant divergence between retail and institutional behavior. Total market capitalization has contracted from \$3.2 trillion at the start of the year to approximately \$2.41 trillion, a decline of nearly 25%, while Bitcoin has retreated from its \$126,000 peak to the \$60,000–70,000 range, completing a correction of over 50%.

At the retail level, a palpable "rage quitting" sentiment pervades the community. Many formerly active KOLs have either pivoted exclusively to perpetual futures trading or fallen silent entirely. Bearish sentiment dominates community discussions, with some extreme forecasts predicting Bitcoin could fall to \$30,000. However, institutional sentiment tells a markedly different story. Fidelity has characterized the current phase as a "mild winter," arguing that the 50–60% correction likely represents the maximum drawdown for this cycle – a stark contrast to the 70–80% washouts characteristic of previous cycles. On-chain data supports this nuanced view: NUPL (Net Unrealized Profit/Loss) sits at 0.1782 in the "hope" zone, while SOPR (Spent Output Profit Ratio) at 0.996 indicates investors are selling at minor losses – historically a signal associated with accumulation phases.

### Fear & Greed Index



51 / 100

Altcoin Season



### Average Crypto RSI

54.93



Market Cap. Volume  
**\$2.36T** **\$102.63B**



### Crypto ETF Flows – 30d

BTC ETH



Notably, while overall KOL activity has declined, discussions around macro policy have intensified. Multiple KOLs within the Baijiu Financial community have been actively discussing potential catalysts including the PBOC's \$220 billion QE program, the U.S. Senate's \$2 trillion crypto market legislation, and the SEC's potential opening of the \$12.5 trillion 401k market to crypto assets. This creates a mixed sentiment backdrop characterized by "short-term caution, long-term optimism."

# Top KOL Perspectives: From Bearish Bottom-Fishing to Narrative Evolution

## 1. Institutional Representative: Fidelity Macro Team

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Jurrien Timmer, Fidelity's Director of Global Macro, argues that Bitcoin has entered a "base-building phase" in the \$60,000–70,000 range, with the market awaiting a new narrative. He highlights a critical contradiction: global money supply has grown 12% year-over-year to \$120 trillion, yet Bitcoin has failed to rally alongside it, remaining correlated with tech stocks instead. This reflects Bitcoin's ongoing identity tension—simultaneously an inflation-resistant store of value and a risk asset correlated with the Nasdaq.

Max Wadington of Fidelity Digital Assets focuses Q2 attention on on-chain fundamentals: stablecoins have become "on-chain cash" (Fidelity itself has launched the FIDD stablecoin); AI-driven developer productivity gains could serve as a catalyst for Ethereum and Solana; and RWA (Real World Asset) tokenization is transitioning from concept to production-grade infrastructure.

## 2. Technical Analyst: Ansem's Cycle View

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Prominent KOL Ansem predicted in September 2025 that Bitcoin would launch a significant rally in Q2 2026. He provided a probabilistic framework: 60% probability of a pullback to \$90,000 before rallying, 20% probability of a drop to \$75,000, and 15% probability of a dip to \$105,000 followed by a breakout to new highs. His assertion that the "four-year cycle is dead" but that bear markets will extend longer than expected has proven prescient, with Bitcoin currently consolidating in the \$60,000–70,000 range—precisely the accumulation zone he identified.

## 3. Macro Debate: Tom Lee vs. Frank Giustra

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A landmark debate emerged in late March. Fundstrat's Tom Lee declared "crypto winter ends in April," pointing to extreme negative sentiment and "rage quitting" as classic bottoming signals. He backed his argument with data: since 1971, gold has underperformed inflation 48% of the time, while Bitcoin has outperformed inflation 97% of the time since 2010.

Giustra's response was characteristically blunt: "stop it." He maintains that Bitcoin is a high-volatility speculative asset, while gold alone serves as a true store of value. This debate encapsulates the core market tension: is Bitcoin "digital gold" or a "risk-on tech stock"?

## 3. Macro Debate: Tom Lee vs. Frank Giustra

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On March 29, MicroStrategy's Michael Saylor amplified Grok AI's analysis of Bitcoin, transforming AI-generated optimism into bullish marketing material. Grok estimated a less than 10% probability of quantum computing compromising Bitcoin by 2035 and projected a \$250,000 price target for 2026. Saylor leveraged this to position Bitcoin as an "AI-endorsed safe haven." Notably, 15 major accounts simultaneously amplified the same tweet, suggesting coordinated narrative shaping rather than organic virality. On-chain data remained muted in response—funding rates at 0.00% and daily trading volume at \$32 billion indicated that the market was not chasing the narrative.

## Consensus Across 10 KOLs: 2026 Outlook

According to Biteye's compilation of 10 KOL annual outlooks, 2026 consensus themes include:

KOL	Core View	Focus Areas
Colin Wu	Prediction markets and stock tokenization are hotspots; high compliance barriers but significant potential	Privacy, AI+blockchain, stablecoins
DeFiTeddy	U.S. regulatory pivot is bullish; CLARITY Act will unlock institutional capital	On-chain finance, AI Agents
Alex Thorn (Galaxy)	Bitcoin volatility declining; transitioning to gold-like inflation hedge	\$250,000 target by end of 2027
Raoul Pal	Extend investment horizon; hold quality assets	Zcash cited as potential 100x opportunity
Paul Veradittakit (Pantera)	RWA, AI security applications, stablecoin pilots, crypto IPOs will emerge	Nine major trends unfolding simultaneously

# 2Q2026 Outlook: From "Mild Winter" to "Crypto Spring"

Synthesizing institutional reports and KOL perspectives, 2Q2026 is likely to exhibit the following characteristics:

## Price Range and Direction

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Fidelity maintains that Bitcoin has completed its bottoming process in the \$60,000–70,000 range, with a 50–60% maximum drawdown consistent with "mature asset" behavior—investors should not expect 80% declines. Historical patterns offer context: following a 12% correction in Q1 2025, Bitcoin delivered 30% gains in Q2. Current Q1 2026 declines exceed 20%, creating room for a Q2 rebound. Key support sits at \$66,765; holding this level could enable a rally to \$71,000–76,000, while a breakdown would warrant caution. Options market max pain is at \$75,000, with put-call ratios still modestly favoring upside.

## Three Key Catalysts to Watch

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- **Regulatory Breakthrough:** Progress on the CLARITY Act in Q2 would provide the long-awaited SEC/CFTC jurisdictional framework, potentially mirroring the stablecoin market expansion that followed the GENIUS Act. The Senate has scheduled relevant discussions, making April a critical observation window.
- **Stablecoin Expansion:** Stablecoin transaction volume exceeded \$34 trillion in 2025, with the top five stablecoins capturing 89% of a \$316 billion market. Q2 may witness more traditional financial institutions (rumors include Meta) entering the stablecoin space, directly benefiting underlying networks like Ethereum and Solana.

## Three Key Catalysts to Watch

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- **AI + Developer Productivity:** Fidelity emphasizes that AI-driven improvements in developer efficiency may generate tangible value before AI Agent on-chain trading matures. A 5–10% productivity gain across thousands of developers would meaningfully impact smart contract platform fundamentals.

## Risk Factors

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Geopolitical risks have intensified in Q2. Israel's strikes on Iranian energy facilities triggered a 2% single-day Bitcoin decline, while Trump impeachment probability has risen to 72%, reflecting U.S. economic weakness across multiple sectors. The Strait of Hormuz remains under close monitoring—any escalation could trigger risk-off flows. On the macro front, PPI data exceeding expectations suggests persistent inflation, and Fed rate cut expectations are already fully priced in, with "good news already discounted" representing a risk in itself.

## Narrative Evolution Pathway

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Fidelity's Jurrien Timmer succinctly summarized market dynamics: "The hard money narrative has been taken over by gold, the speculative narrative has receded, and Bitcoin is waiting for a new story." The most likely Q2 narratives include:

- **RWA Penetration Story:** Only \$1.2 billion of the \$13 trillion gold market is on-chain (0.009% penetration)—massive growth runway
- **Stablecoin Infrastructure Story:** Transition from "crypto-native tool" to "global payments rail"
- **AI Validation Story:** AI tools like Grok projecting \$250,000 targets, creating a psychological anchor around "AI-endorsed safe haven"

## Strategic Recommendations

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### For Long-Term Investors

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With NUPL in the "hope" zone, this represents a period for accumulation rather than panic selling. Following Raoul Pal's advice—"extend your investment horizon, hold quality assets, avoid investing based on borrowed conviction."

### For Traders

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Q2 is likely to deliver "upward but not smooth" price action. Options markets show \$20,000 put positions concentrated but largely serving as low-probability hedges; put-call ratios remain modestly bullish with max pain at \$75,000. Consider establishing long positions in the \$66,000–68,000 range, targeting \$76,000–80,000.

### For Project Observers

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Q2 focus should be on projects with RWA exposure, stablecoin integration, or AI developer tool attributes. Pantera's predicted "crypto IPO wave" may be reflected in secondary market valuations sooner than expected, with compliance-sector repricing already underway.

# Key Crypto News from 1Q2026

The first quarter of 2026 was characterized by a sharp contrast between early-quarter optimism and late-quarter consolidation. After starting the year with constructive macro tailwinds and bullish price targets, the market experienced significant deleveraging, geopolitical shocks, and a prolonged period of range-bound trading that ultimately erased most of the gains from the previous bull cycle.

## Phase 1: January – Cautious Optimism and Institutional Positioning

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The quarter opened with a cautiously optimistic outlook. Bitcoin was trading around \$96,000, having corrected approximately 12% from previous highs, yet institutional sentiment remained selectively constructive. Macro conditions appeared supportive – the Federal Reserve had delivered three 25-basis-point rate cuts between September and December 2025, bringing the target rate to 3.50%–3.75%, with further easing anticipated. Inflation held steady at 2.7% in December, and GDP growth projections remained robust at approximately 5.3% for Q4 2025.

Tiger Research published a Q1 2026 Bitcoin target of \$185,500, suggesting nearly 100% upside from early-January levels. While this represented a downward revision from prior forecasts, the firm maintained its bullish medium-to-long-term view, citing continued global liquidity expansion and potential regulatory catalysts such as the CLARITY Act. The CLARITY Act—legislation clarifying jurisdictional boundaries between the SEC and CFTC while permitting banks to offer crypto custody and staking services—had passed the House and was scheduled for Senate consideration on January 15.

However, the regulatory outlook became complicated later in the month. The CLARITY Act stalled in the Senate after Coinbase withdrew its support, objecting to proposed amendments that would restrict stablecoin yields. This development raised questions about the Trump administration's ability to deliver on its "pro-crypto" agenda ahead of the midterm elections.

Institutional participation showed mixed signals. While spot Bitcoin ETFs had recorded \$4.57 billion in outflows during November–December 2025 – the largest since launch – early January saw renewed inflows as portfolios were rebalanced. Corporate accumulation continued unabated: MicroStrategy (now Strategy) held 673,783 BTC (3.2% of total supply), and the firm purchased an additional \$1.3 billion worth of Bitcoin in March.

A significant structural shift occurred in derivatives markets following the October 2025 deleveraging event. The systematic leverage ratio dropped to approximately 3% of total crypto market capitalization (excluding stablecoins), while Bitcoin options open interest surpassed perpetual futures – a historic first indicating a preference for defined-risk exposure over unlimited leverage. The Net Unrealized Profit/Loss (NUPL) indicator shifted from "Belief" to "Anxiety" and stabilized at lower levels, reflecting lingering caution among market participants.

Ethereum's outlook appeared more uncertain. Glassnode analysts noted that Ethereum appeared to be approaching a late-cycle phase, but that traditional cycle frameworks were losing predictive power due to structural changes including Layer 2 fee compression and evolving network economics.

## Phase 2: February – Geopolitical Shocks and Range Formation

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February marked a turning point as geopolitical tensions escalated dramatically. The U.S.-Israel military campaign against Iranian targets intensified, triggering retaliation and fears of a wider Middle Eastern conflict involving regional proxies. The crisis raised concerns about the Strait of Hormuz – a chokepoint for roughly one-fifth of global oil shipments – and oil prices briefly spiked above \$100 per barrel.

Bitcoin's response was telling. Rather than rallying as a "digital gold" safe haven, the asset initially fell alongside equities, reaching lows near \$65,000 before stabilizing. This behavior was consistent with earlier geopolitical events such as the Russia-Ukraine war, reinforcing empirical evidence that cryptocurrencies remain correlated with risk assets during periods of acute uncertainty.

By mid-February, Bitcoin had settled into a remarkably tight trading range centered on \$70,000, bounded by support near \$65,000 (bolstered by haven demand) and resistance near \$75,000 (capped by rising U.S. Treasury yields). This range would persist for over 50 days, marking one of the most extended periods of low volatility in recent memory.

A unique market structure emerged to explain the suppressed volatility. Throughout Q1, institutional investors systematically employed covered call strategies, selling call options against their spot Bitcoin holdings to generate yield in a sideways market. By selling these calls to market makers, investors transferred significant positive gamma exposure to dealers, who were then forced to buy Bitcoin during dips and sell during rallies to maintain delta-neutral positions. This mechanical hedging activity acted as a volatility dampener, compressing the Bitcoin DVOL index by approximately six points despite macro turbulence.

The U.S. Department of Justice opened a criminal investigation into Federal Reserve Chairman Jerome Powell, who disclosed the probe in a public statement characterizing it as an attempt by the Trump administration to influence rate decisions. Markets interpreted this as a threat to central bank independence, adding another layer of uncertainty to monetary policy expectations.

## Phase 3: March – Consolidation, Leverage Build-Up, and DEX Slowdown

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March extended the consolidation pattern that began in February. Bitcoin continued trading within the \$70,000 range, and the total crypto market cap remained near \$2.31 trillion – down approximately 44% from the late-2025 peak of \$4.1 trillion, effectively erasing the entire 2025 bull run.

Despite the sideways price action, derivatives markets began signaling a potential breakout. On March 16, combined Bitcoin and Ethereum open interest in perpetual futures reached \$30 billion, the highest level since late January. Bitcoin OI hit \$23 billion while Ethereum approached \$16 billion, with \$2.4 billion of new leveraged exposure flowing into Binance alone during a single week. Analysts noted that this concentration of positions created clustered liquidation levels, setting the stage for an amplified directional move when the range eventually broke.

Technical indicators confirmed the structural damage from the previous year's decline. Price had broken decisively below both the 50-week and 100-week moving averages, with the 200-week MA near \$2.1 trillion representing the last major structural support. The market was described as "in retreat, not consolidation," with reclaiming the \$2.9 trillion level cited as the minimum requirement for any credible structural recovery. Decentralized exchange (DEX) activity slowed significantly during Q1, reaching yearly lows as general market caution limited token speculation. Total DEX volume fell to \$41.07 billion for the week ending March 29, comparable to March 2025 levels, and DEX market share relative to centralized exchanges dropped to 14.1% from a peak above 21% in summer 2025. Ethereum experienced significant volume outflows, partially offset by continued activity on Solana where PumpSwap and Pump.fun remained active.

PancakeSwap maintained its position as the most active DEX with 9.9% of all activity, while DEX tokens held a total market value of \$18 billion. However, the slowdown of incentive programs and farming seasons led to user outflows and reduced interest in DEX-native tokens.

Ethereum showed resilience despite broader market volatility, maintaining its position as the second-largest cryptocurrency by market capitalization. Network adoption continued through DeFi applications, tokenization initiatives, and smart contract deployment, though Layer 2 fee compression continued to reshape Ethereum's economic model.

## Key Market Metrics – Q1 2026

Metric	Value	Trend/Context
Bitcoin Price Range Feb-Mar	<b>\$65,000–\$75,000</b>	Tight consolidation centered on \$70,000
Total Crypto Market Cap	<b>\$2.31 trillion</b>	Down 44% from late-2025 peak of \$4.1T
Combined BTC+ETH Open Interest	<b>\$30 billion</b>	Highest since January 2026
Binance OI Inflow 1 week	<b>\$2.4 billion</b>	BTC: \$829M, ETH: \$1.6B
Bitcoin Options OI vs Perpetuals	<b>Options &gt; Perpetuals</b>	Historic shift post-October deleveraging
DEX Weekly Volume late March	<b>\$41.07 billion</b>	Yearly low, comparable to March 2025
DEX Share of Total Volume	<b>14.1%</b>	Down from 21% peak in summer 2025
Bitcoin MVRV-Z Score	<b>1.25</b>	Neutral zone (not undervalued)
Bitcoin NUPL	<b>0.39</b>	"Anxiety" zone, stabilized
MicroStrategy Holdings	<b>673,783 BTC</b>	3.2% of total supply
Fed Funds Rate	<b>3.50%–3.75%</b>	After 3 cuts Sep-Dec 2025
Bitcoin Implied Volatility BVIV	<b>56%</b>	Declined 5% during March

## 1. Trump's 100% Tariff Announcement & Record Liquidation Market Impact Rating: 10/10 | Impact View: Negative

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The announcement of a 100% tariff on Chinese imports by former U.S. President Donald Trump triggered the largest single-day liquidation event in crypto history. Over 1.6 million trading accounts were wiped out, with more than \$19 billion in leveraged positions erased within 24 hours. Bitcoin dropped from over \$125,000 to below \$113,000, while altcoins suffered flash crashes of 50-90%, demonstrating the market's extreme vulnerability to geopolitical macroeconomic shocks. This event was overwhelmingly destructive, shattering retail confidence and resetting market leverage to near-zero levels.

## 2. Kevin Warsh's Nomination as Fed Chair

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Market Impact Rating: 9.5/10

Impact View: Negative

The nomination of Kevin Warsh to be the next Federal Reserve Chair triggered a rush to the U.S. dollar, causing a cascading effect across risk assets. Bitcoin fell 30% from its value following the announcement, reaching lows of \$60,000, with altcoins suffering even greater losses. This event highlighted the crypto market's strong correlation (close to 0.73) with the tech sector and its sensitivity to shifts in U.S. monetary policy leadership. The impact was negative as it signaled a potential shift toward tighter monetary policy, undermining crypto's "digital gold" narrative in the short term.

## 3. SEC's Historic Pivot Dropping Major Crypto Cases

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Market Impact Rating: 9/10

Impact View: Positive

Under Chair Paul Atkins, the SEC made a historic policy shift by dismissing or closing more than a dozen major crypto-related cases, including litigation against Binance and Coinbase. This effectively signaled an end to the era of "regulation by enforcement," removing a massive overhang of regulatory uncertainty that had suppressed market sentiment and institutional participation for years. The impact was unequivocally positive, paving the way for renewed institutional inflows, exchange expansions, and clearer compliance pathways.

## 4. MicroStrategy's Valuation Plummets Amid Bitcoin Pressure

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Market Impact Rating: 8.5/10

Impact View: Negative

MicroStrategy's valuation plummeted, losing 30% in a month and over 72% since its July 2025 peak, as Bitcoin's price fell below the company's average acquisition price of roughly \$76,000. This event shook confidence in one of the largest corporate holders of Bitcoin, questioning the viability of the "Bitcoin treasury" model and impacting sentiment across the institutional investment landscape. The impact was negative as it introduced contagion fears, forcing the market to confront the risks of concentrated corporate exposure and potential forced liquidations.

## 5. South Korea's \$60 Billion Crypto Capital Flight

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Market Impact Rating: 8/10

Impact View: Negative

A report from the Korean Financial Services Commission revealed that over \$60 billion in crypto assets flowed out of domestic exchanges to overseas platforms in the second half of 2025. This massive capital exodus, primarily driven by arbitrage opportunities, signaled a significant loss of confidence in the Korean market and highlighted the global nature of crypto liquidity flows. The impact was negative for the local ecosystem, exposing structural weaknesses in regional regulatory frameworks and diminishing the "Kimchi premium" that once defined Korean market dynamics.

## 6. Ethereum Foundation's Quantum Safety Upgrade Roadmap

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Market Impact Rating: 7.5/10

Impact View: Neutral-to-Positive

The Ethereum Foundation released a roadmap for quantum-safe upgrades, planning four key hard forks with initial stages targeted for completion by 2029. While the threat of quantum computing is years away, the announcement underscored a long-term technological risk to the network's security, prompting market consideration of future existential challenges for major blockchains. The impact was neutral-to-positive—while it introduced a new long-term risk factor, it demonstrated proactive development and technical maturity, reinforcing Ethereum's position as a forward-thinking network.

## 7. Fake SEC Social Media Post on Bitcoin ETF Approval

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Market Impact Rating: 7/10

Impact View: Negative

In January 2024, a compromised official SEC social media account published false news about Bitcoin ETF approvals, causing the price to briefly spike before plummeting after the rumor was debunked. The event, later traced to a SIM-swapping attack by individuals who had taken large long positions, demonstrated how security vulnerabilities in regulatory bodies themselves could be exploited for market manipulation. The impact was negative, eroding trust in official regulatory communications and exposing the market's susceptibility to misinformation even from authoritative sources.

## 8. Tether's First Complete Audit by Big Four Firm

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Market Impact Rating: 6.5/10

Impact View: Positive

Stablecoin issuer Tether hired a Big Four accounting firm for its first complete, independent financial audit, covering its reserves and liabilities. This step was a major milestone for the industry's most-used stablecoin, significantly reducing long-standing "reserve risk" concerns and paving the way for potential future compliance and a public listing. The impact was positive, as it strengthened the backbone of crypto liquidity, increased institutional trust in stablecoins, and reduced systemic risk across the entire ecosystem.

## 9. Vitalik Buterin Death Hoax (2017)

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Market Impact Rating: 6/10

Impact View: Negative

A rumor that Ethereum co-founder Vitalik Buterin had died in a car accident caused a historic market crash, with ETH falling 32% from \$317 to \$216 in just 6 hours. The event revealed the extreme information asymmetry and fragility of the early crypto market, where an anonymous forum post could wipe out billions in value until the founder disproved the rumor using blockchain data. The impact was negative, highlighting the dangers of centralized reliance on key individuals and the volatility driven by unverified, emotionally charged information.

## 10. SpaceX's Planned Record-Breaking IPO

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Market Impact Rating: 5.5/10

Impact View: Neutral-to-Positive

Elon Musk's SpaceX announced plans to submit an IPO filing to raise over \$75 billion at a \$1.25 trillion valuation, which would be the largest IPO in U.S. history. While not a direct crypto event, the move was significant due to Musk's strong influence on the crypto market, and the massive liquidity event was seen as a potential source of future investment into the sector. The impact was neutral-to-positive—while not directly affecting crypto fundamentals, it represented a potential influx of capital from newly liquid Musk-aligned investors into the ecosystem.

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