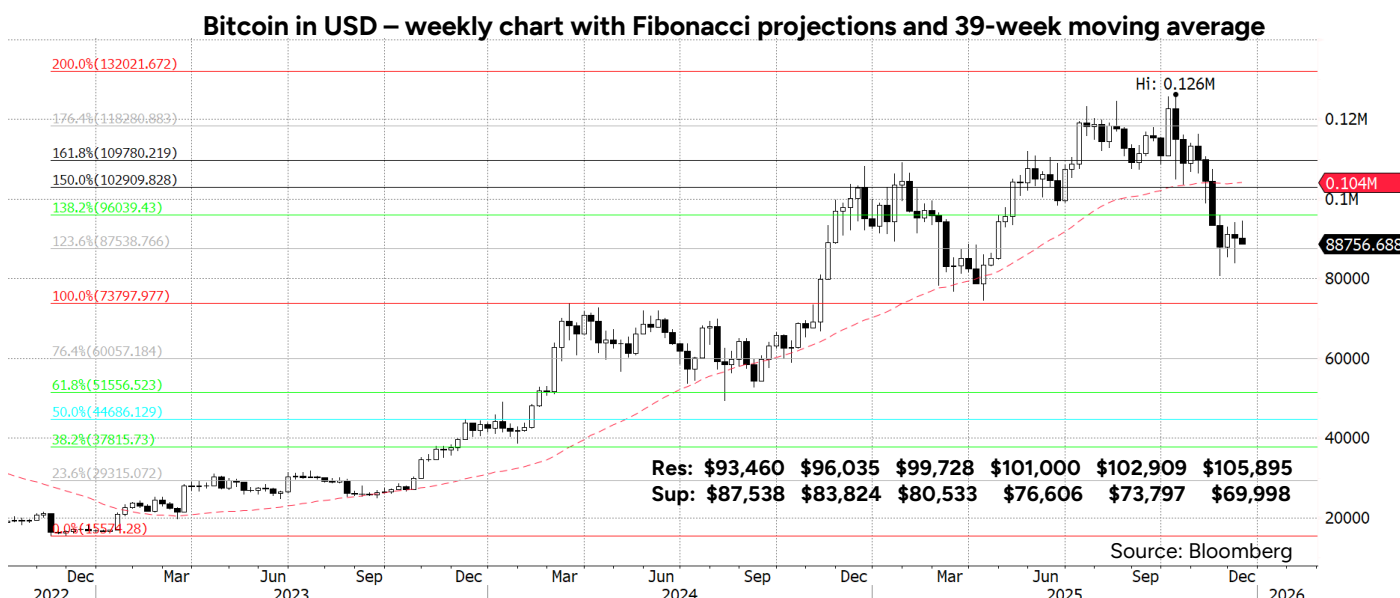


In This Issue:

- **Bitcoin's "November To Remember":** down 4.62% year-to-date and almost 30% off its October highs, even as the S&P 500 flirts with fresh records. We review ETF outflows, IBIT's longest run of redemptions since launch, and what this says about positioning.
- **Ethereum's Core Value:** how it has traded versus Bitcoin, and what market narratives around long-term ETH valuation are getting right – and wrong.
- **Tokenised Bank Deposits:** Pilots across the UK, US and G7 point to a structural shift in how bank money moves on-chain.
- **MACRO FOCUS:** The Fed cut rates into a data fog; we demonstrate a dot plot that points to fewer cuts than markets once hoped. We close with an S&P 500 that can't quite stop setting records.

A "November To Remember" For All The Wrong Reasons

If you had been told in January that the S&P 500 would be printing fresh all-time highs by December, you might have assumed Bitcoin would be somewhere near the stratosphere. Instead, we finish November with Bitcoin down 4.62% year-to-date and almost 30% below its October peak – despite 14 new highs along the way.



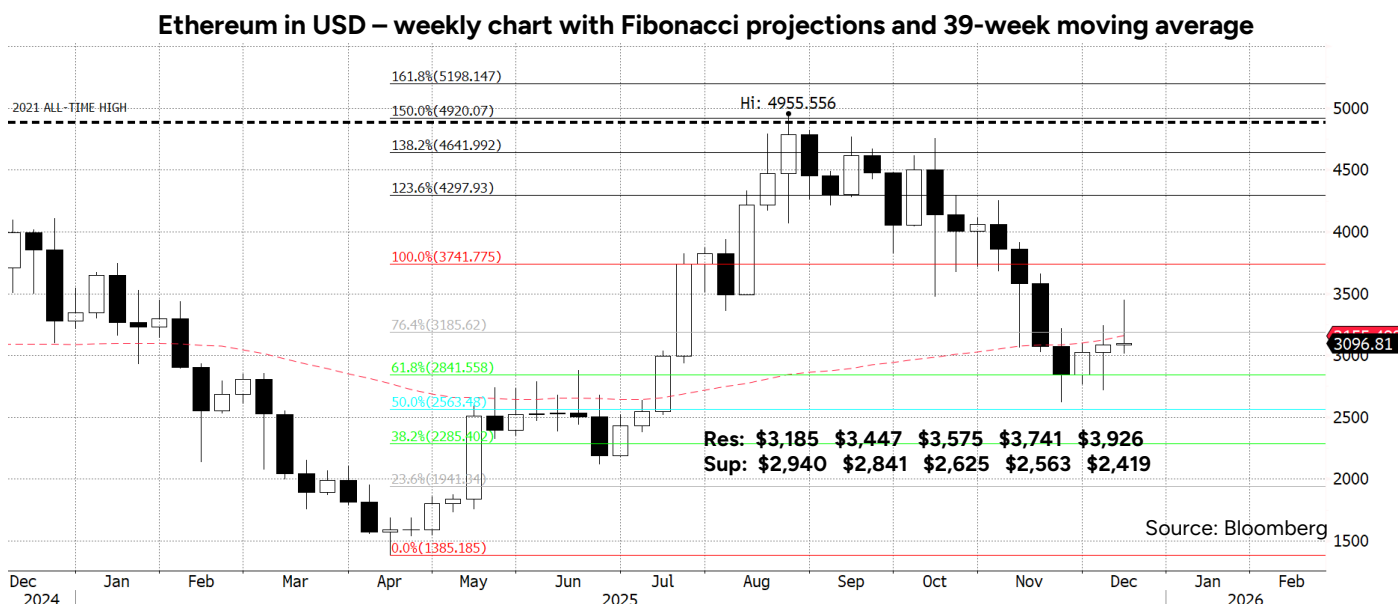
History says that's unusual. Only three times since 2012 has Bitcoin underperformed the S&P 500 on a full-year basis: 2014, 2018 and 2022. In the first two, US equities were comfortably positive while Bitcoin was not. The current pattern, with price back near the late-November lows around \$80k and the 100% Fibonacci projection at \$73,797 acting as a line in the sand, has a familiar feel to anyone who has lived through prior crypto "winters". A weekly close below that region would argue the consolidation is not done.*

The flow picture tells the same story. November's ETF outflows – roughly \$3.5bn across products, including \$2.7bn from IBIT alone over five straight weeks – mark the most sustained redemption pressure since the wrapper launched. Headlines about another "crypto winter" have returned, even as ETFs remain one of the easiest ways for traditional investors to express either side of the Bitcoin view.

At the same time, Washington is not standing still. The Trump administration's green light for five crypto-facing national banks, including applications from Circle and Ripple, gives parts of the industry a clearer route into the traditional banking system. The BIS, IMF and SNB, meanwhile, have spent the year reminding anyone who will listen that crypto remains speculative and volatile.

Taken together, it feels like a transition phase: less euphoria, more regulation, real banking charters on the horizon – and a price chart that is working through what the last bull run left behind.

Ethereum: Outperforming On The Way Down, Still -37.7% From The Highs



Since mid-November, Ethereum has outperformed Bitcoin as the ETH/BTC spread has widened, but that relative move sits inside a broader drawdown. ETH has fallen to lows around \$2,621 for November, briefly dipping below the 61.8% Fibonacci projection measured from the April lows. That level has been a good guide this cycle: the 150% projection effectively capped the all-time high in August, with no weekly close above it despite intra-week probes.*

From the peak, Ethereum is now about -37.7%, and the chart still has work to do. To negate the risk of revisiting or breaking November's lows, ETH would need to reclaim the \$3,741 region – the 100% Fibonacci projection. Failure to do so keeps the door open to a test of the \$2,563–\$2,285 zone flagged by lower projections.*

Big Valuations, Slow Patience

Despite the setbacks, some research has put very ambitious numbers on Ethereum's long-term potential. One recent framework (and many since the dawn of the network) likens Ethereum to a "public infrastructure" layer comparable to core internet protocols like TCP/IP – where most economic value sits in apps and services built on top, rather than in the base layer itself.

The analysis breaks ETH's value into three layers:

- Capture value – fees, MEV, burn, and staking economics tied directly to the protocol.
- Flow value – the economic activity settled on Ethereum: stablecoins, DeFi, tokenised assets, payments.
- Trust surplus – the premium assigned to Ethereum as a neutral, global settlement layer that institutions can use without ceding control to a single corporate sponsor.

Aggregating these, the report suggests an intrinsic value range of roughly \$2–6trn, with a "conservative" present estimate around \$1trn, and a long-run scenario of \$10–20trn by 2035. That is a bold claim. Supporters argue that Ethereum's underperformance versus Bitcoin and other L1s reflects market impatience, not structural weakness.

The market, for now, seems to care more about Bitcoin dominance, which sits near 66.5% – roughly two-thirds of total crypto value. Dominance is a rough gauge of how investors price liquidity versus experimentation. In risk-off phases, depth and derivatives access tend to trump everything else. Bitcoin enjoys the deepest markets, the widest institutional wrapper set, and the cleanest “macro asset” story. In that context, it is not surprising that ETH’s long-term narratives are competing with shorter-term flows. When a protocol or asset demonstrably solves a problem, value tends to follow – but markets rarely wait politely.

Tokenised Bank Deposits: Bank Money In On-Chain Form

Tokenised bank deposits (TBDs) are simply commercial bank deposits represented as tokens: each unit is a 1:1 claim on a regulated bank. Unlike many stablecoins, they sit fully inside existing banking law and deposit-protection regimes, which makes them more digestible for institutions and regulators.

The main friction is not “blockchain” but plumbing: bolting a tokenisation layer onto old cores, reconciling on- and off-chain ledgers in real time, and proving to supervisors that nothing falls through the cracks.

The key distinction versus stablecoins is that TBDs remain bank money in every regulatory and risk sense. Moving a deposit into stablecoin form usually changes its risk profile; tokenising it at the same bank does not. Given commercial bank money accounts for most of the money supply, TBDs are a way to bring the existing structure on-chain rather than build a parallel system.

A simple stack:

1. Deposit – funds sit on the bank’s balance sheet.
2. Token issuance – matching tokens are minted on a DLT platform.
3. On-chain movement – tokens move 24/7 with near-instant settlement.
4. Redemption – tokens are burned, fiat is released, ledgers remain synced.

Benefits: faster and more predictable settlement (especially cross-border), no weekend cut-offs, atomic DvP and embedded compliance, all while keeping the underlying asset as a traditional deposit.

The UK already has six banks in a live sterling-deposit pilot (GBTD) running into mid-2026. Globally, JPMorgan’s Onyx, Citi and a G7-linked consortium are trialing tokenised deposits for wholesale flows, while MUFG is working towards a tokenised yen MMF in 2026. Forecasts vary, but low-teens CAGR into the 2030s would imply TBD volumes in the tens of billions of dollars.

Real-World Assets: Tokenisation At Scale

Parallel to TBDs, the broader RWA tokenisation story continues to build momentum. Real estate, Treasuries, money-market funds, carbon credits, commodities and structured products are all moving on-chain via specialist platforms. The RWA market has grown over 300% in three years; tokenised Treasury and MMF assets alone reached roughly \$7.4bn in 2025, up about 80% year-to-date, while tokenised real estate has climbed toward \$20bn, with some forecasts pointing to a much larger opportunity set over time.

By 2030, estimates for the total tokenisation market range from low single-digit trillions into the tens of trillions of dollars, depending on assumptions. The spread in numbers matters less than the common message: tokenisation is shifting from an experiment to a core piece of market infrastructure, supported by clearer regulation, better technology and a macro environment where efficiency and transparency are at a premium.

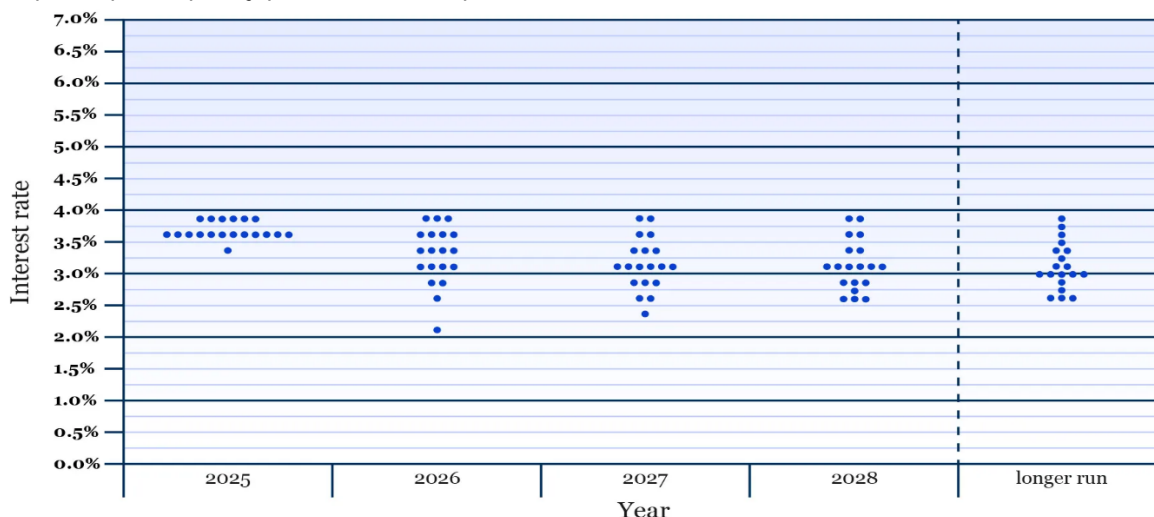
MACRO FOCUS

Fed Cuts Into A Data Fog; Outlook For 2026 Is Far From Certain

The US government shutdown the longest in US history (43 days) meant when the Fed cut interest rates as expected last week by 25 basis points there were 3 dissents and a DOT plot indicating another cut of 25bp next year. The problem the FOMC had making the decision is it still did not have the most recent non-farm payrolls labour data, or the latest US CPI inflation data. The outlook is compounded with lack of clarity in that the GDP report for Q3 2025 has been rescheduled now to Dec 23rd.

The recent December 10th, 2025 "dot plot" shows median federal funds rate projections of 3.625% for end-2025, 3.375% for end-2026, 3.125% for end-2027, 3.125% for end-2028, and 3.000% for the longer run. So, this means Fed officials forecast just one quarter-point rate cut in 2026 and another in 2027 before reaching the longer-run target of around 3%.

FOMC participants' policy path chart ("dot plot"), December 2025 Source: federalreserve.gov



The December 10 dot plot now shows median funds-rate projections of 3.625% (end-2025), 3.375% (end-2026), 3.125% (2027 and 2028) and 3% in the longer run. At the same time, the Fed has nudged up its 2025 growth forecast to 1.7% and kept core PCE projections elevated, flagging a non-trivial stagflation risk if growth slows less than inflation.

The "dots" are not promises, but they do give a transparent snapshot of where each FOMC participant stands – a practice in place since 2012. Their main weakness is the obvious one: they move when the data move.

The S&P 500 Hit The Highest Ever Daily Close, Is It A Case Of Déjà Vu?

The S&P 500 last Thursday got very close to the all-time intra-day high of 6,920 from the 29th of October but did manage a new all-time closing high of 6,901. This despite tech stocks suffering on the Oracle narrative not playing out as expected by analysts on revenue guidance and spending plans. In 2024 the S&P 500 by the end witnessed the 57 fresh new highs for the index +23.31%, having been even 3.0% higher before the year ended.

The question is 2025 likely to repeat this strong ending to the year, is it a case of déjà vu?

The S&P 500 has made 57 new all-time closing highs in 2025 through December 13th. This year has been characterised by strong momentum in the second half, particularly from late summer through year-end, with the index advancing approximately 14% from its late-October level of around 6,050 to 6,900, but on Friday backed off down to 6,827 making it +16.08% YTD.

The S&P 500 performance of 2024 was in the top 5 years for the most all-time records by the benchmark index, so 2025 will be an addition to that list. The S&P 500 history of higher highs is as follows: 1995 (77) 2021 (70) 1964 (65) 2017 (62) 2024 (57).

From a chart technical perspective, we are not surprised to see some choppy price action above 6,825 taking place right now as it marks the 176.4% Fibonacci resistance on the weekly chart since the 2020 pandemic low. It is possible, in time, for price action to surpass the 6,920 all-time intra-day high, leaving the 7,000 psychological level as a focus (+2.95%) and sets up 2026 for potentially another strong year for US stock performance. Price action would have to consistently hold below 6,670 to suggest some kind of topping pattern might try to evolve. Consider 7,102 as a technical target once we consistently closing above 6,900.*

S&P 500 – weekly chart with Fibonacci projections and 39-week moving average Source: Bloomberg



Information Technology has been the best-performing sector in the S&P 500 this year, up +34.4% YTD. So, despite the constant talk of an “AI bubble” and hyperscaler capex overspend, tech has remained the clear leader of the rally. At the other end of the spectrum, Real Estate is the weakest sector, down -1.4% YTD. Communication Services is the second-best performer at +18.6% YTD, followed by Industrials and Banking, both up more than +15%.

Looking into 2026, these leadership groups could continue to do well, but Healthcare is also worth watching. The sector is up +10.1% YTD, and Eli Lilly recently reached a \$1 trillion market capitalisation, becoming the first pharma company to join the trillion-dollar club.

US exceptionalism lost some of its shine early in 2025. What 2026 may bring instead is broader equity strength driven by dispersion, as more companies move from “AI narrative” to implementation and begin to show tangible cost savings. It’s also worth remembering that parts of the Russell 2000 now include companies with \$20–30bn market caps - and strong performance there can often spill over into a wider set of names as the cycle matures.

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