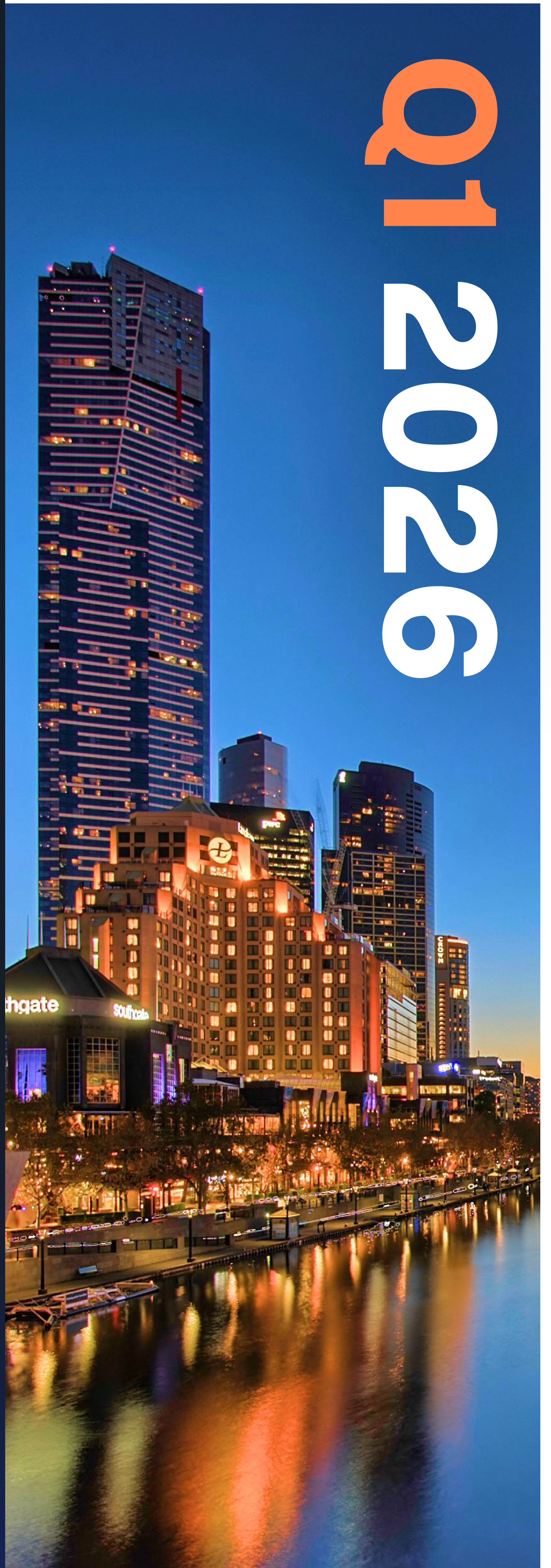




Swyftx End of Quarter Report

Q1
2026



PAV HUNDAL

Swyftx Lead Market Analyst



A few words from our Lead Market Analyst

Crypto markets opened 2026 with double digit gains across most major assets. For a brief flicker, it appeared the crypto investor's New Year's wish had come true.

But like most New Year's resolutions, it only lasted a week or two. For the remaining days of January, February and March, we have continued to see crypto markets sell.

Total market cap has seen a circa -22% drawdown since the year started, and ~40% since Q3 2025. And while corrections happen, there is still the lingering question: Why did the early-year optimism fail to stick? By interrogating this, we can dive into the negative sentiment informing much of the early year's market movements, and how this outlook could shift and swirl as we move past a challenging Q1 2026.

In this report we look to macro frameworks through the lens of the consumer, to understand how present-day stresses may be impacting their confidence in markets, and to think about when and why the global economy could see relief.

But a downtrodden mood wasn't all there was to see in Q1 2026. Commodities like gold, silver and oil benefitted from the fast-moving geopolitical environment, demonstrating that there were still some sectors of the market in demand. Notably, their popularity wasn't limited to traditional markets, lighting up interest in tokenised commodities on-chain.

On the regulatory side, progression continued behind the scenes. In March, the Securities and Exchange Commission released guidance around digital asset classification, signalling a more developed framework for assessing when certain digital assets may fall outside securities regulations.

Meanwhile back home, Australian policymakers are taking crypto seriously, with discussions ongoing around building a regulatory framework that protects customers while fostering innovation. This is a significant change of direction for local government since the early 2020s, where crypto was often an afterthought.

Although bearish price action dominated the past quarter, the industry's 'build phase' remained decoupled from the charts. Progress continued in the halls of government, refining the infrastructure and regulatory rails required to scale. The crypto ecosystem continues to gear up for adoption – time will tell just how far the pendulum swings toward an on-chain global economy.

Q1 timeline



January 7th

Ethereum's scalability fork, BPO, completes its second upgrade



January 12th

XRP ETFs surpass \$1 billion USD AUM



January 20th

NYSE announces tokenised securities platform



January 22nd

Digital asset custodian BitGo launches \$2.6 billion USD IPO



January 28th

Tether launches USAT stablecoin in the United States



February 6th

Bitcoin's price falls to 50% of its USD all-time high



February 12th

Alternative.me Crypto Fear and Greed Index hits all-time low



March 11th

Ripple's share buyback program values company at \$50 billion USD



March 9th

The 20 millionth Bitcoin is mined



February 17th

Tokenisation market cap passes \$25 billion USD (per RWA.xyz)



March 12th

Mastercard announces Crypto Partner Program



March 16th

Strategy's Bitcoin holdings officially pass 750,000 BTC



March 17th

US SEC and CFTC release tentative guidance on digital asset classification

The leading narratives

To bear or not to bear?

The first quarter of 2026 was dominated by one burning question: Are we in a bear market? As the year has unfolded, the answer now seems pretty clear: Yes.

BTC fell 25% over the past three months, while other major L1s (Ethereum -27%, Solana-33%) have fared worse. All the while, Alternative.me's Crypto Fear and Greed Index recorded its lowest ever reading.

It was a dour quarter for the industry, serving as a reminder of the market's volatility and that, despite continued institutional involvement, the four-year cycle may not be a thing of the past.

Geopolitical turmoil, stagflation and rising unemployment in the US played no small part in the market-wide uncertainty, with major ETFs such as the S&P 500 (-7%) and the Nasdaq (-9%) also feeling the pinch in 2026 so far.

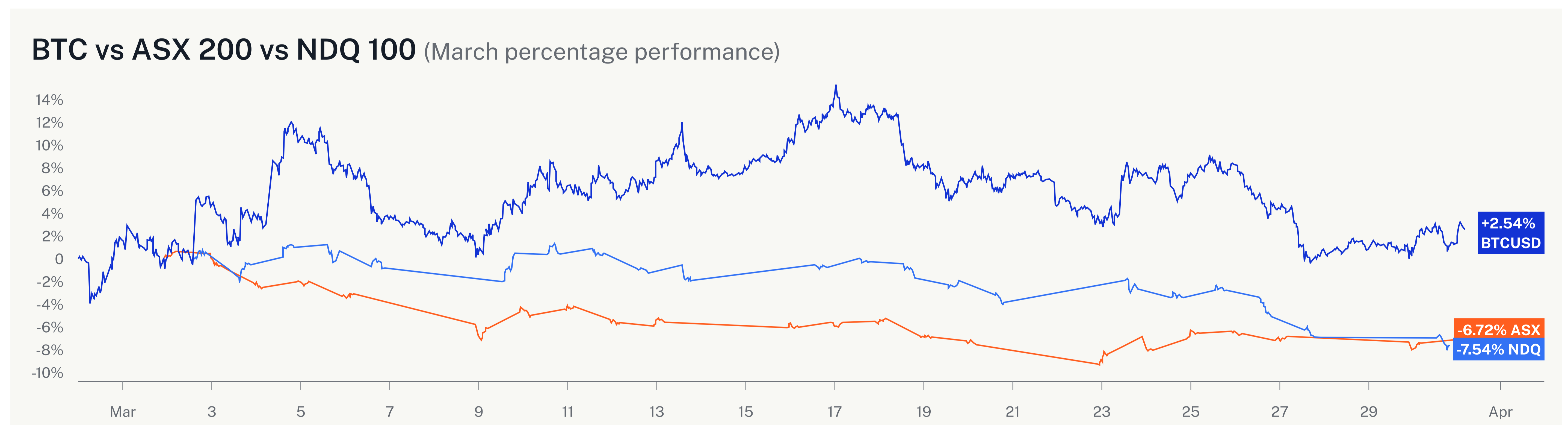
As recession fears loom, the crypto market has largely traded sideways over the last month, signalling a potential accumulation phase. In fact, over March, Bitcoin has outperformed most major US and Australian equity indices. Perhaps, this suggests BTC is currently decoupling from its status as a higher-risk tech beta it adopted for much of 2025.

At this point, it's difficult to deny crypto is staring at a bear market. Now, the bigger debate is: When did the bear market actually begin?

An easy answer is the October 10th liquidation in 2025, when \$20 billion USD was wiped from the market in less than 24 hours. Some could make an argument the bear market stretches well before then, with Altcoin Dominance last breaching >10% in January 2025. Altcoin market cap, excluding the top 10 assets and stablecoins, hasn't registered a new high since December 2024.

This doesn't mean we're near – or have already hit – a market bottom. Based on the current macroeconomic mood, the bearish conditions could continue well into 2026.

However, the crypto market demonstrated its resilience as March came to a close. If Bitcoin continues to attract interest during periods of inflationary pressure or geopolitical tension, it may not be as dire a year as the pessimistic sentiment would have you believe.



Perpetual markets

Market malaise has dominated Q1 2026 – but small pockets of the crypto market have performed well amid the turmoil. Perhaps the most notable asset to buck the trend has been Hyperliquid, growing almost 50% in the first three months of trading.

For those new to the project, Hyperliquid is a Layer 1 blockchain offering on-chain, decentralised derivatives. Essentially, traders can gain exposure to tokenised assets (such as gold and silver), equities, and of course, cryptocurrencies, in a 24/7, high-speed environment.

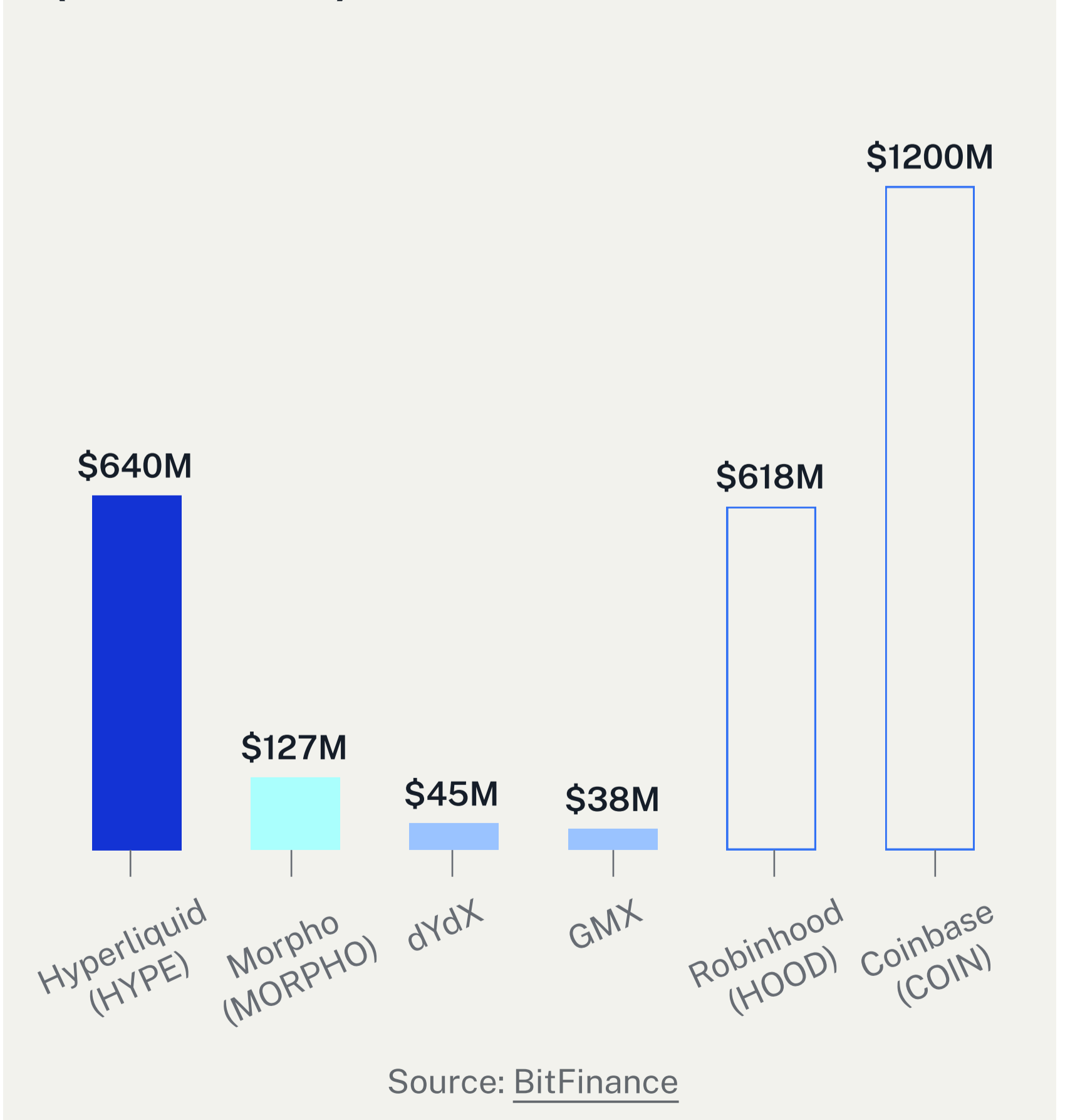
While several core on-chain metrics for Hyperliquid have retraced quarter-on-quarter, the protocol maintains a dominant position, capturing over 70% of total DeFi perpetuals volume. Much like the broader market, it's clusters of activity driving HYPE's narrative and price action.

Two-thirds of all Q1 HIP-3 transactions on Hyperliquid involved either oil or precious metal perps, with weekend trading of these derivatives contracts climbing 900% over the past three months.

There appears to be a correlation. As geopolitical instability mounts, traders are turning to commodities (like gold, silver and oil). But what are they to do on weekends if volatility rises and the markets are closed?

This is the solution that Hyperliquid proposes, and its 2026 performance suggests it's one the market is, for now, engaging in.

Revenue Generation: DeFi Protocols vs Public Companies (Annualised)



Q1 2026



Market Analysis

Consumer sentiment stayed high on my agenda this quarter, as one of the clearest ways to read the pressure building underneath the surface of the economy. It shows us, relative to the past, how households are becoming more (or less) cautious.

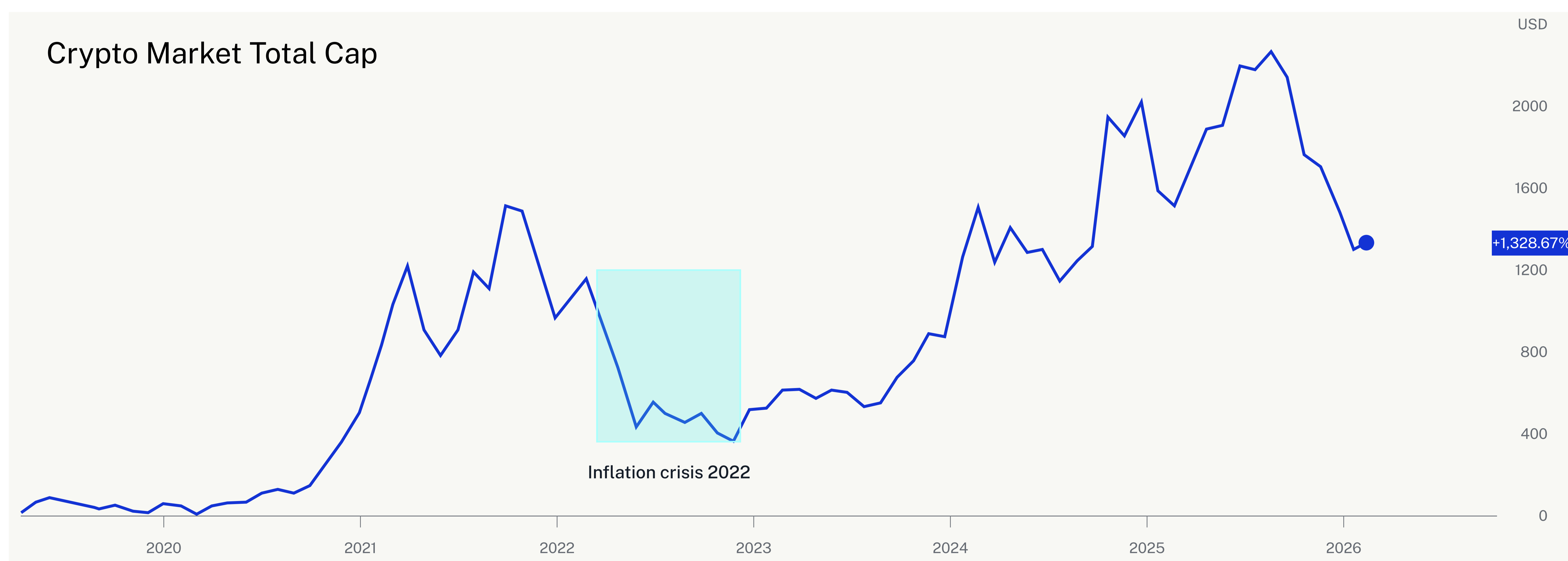
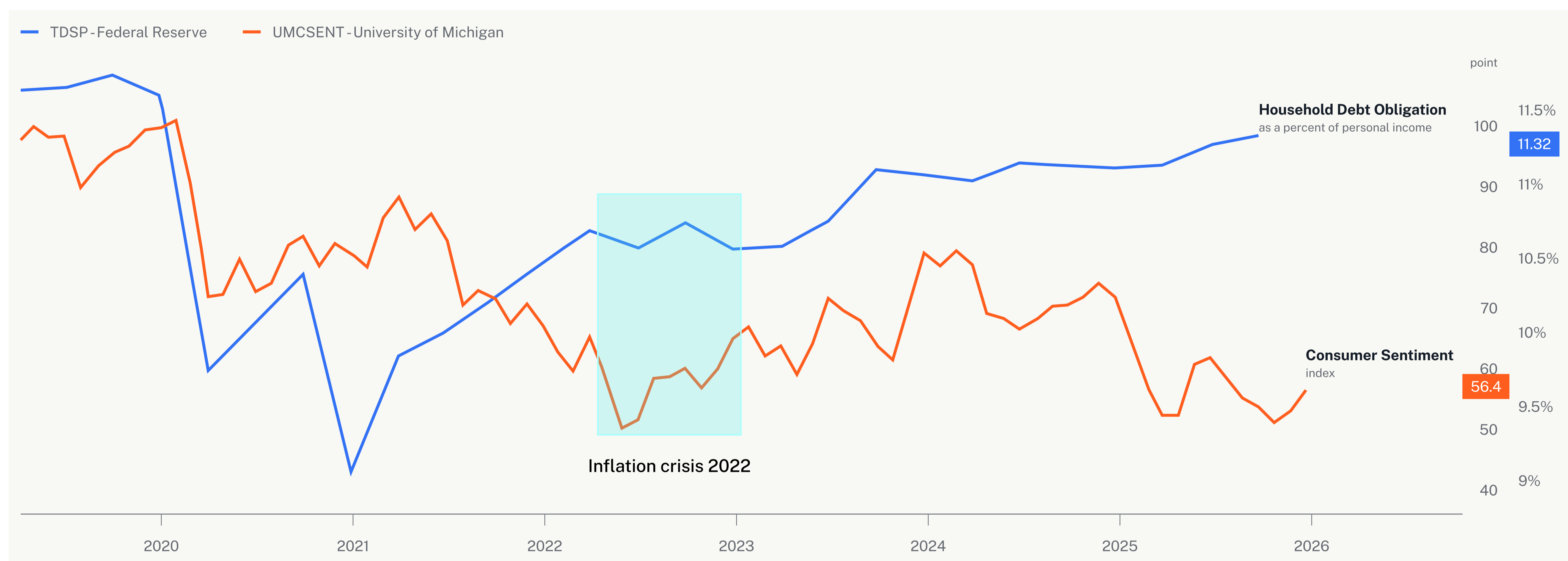
Let's take a minute to consider what has changed for the everyday person in the world's biggest economy, the US. Job growth has been revised lower than expected, household savings have continued to slide, and more income is being committed to debt repayments.

If you're not aware, consumption of goods and services is the major driver for economic growth in the US. And growth expectations can shape the tone for risk-taking, confidence and how markets like crypto respond when the macro backdrop loses some of its cushion.

A quick glance at this chart shows the difficult economic environment the US faced through the first quarter of the year. Rising household debt, paired with consumer sentiment hovering around its lowest point since the inflation crisis of 2022, does not equal a recipe for excitement in risk-on assets like crypto.

This will be a framework I will continue to monitor as we head into Q2 and may become one of the potential drivers for policy shift. Which levers the US decision-makers pull will likely play a significant role in either stabilising or further impacting the current global economic landscape.

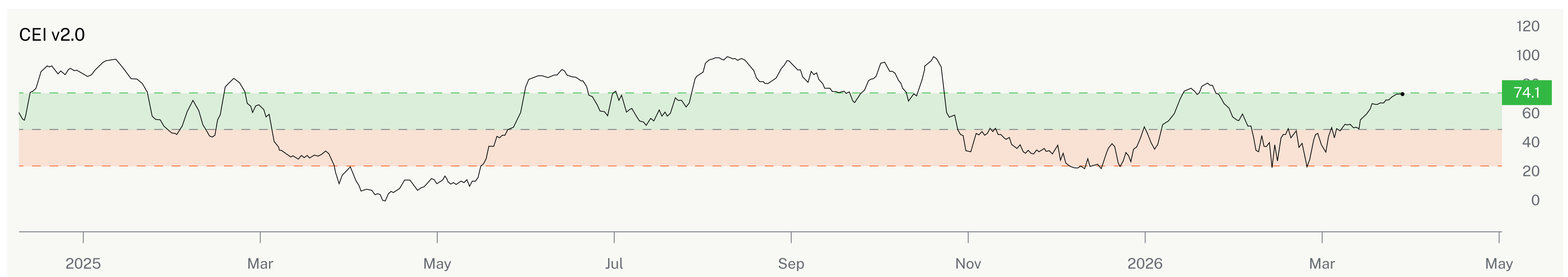
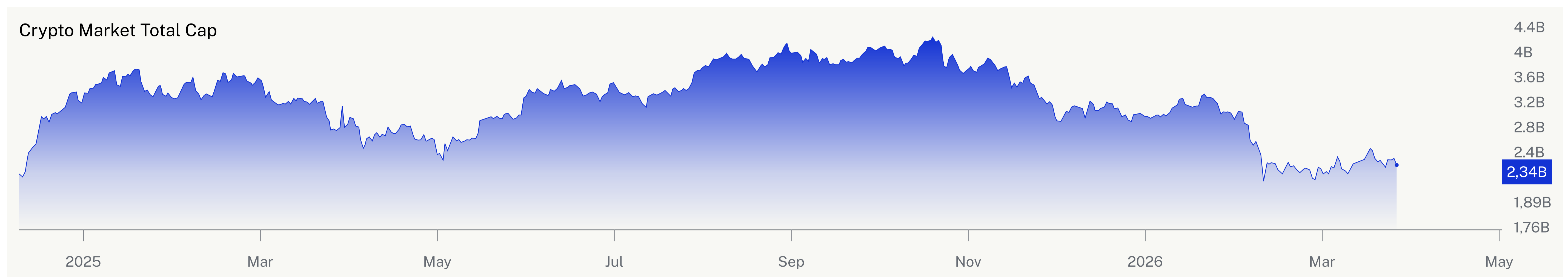
Consumer Sentiment Measured vs Household Debt and Total Crypto Market Cap



Swyftx End of Quarter Report 2025

Euphoria Index: Euphoria rising

Crypto Euphoria Index



The Crypto Euphoria Index is a 1 to 100 gauge of market emotion. It combines several data points including price momentum, volatility, derivative funding pressure, and market breadth, into a blended score.

Higher readings suggest optimism may be overheating. Lower readings suggest fear may be near exhaustion. It is not a crystal ball, but it does help spot when emotion in the market is at extremes and prices are potentially moving more on sentiment than fundamentals.

The market approached the start of Q1 on a relatively firm footing, which made sense given that most major crypto assets posted double-digit gains from their yearly opens through the first half of January.

Even so, that early optimism did not translate into enough sustained buying pressure to keep prices moving higher. In other words, euphoria was present, but it was not supported by the kind of follow-through needed to extend the rally.

With momentum stalling, the total crypto market cap felt a -22% drawdown throughout the remainder Q1 of 2026 – a continuation of the -23% we saw during the Q4 period in 2025.

This puts total market cap back at circa \$2 trillion US, which is in the neighbourhood of the peak valuations we saw in the 2021-2022 bull market top.

What stands out at quarter-end is that euphoria has begun to rebuild, despite the market still sitting materially below its earlier highs. That is not necessarily a warning on its own, but it does suggest sentiment is becoming more optimistic before price has fully repaired. In that sense, the market is ending the quarter on firmer emotion than structure, which makes this recovery one to watch with some caution.

“ The market is ending the quarter on firmer *emotion* than structure, which makes this recovery one to watch with some caution ”

— Pav Hundal

Q1 Key Metrics

Swyftx platform data

3-month trade volume

-41%

decrease quarter-on-quarter

Q1 2026 was a tough month for crypto trading volumes across both centralised and decentralised exchanges. According to The Block, it was the lowest-volume quarter for CEXs since 2023. Quarter-on-quarter, overall trading on exchanges captured by the Block fell by 35%. This decline was reflected in Swyftx's local trading data, which experienced a similar drop-off in volume.

With the Fear and Greed Index falling to an all-time low (according to Alternative.me), this did not come as a surprise. Interesting to note is that February was actually the strongest-performing month through Q1 on Swyftx – which is when Fear and Greed hit its lowest reading. In comparison, January trading, when prices moved upward to start the year, saw 16% lower volume. This may indicate that periods of high emotion, regardless of price direction, can coincide with greater short-term trading across the market.

BTC Dominance

36.6%

of Swyftx Q1 trading volume involved BTC

Bitcoin dominance once again accounted for over 1/3rd of Swyftx trading volume, rising 9% QoQ (up from 33.5% last quarter). This could indicate users are prioritising large-cap assets over altcoins, which tend to see greater trading volumes during bullish market conditions.

To put this into context, Q3 2025 BTC trading dominance sat at just 19.6%.

Buy/sell ratio

1.14/1

Buy/sell ratio based on Q1 trading volume

Despite a 5% QoQ decrease, Swyftx's buy/sell ratio remained well above the 1.0 threshold. This shows that the customer base remained net buyers of digital assets amid the quarter's price volatility, although selling did slightly accelerate.

Digging into the numbers closely, we can see that Bitcoin's quarterly buy/sell ratio was comfortably above the overall baseline, closing Q1 at 2.56/1. To put this figure into context, no other top ten market cap asset recorded a ratio above 2/1.

This suggests that Swyftx investors are still accumulating BTC, and that capital rotation is largely stemming from alts and stablecoins.

Top-traded asset pair

  BTC/USDT

excluding fiat

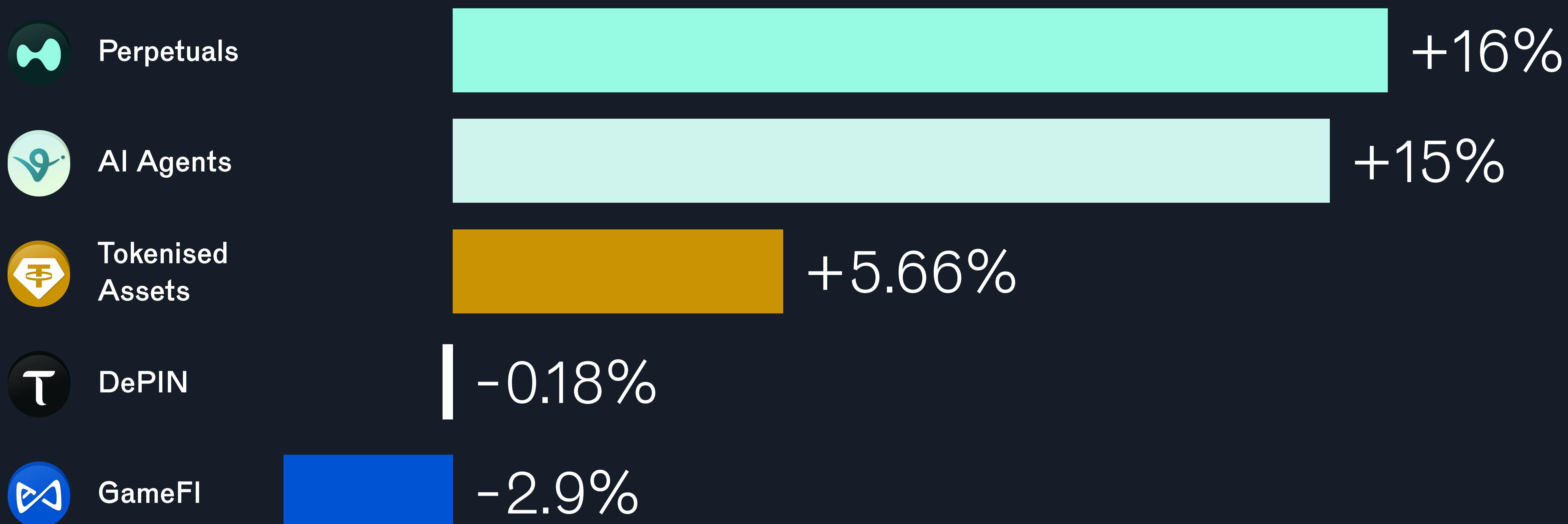
BTC/USDT was once again the most-traded crypto-to-crypto pairing. This is consistent with the market's largely risk-off attitude through most of 2026 to date. However, there were some interesting takeaways when looking at trade volume with Bitcoin as the sold (or source) asset:

- **XRP** was the second-most traded cryptocurrency by overall volume. However, when Bitcoin was the source asset, XRP fell to 6th, behind SOL and ETH. This suggests the vast majority of XRP purchases on Swyftx come from fiat.
- **Tether Gold (XAUt)** ranked 5th in BTC to crypto swaps, hinting at a new trend of capital deployment during periods of stability.

Swyftx Insights

Based on quarterly data from Swyftx

Top five performing categories by price action



Methodology: average performance of top ten assets by market cap within Swyftx categories, through Q1 2026

Despite the crypto market's broad-scale contraction, small sub-sectors of the industry managed to buck the trend and post positive quarters (in terms of price movement). The strongest performers were decentralised perpetual markets, a growing segment within the DeFi world. Led primarily by Hyperliquid (up 41% YTD), investors showed continued interest in 24/7 derivatives markets, especially those offering tokenised equities and commodities.

Meanwhile, AI Agents rebounded from a poor end to 2025 with several big-name projects ending Q1 2026 in the green. Artificial Superintelligence Alliance (+14%) and Virtuals Protocol (+1.2%) both saw gains to start the year amid poor performance from other similar-cap altcoins.

Most-viewed Swyftx Learn content



The generational divide

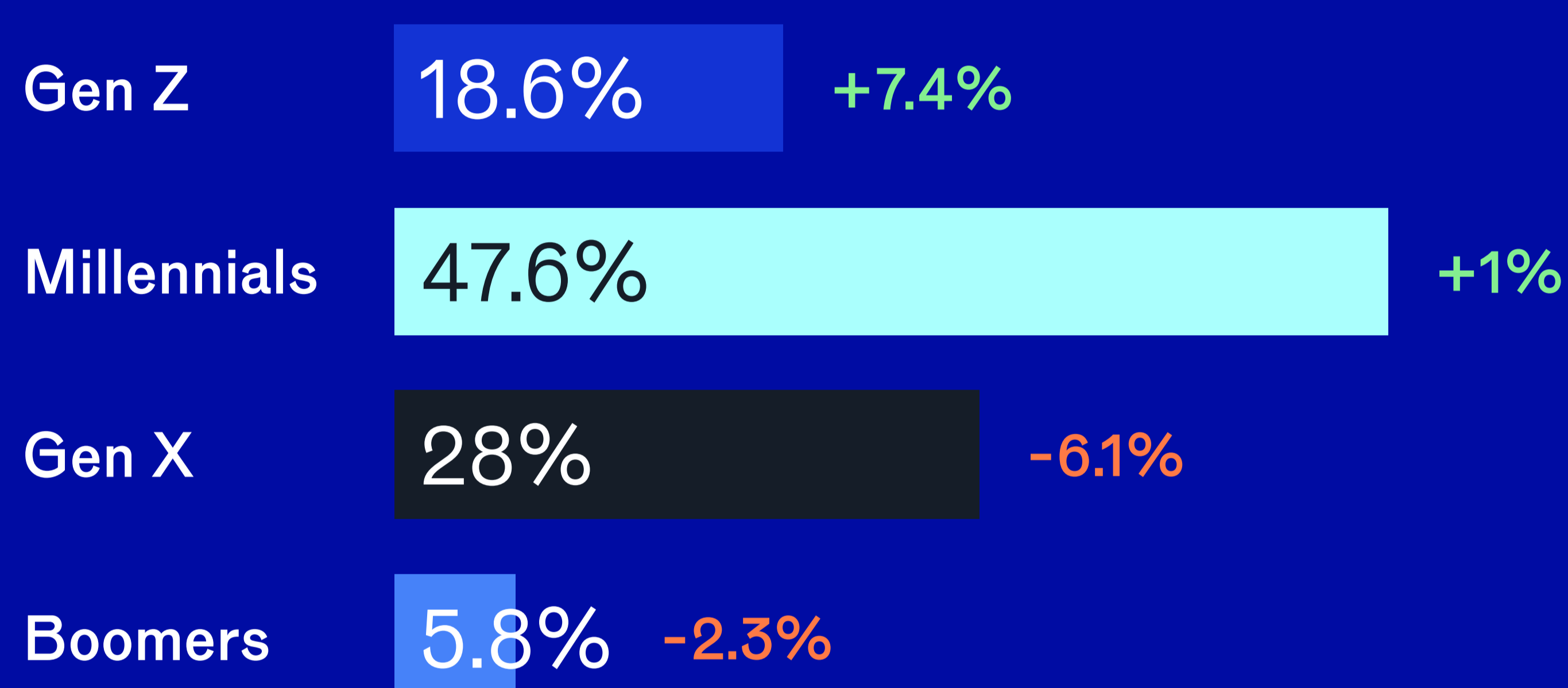
Millennials have once again taken the crown as Swyftx's most active cohort, placing by far the largest number of unique orders throughout 2026. Swyftx data has consistently shown Millennials as key activity drivers, and their conviction appears steadier during down periods relative to other generations of traders.

Notably, Gen Z rebounded after a period of decline across all metrics in the previous Quarterly Industry Report. Unique order dominance among these traders increased 7.6% QoQ, significantly narrowing the gap between Gen Z and Gen X orders from 22.9% to just 9.4%.

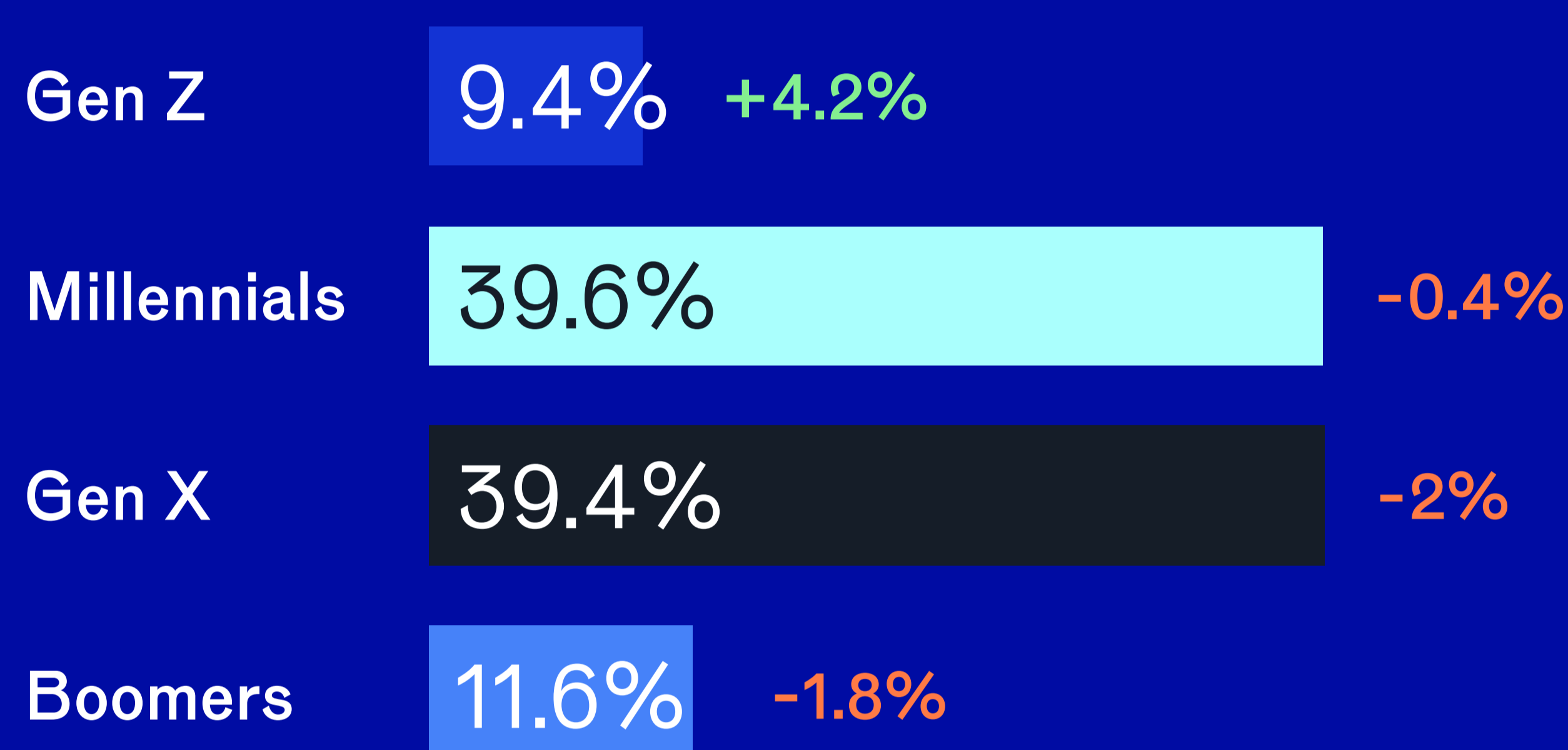
The disparity between Gen Z's unique order dominance and trading volume suggests a young, engaged Australian customer base making frequent, but lower-value trades.

Gen X maintained its lead in trading volume for the second consecutive quarter, despite a 6.1% QoQ decline in unique order dominance. This divergence may suggest that Gen X volume is being driven by high-value activity from a concentrated group of larger-scale traders, rather than broad participation across the cohort.

Unique orders by generation Q1 2026



Trading volume by generation Q1 2026



Figures to the right indicate quarter-on-quarter change

Self-Managed Super Funds

SMSF trading volume fell as expected on Swyftx in Q1 2026 – although this decline was not as significant as seen across retail traders (-41%).

However, a noteworthy change came in the buy/sell ratio for SMSFs, which fell to 1.68/1, from 2.37/1 in Q4 2025. This could suggest softer conviction among SMSF investors, with the over-arching trend looking less accumulation-focussed than it did in the previous quarter.

Solana dropped out of the top three most-purchased assets in Q1 2026, being replaced by Ethereum.

SMSF Buy/Sell Ratio

1.68

QoQ change in SMSF trading volume



Most-purchased SMSF assets in Q4 2025



BTC



XRP



ETH

Bitcoin Bites:

Hear from the Experts

Offence and Defence

Looking ahead to Q2 2026, it appears the macro backdrop remains in control of crypto and risk asset narratives. This is an environment where playing defence may be prudent. There are periods in market cycles for offence, but there are also periods where protecting capital is the priority, and this is arguably one of them.

Three months into the year equity markets have rolled over, with major indices down double digits. This suggests risk-on conditions are not present. When equities struggle, liquidity tightens, sentiment weakens, and crypto tends to follow.

From a relative strength perspective, nothing has improved. On a quarterly timeframe, Bitcoin underperformed across key benchmarks including the US dollar, Australian dollar, S&P 500, ASX 200, and gold. There is still no clear sign of crypto leadership returning. Bitcoin would need to break \$85,000 before it would gain any real momentum, in my view.

Looking at sector performance, the story is consistent. Defensive assets like precious metals, materials, energy and utilities are leading, while risk-on sectors remain under pressure. This rotation matters. Until capital flows back into growth and higher risk areas, it is hard to see how crypto enters a sustained bullish phase. See chart to the right.

From a cycle perspective, the broader picture remains intact. The alignment of major cycles including the Land Cycle, Benner Cycle, election cycle, and the 4 year crypto cycle still indicates elevated risk. These periods have often favoured caution.

Altcoins continue to show no strength. Others dominance remains in a clear downtrend, signalling no broad appetite for speculative exposure. Until this changes, there is little support for meaningful positioning.

The key point is simple. Nothing has materially changed. Risk-on assets remain in a downturn, defensive assets are outperforming, and crypto is tied to this macro environment.

Until we see clear evidence of risk-on leadership returning, the approach remains the same: protect capital, stay patient, remain selective, and play defence.

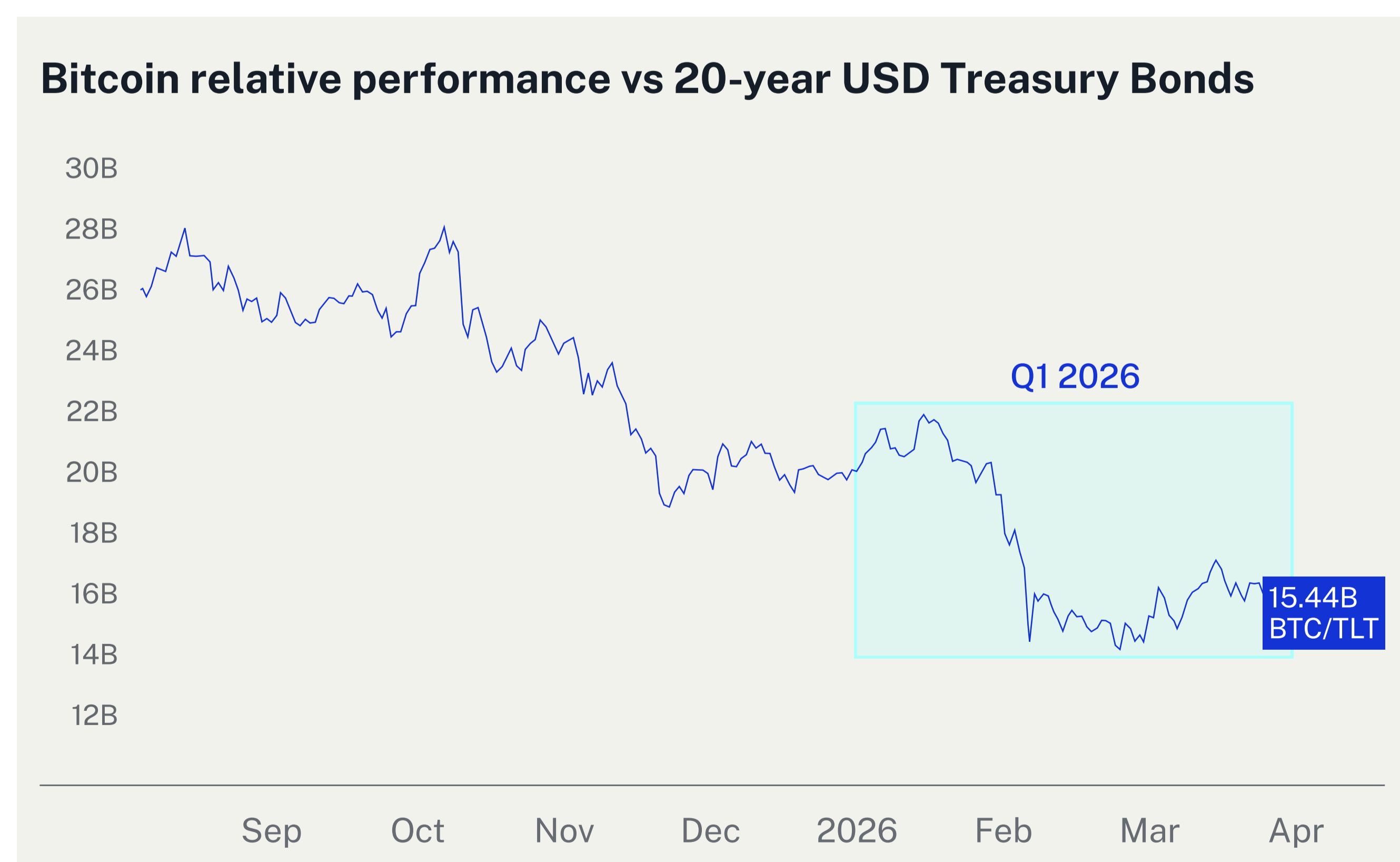
Crypto will have its time again. These cycles don't disappear — they just shift, and the key is being patient enough to wait for the right phase.

Right now doesn't appear to be that phase.

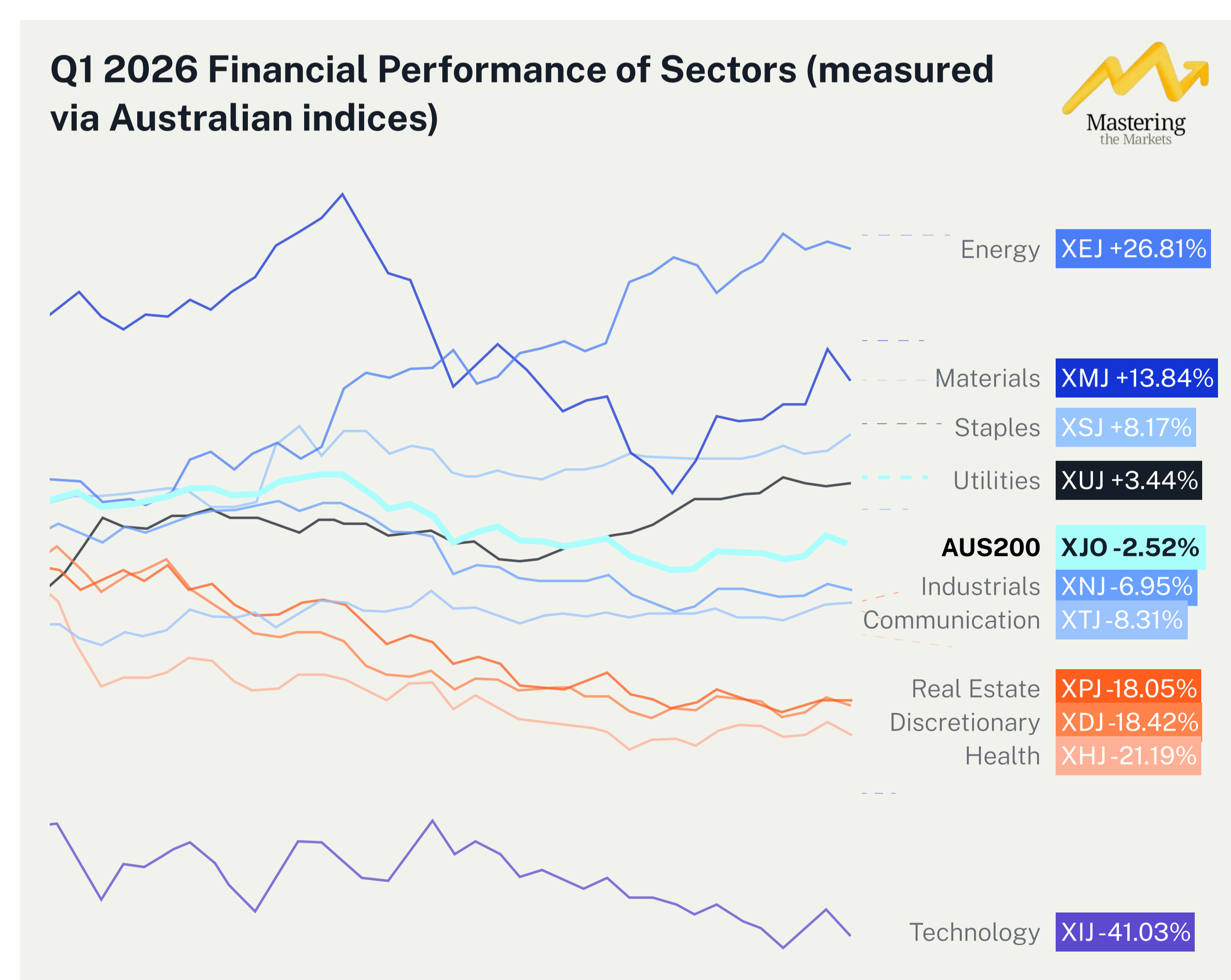
The current backdrop suggests any meaningful return of strength is more likely later in the year, potentially around Q4. That's when conditions may begin to align. Liquidity, sentiment, and relative strength all need to turn, and they aren't there yet.

This is where many can get it wrong. Getting too aggressive in a defensive environment, can lead to capital getting chipped away. There is a lot of merit right now in doing less and not forcing risk.

Stay disciplined. Let the market show its hand.



Figures in vertical axis represent purchasing power of total Bitcoin market cap relative to secondary asset



The rise of tokenised gold

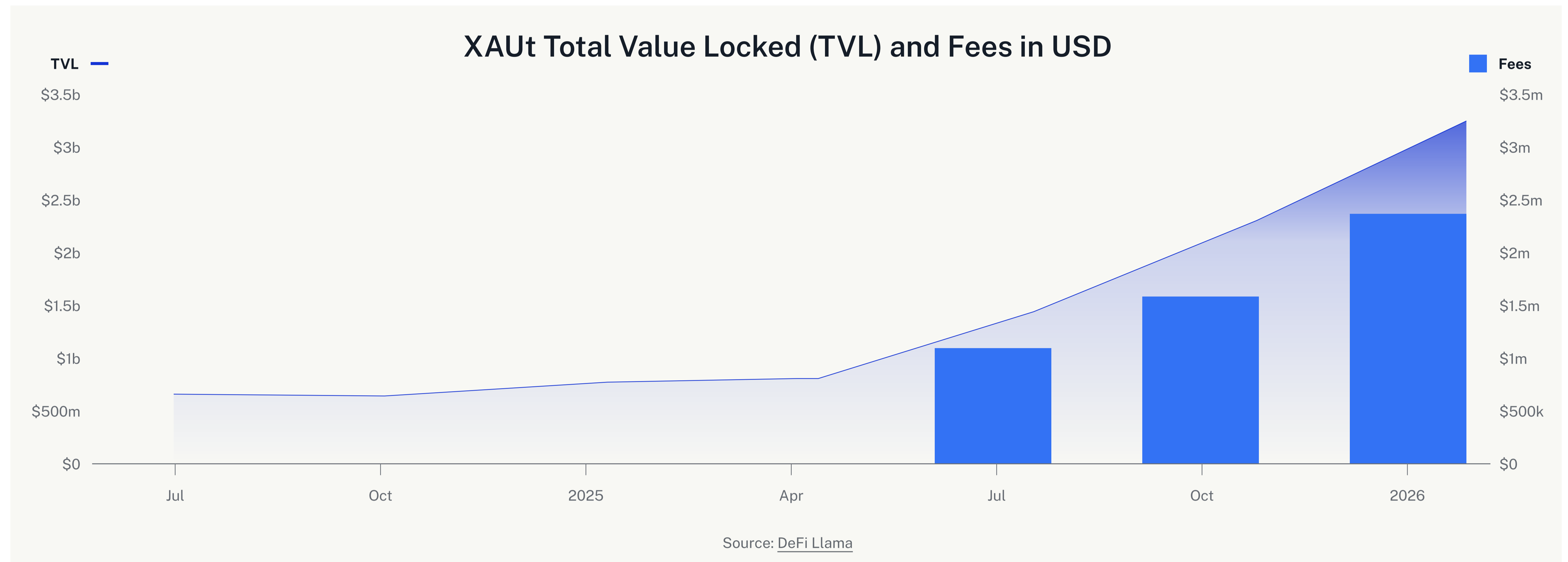
One of the clear hero stories of Q1 was tokenised gold. As the broader crypto market struggled through another weak quarter, demand for gold-backed tokens moved the other way.

Tokenised gold is no longer a niche exploration of blockchain’s potential; it is becoming an established part of the crypto ecosystem. While physical gold markets remain steady, the market cap for its blockchain-based counterparts grew 2.6x faster over the last year, surpassing \$5 billion USD in Q1 2026. Tether Gold (XAUt) leads this charge, commanding over 45% of the total market share and seeing 40% TVL growth in the first three months of this year.

To hone in on adoption further, we can look past gold's price movements and focus purely on circulating supply – a raw measure of investor acquisition.

In Q1 2025, about 12 months ago, there was approximately 246k XAUt in circulation. Fast-forward to the time of writing, and that figure has more than doubled to over 550k.


XAUt’s adoption spike has been symptomatic of a broader shift, with a growing number of traders across both TradFi and DeFi utilising tokenised assets to gain 24/7 exposure to commodities, something that has been historically restricted by trading hours. The utility of decentralised markets may continue appealing to some traditional investors, particularly if tokenised commodities develop within clearer regulatory settings over time.



From zero to top ten

This trend is not limited to international liquidity, but has been experienced right here in the Australian market. Since its listing on Swyftx in February, XAUt has become a top ten traded asset by volume within its first two months.

- Tether Gold (XAUt) trading volume has significantly outpaced its relative market cap in the first quarter of 2026. Despite being ranked outside the top 30, XAUt has consistently been a top ten traded asset in its two months on our platform. In fact, even without an entire month of trading, XAUt was still in the top 15 assets by trading volume in the quarter.
- Since its launch in February, XAUt is the seventh-most traded asset on Swyftx.
- It’s possible the way Australians will trade in the future is shifting, with tokenised commodities and equities already accounting for an increased share of market volume. This has already started to take shape via Hyperliquid’s Q1 trading increase, particularly in tokenised precious metals and oil.
- Swyftx users are increasingly rotating ‘risk-on’ assets (like BTC or alts) directly into XAUt. This allows them to stay within the blockchain ecosystem, maintaining liquidity while gaining exposure to a hard asset that broke through 53 new all-time highs in 2025. Though USDT volumes still lead, the data suggests XAUt may be gaining traction as an alternative ‘dry powder’ position for some users.
- To put this in context, XAUt’s Q1 buy/sell ratio was 2.25/1. By comparison, Bitcoin was the only asset in the top ten by market cap to record a ratio above 2/1 including stablecoins.




Tether Gold (XAUt)


Total Value Locked


\$3.253b

Key Metrics	
Fees (Annualised)	\$693,155
Revenue (Annualised)	\$693,155
Market Cap	\$2.558b
\$XAUt Price	\$4,569
Fully Diluted Valuation	\$3.235b
\$XAUt Volume 24h	\$476.12m



Where can crypto *take you?*



 **Swyftx** now
Bitcoin is on the move,
tap to view 