swyftx

Swyftx End of Quarter Industry Report

A few words from our Lead Market Analyst

If Q4 taught us anything, it's that crypto still has a talent for humbling consensus.

Coming into October, the mood was clear. New highs, 'Uptober', and a growing hope that altcoins were about to get their moment in the sun. This view was helped along by a wave of spot ETF approvals and a steady march of institutional adoption.

And for a few days, it looked like the script was playing out. Bitcoin and Ethereum hit all-time highs, and the market looked to be following suit.

Then October 10th hit.

In a matter of hours, leverage unwound at a scale the market hasn't seen before. It wasn't just a routine dip – price action jackknifed. What followed was a lack of clarity, and a quarter defined by sentiment that swung from confidence to despair almost overnight.

And that's the backdrop for this report.

We're going to kick off 2026 with some perspective and reflection. 2025 was an eventful year, one full of lessons even seasoned commentators didn't see coming. And though the market struggled through periods, we are seeing the foundations of increased institutional infrastructure.

Inside, we'll walk through the defining events of the quarter and the narratives that mattered most. From the rise of spot altcoin ETFs (and what flows are telling us beneath price action), to Bitcoin's shifting identity as 'digital gold', and the way macro conditions continue to shape liquidity, risk appetite, and ultimately crypto outcomes.

Crypto narratives rotate fast, but the fundamentals of market behaviour don't. When uncertainty is high, headlines and politics tend to matter more than clean economic prints. Leverage turns every move into a bigger one. And volatility is what separates a quarter that feels uncomfortable from one that can actually break portfolios.

So consider this a recap of the quarter that was, as we outline what we're watching heading into 2026.

SWYFTX LEAD MARKET ANALYST

Q4 Timeline

October 1st

Members of Swedish Parliament propose national BTC reserve

October 6th

Bitcoin hits new all-time high, surpassing $125k USD

October 10th

Crypto market endures largest liquidation in history

October 15th

Trillion-dollar AUM firm Morgan Stanley allows customers to buy crypto funds

October 20th

Sony applies for US licence to launch crypto banking services

October 27th

Japan unveils its first regulated Yen-pegged stablecoin

October 28th

The first US-based Solana ETF, BSOL, goes live

November 12th

United States 'Project Crypto' team outlines next phase

November 13th

Spot XRP ETFs debut on Wall Street

December 2nd

Vanguard adds crypto ETFs to its brokerage platform

December 3th

Ethereum releases Fusaka Upgrade

December 9th

US banks greenlit to facilitate 'riskless' crypto trading

December 15th

JPMorgan unveils tokenised money-market fund on Ethereum

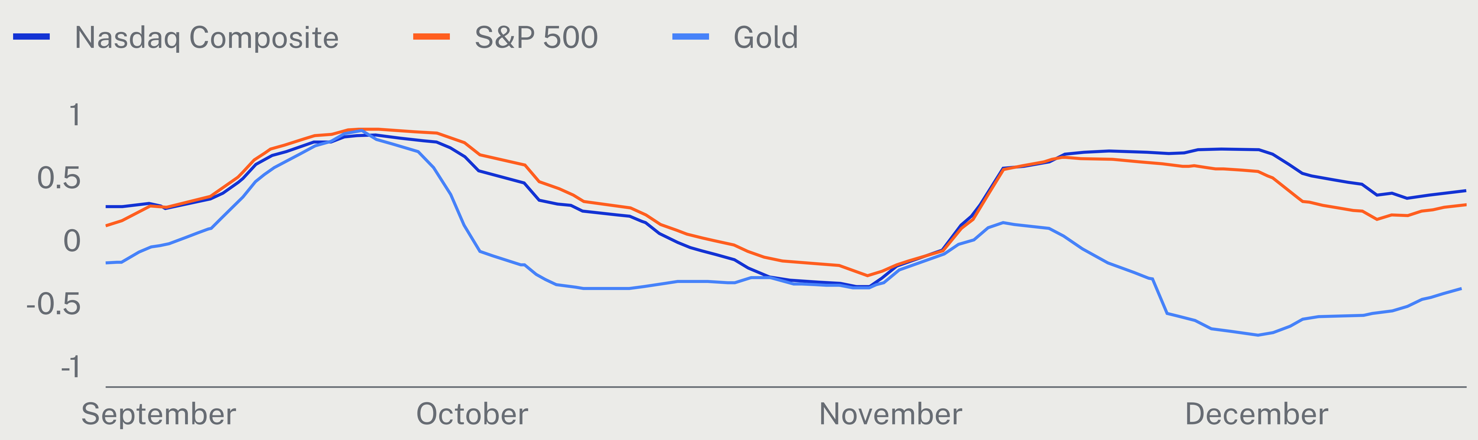
The leading narratives

Bitcoin's 'Digital Gold' breakdown

Bitcoin has been likened to 'digital gold' for over a decade, since the phrase became popularised in the mid-2010s. This is because they share several elements – innate scarcity, historical use cases as speculative assets and perceived utility during periods of inflation.

This narrative didn't really ring true in practice until the 2020s, when Gold and Bitcoin's price action often shared a strong correlation (upwards of 0.8/1 per Coinglass) between 2022 and 2024. However, this year saw a significant decoupling between the two, with the divergence accelerating in Q4 2025. Through the year, gold was a pre-eminent performer (+70%), while BTC traded largely flat. By late November, correlation between the assets was consistently negative, falling as low as -0.9.

BTC Pearson Correlation (30D)



Source: Coinglass

Key takeaways

- Gold has maintained its status as a 'risk-off, defensive asset,' while Bitcoin is behaving more like a beta for risk-on tech stocks, as evidenced by its higher correlation with the Nasdaq.
- The Bitcoin is digital gold narrative has materially weakened. This is not necessarily a negative for the crypto giant, as investors may seek BTC as an additional source of diversification, instead of adopting an 'either-or' mindset with gold.
- Similarly, Bitcoin's decoupling from M2 (global liquidity) has accelerated over the last quarter. This change in correlation, across multiple metrics, suggests the factors driving BTC price trends have shifted. In short, the market may be moving into uncharted territory.

Spot crypto ETFs

Q4 2025 was widely anticipated as an inflection point for altcoins, with the SEC approving the launch of spot ETFs for XRP, Solana, Dogecoin, Litecoin, Chainlink and Hedera.

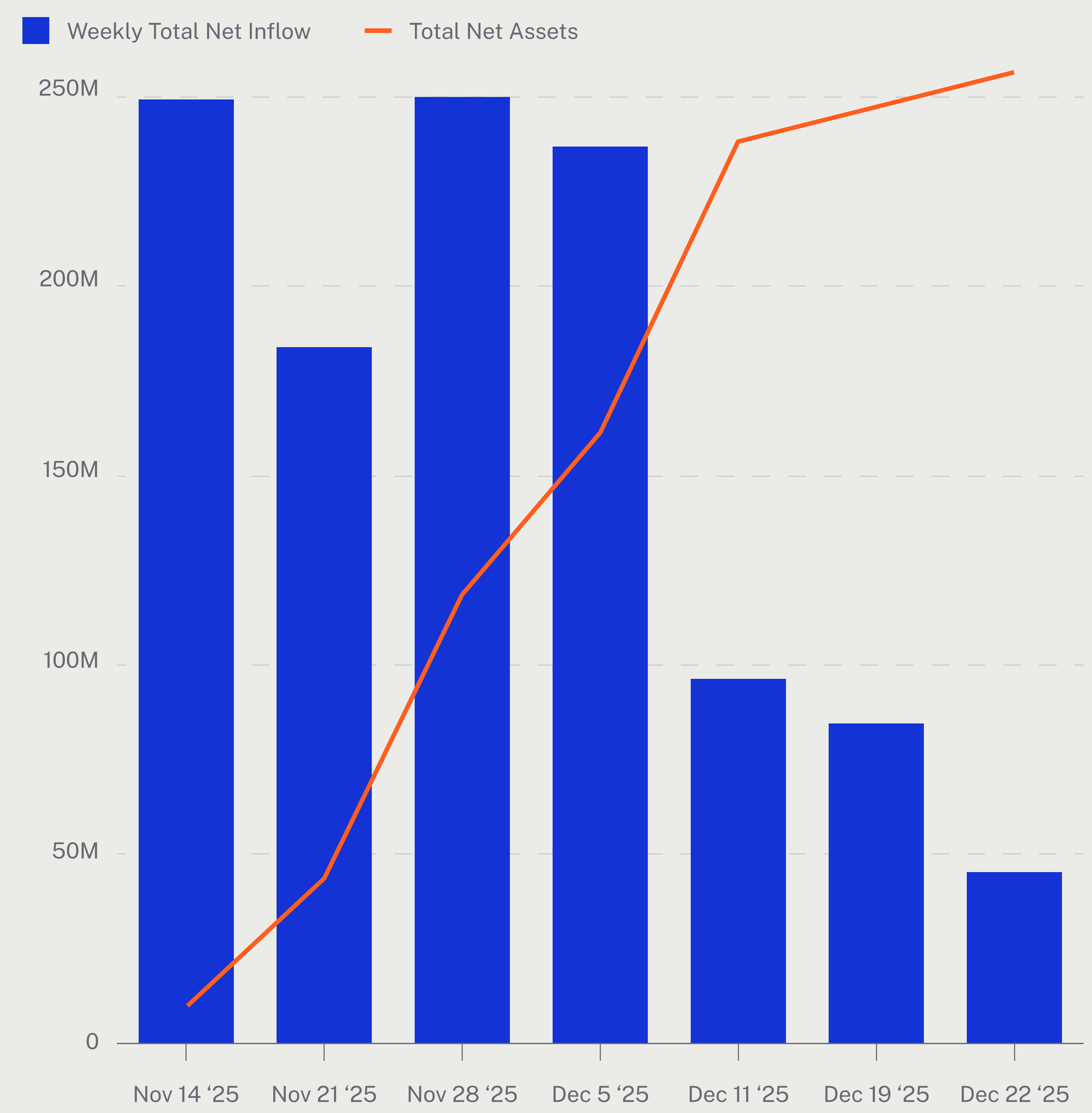
In previous cycles, the boost in liquidity from spot funds in the US placed upward pressure on the price of Bitcoin and Ethereum. However, Q4 was one of muted price action, with altcoins unable to replicate previous success amid a complex macroeconomic environment.

Despite largely sideways price movement, investor uptake has indicated continued engagement with altcoin ETF products. Since being greenlit in November, Solana ETFs have accumulated over $700 million USD in assets under management (AUM), with weekly snapshots showing net inflows for seven consecutive weeks.

XRP ETFs paint a similar picture. In just over a month of trading, These funds captured over $1 billion in market cap and didn't experience a day of net outflows.

As the reality of Q4 2025's subdued performance sank in, immediate expectations for an ETF-led rally moderated. But even among downtrodden sentiment, consistent positive flows suggest that some market participants maintain interest in these products. Paired with TradFi's growing acceptance of the industry, the appetite for crypto ETFs is far from stale.

Total XRP Spot ETF Net Inflow



Source: SoSoValue

The quarter *that was*

The biggest liquidation event in crypto history: What happened on October 10th?

It was only four days earlier that all appeared right in the crypto world. Bitcoin had hit another record price (this time breaking $125k USD), Ethereum was steady above $4k USD, and the prospect of a green October was staring us right in the face. Then, like a freight train, it hit.

On October 10th, in a matter of hours, the biggest liquidation event in crypto history unfolded. $19 billion USD in leveraged positions were wiped. The impact ricocheted across the market, as crypto prices tumbled like shrapnel raining from the sky.

Altcoins were the hardest hit, with big-names (think Sui and Chainlink) flashing 1hr losses of over 50%, and some lower-cap memecoins diving as much as 90%. The mood shifted from optimism to despair in the blink of an eye, as hopes for a repeat of Uptober were dashed.

So what happened on October 10th, and what are the lasting lessons for the crypto market?

When such a calamitous collapse occurs, there's rarely a single stress point. Rather, the room must be full of gas before a spark blows everything up.

This catalyst came early in the morning for Australians, when US President Donald Trump took to X and suggested his Office was re-thinking strict tariffs against Chinese imports. The trade war that had plagued market confidence for the best part of 2025 appeared set for re-ignition.

At a glance, it was this moment that shattered investor conviction. But in reality, it was just the fuse. Leading up to this moment, the market had been running hot – arguably the hottest it ever had. According to CoinGlass, total open interest in crypto derivatives was reading $230 billion USD. Within this data, it was a clear all-time high for leveraged positions across the digital asset market.

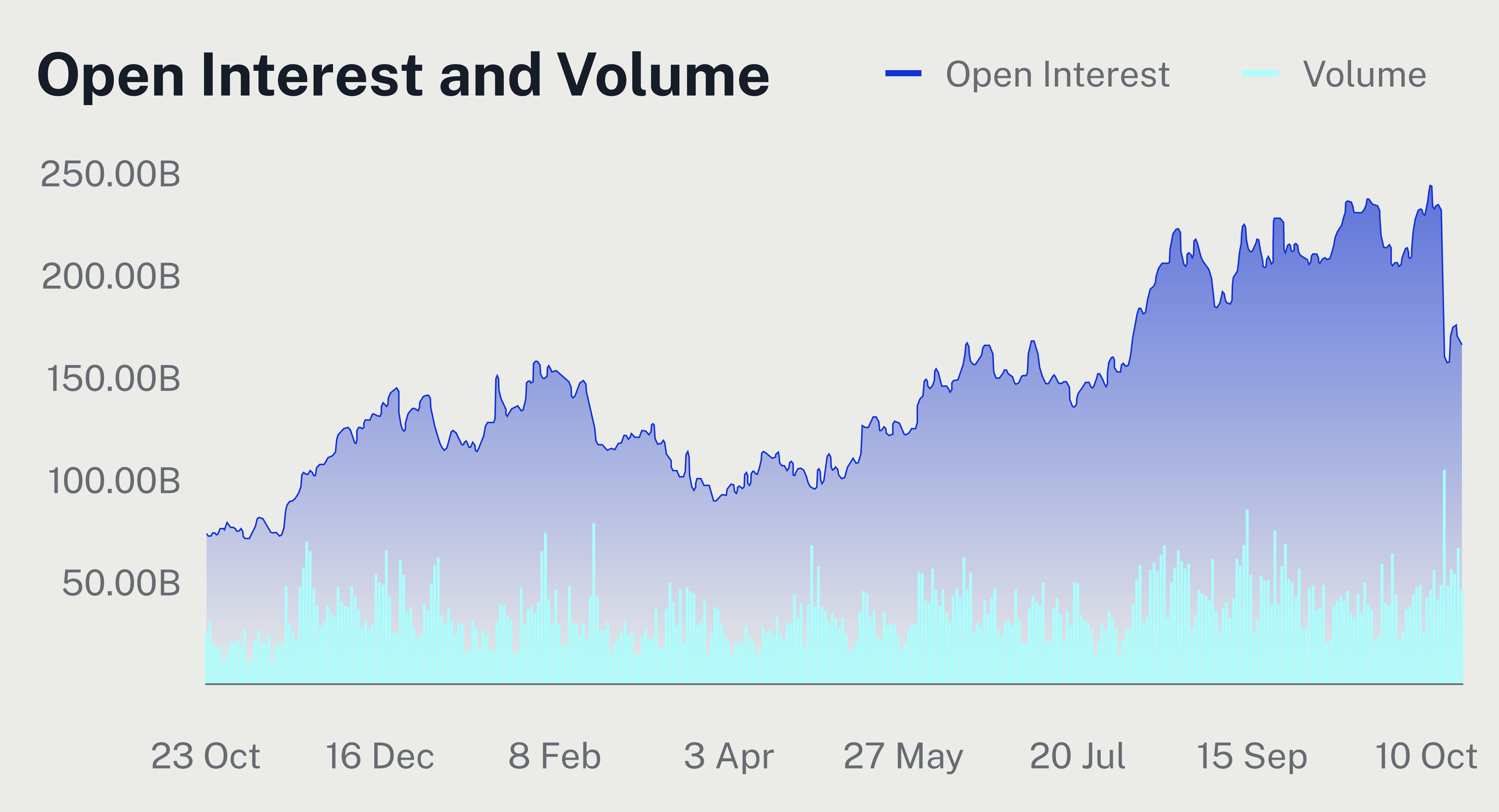
For those unfamiliar with leverage, it essentially allows investors to borrow money and amplify their exposure to a position.

So, when things go well, profits can be bigger than just holding a cryptocurrency in a wallet. But on the flipside, when things go south, they can really go south. If prices dip and leveraged positions sink underwater, investors are forced to sell to cover their debts. This selling drives prices down further, potentially triggering the next wave of liquidations.

An over-leveraged market is built very much like a house of cards, something we learned the hard way on October 10th.

It's not all doom and gloom. The mass liquidation event shook up a market that was showing signs of high leverage amid a complex macroeconomic environment in the US. For context, open derivatives interest in December consistently floated below $100k USD, which is 60% lower than pre-October 10th.

There's little doubt the liquidation event cascaded through the rest of Q4, as the market experienced the first red October in seven years. Yet, most top ten projects are trading 30-40% below their tops, rather than the 80+% typical of cycle lows – something that appeared a grim possibility on October 10th. An event that may have once plunged crypto into a cruel winter instead largely served as a harsh reality check. It was a reminder of the dangers that come with a market propped up by leverage, and an important lesson in risk management.



Source: Coinglass

> "Hopes for a repeat of Uptober were dashed...as the market experienced *the first red October in seven years.*"

Q4 2025

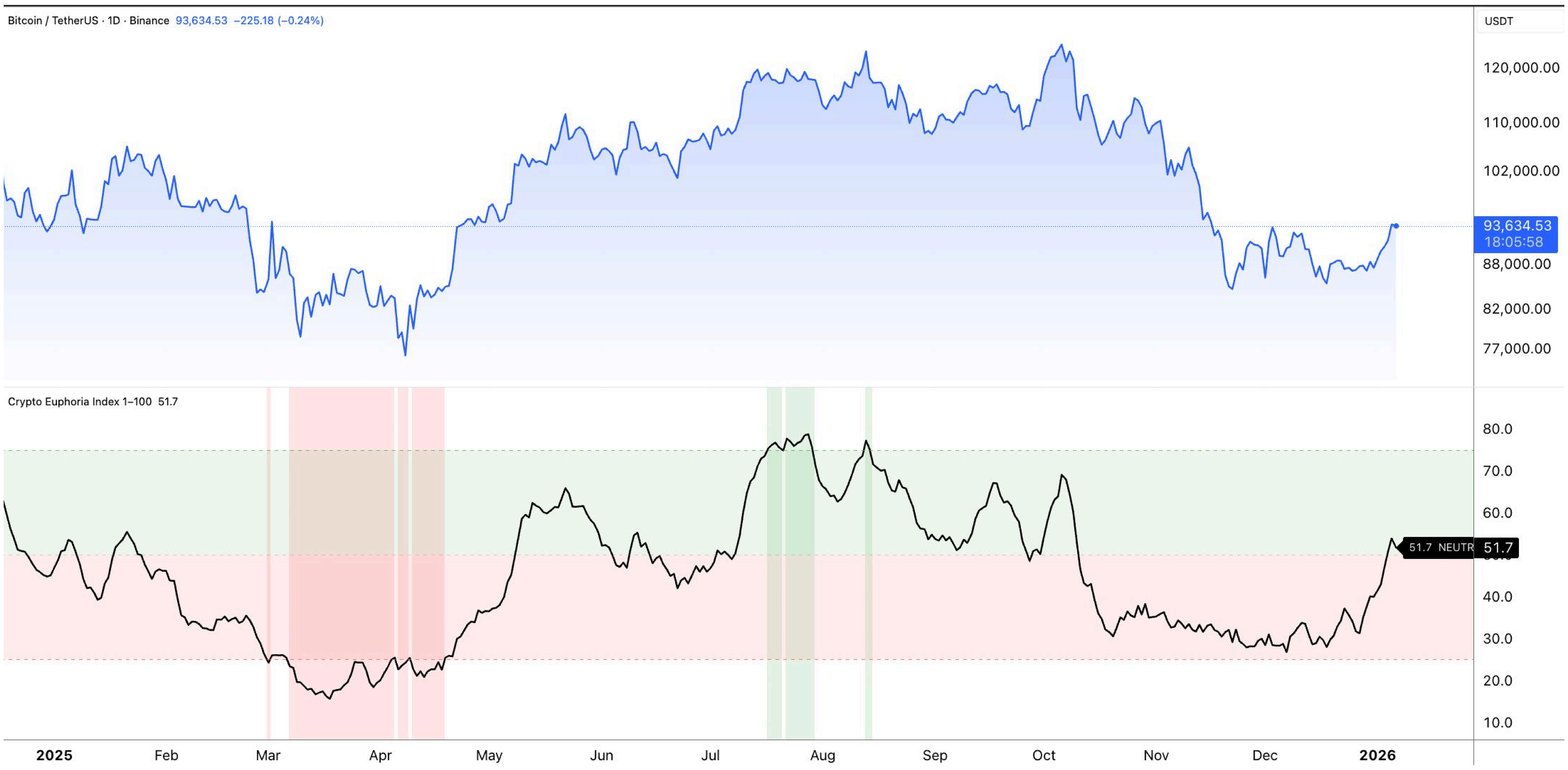
Market Analysis

By Pav Hundal
LEAD MARKET ANALYST

In our last report we introduced the Swyftx Euphoria Index, a way of classifying global measures of volatility, momentum, futures markets, stablecoin dominance and altcoin appetite within the crypto market. Simply, this chart helps inform us whether the market is in a state of Euphoria and pushing its luck (when it moves to the green half) or Despair (red half), signalling overselling.

We saw the market flash Euphoria at the start of Q4, but as the cards were dealt this optimism retreated and Despair set in. At points in Q4 the Euphoria Index fell below 30/100 (a six-month low), although remained above levels seen during the March–May tariff trade wars and resulting uncertainty. Nevertheless, hopes of an end-of-year rally were quickly squashed, and the October 10th crash quickened the change in mood.

Swyftx Euphoria Index (vs BTC/USDT)



Dollar shortage

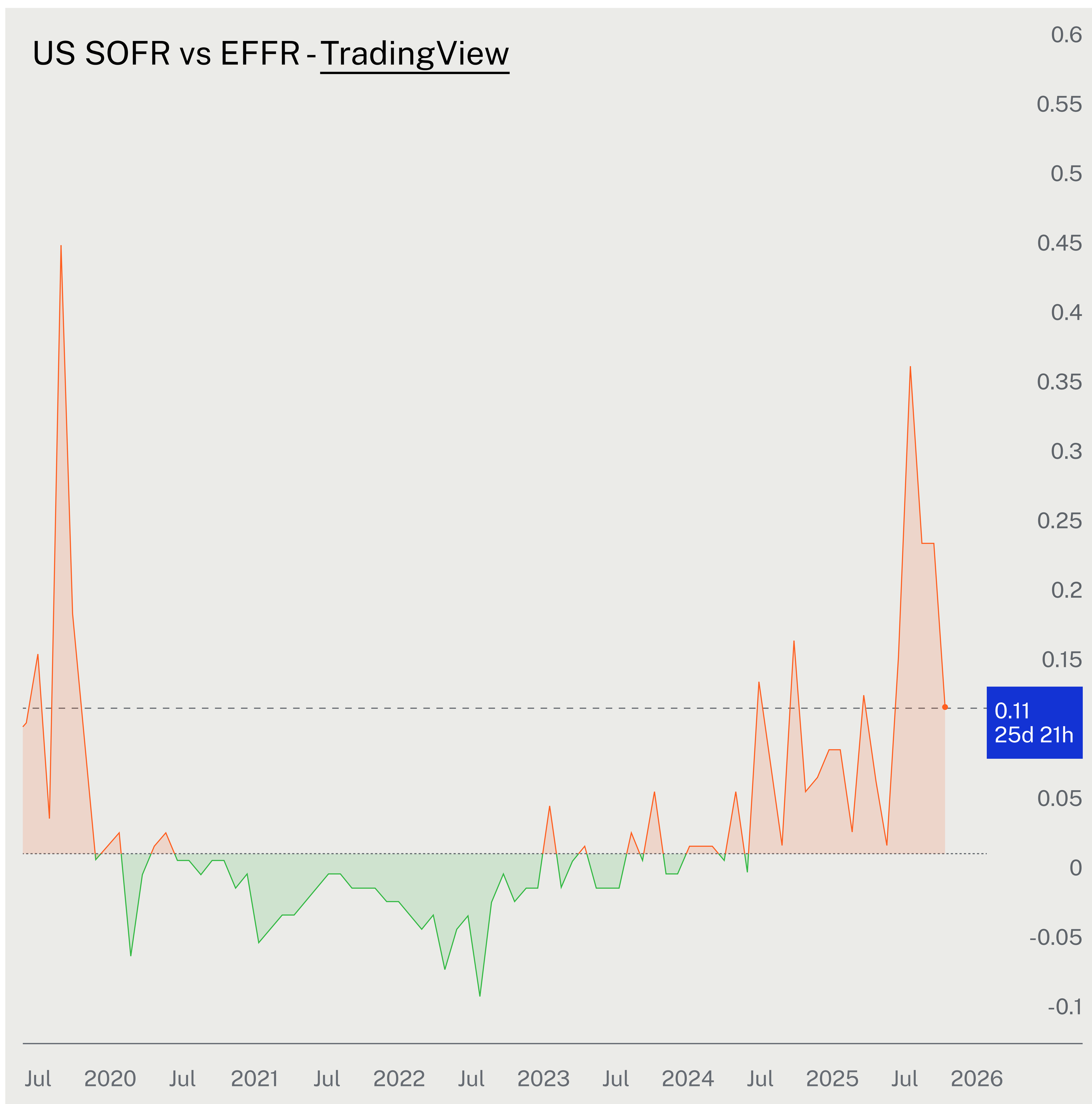
A key to crypto's weak Q4 performance arose from a lack of US dollars in the monetary system, causing some cracks in the pitch to open up.

Let's start with stresses in the underlying plumbing of the US cash market. The way we can measure this is by comparing the EFFR (Effective Federal Funds Rate), with the SOFR (Secured Overnight Financing Rate). These are basically the overnight lending markets for banks, with the key difference being SOFR rates are backed by US Treasuries, whereas EFFR rates are unsecured. Banks rely on these overnight lending markets to provide finance for customers of all shapes and sizes.

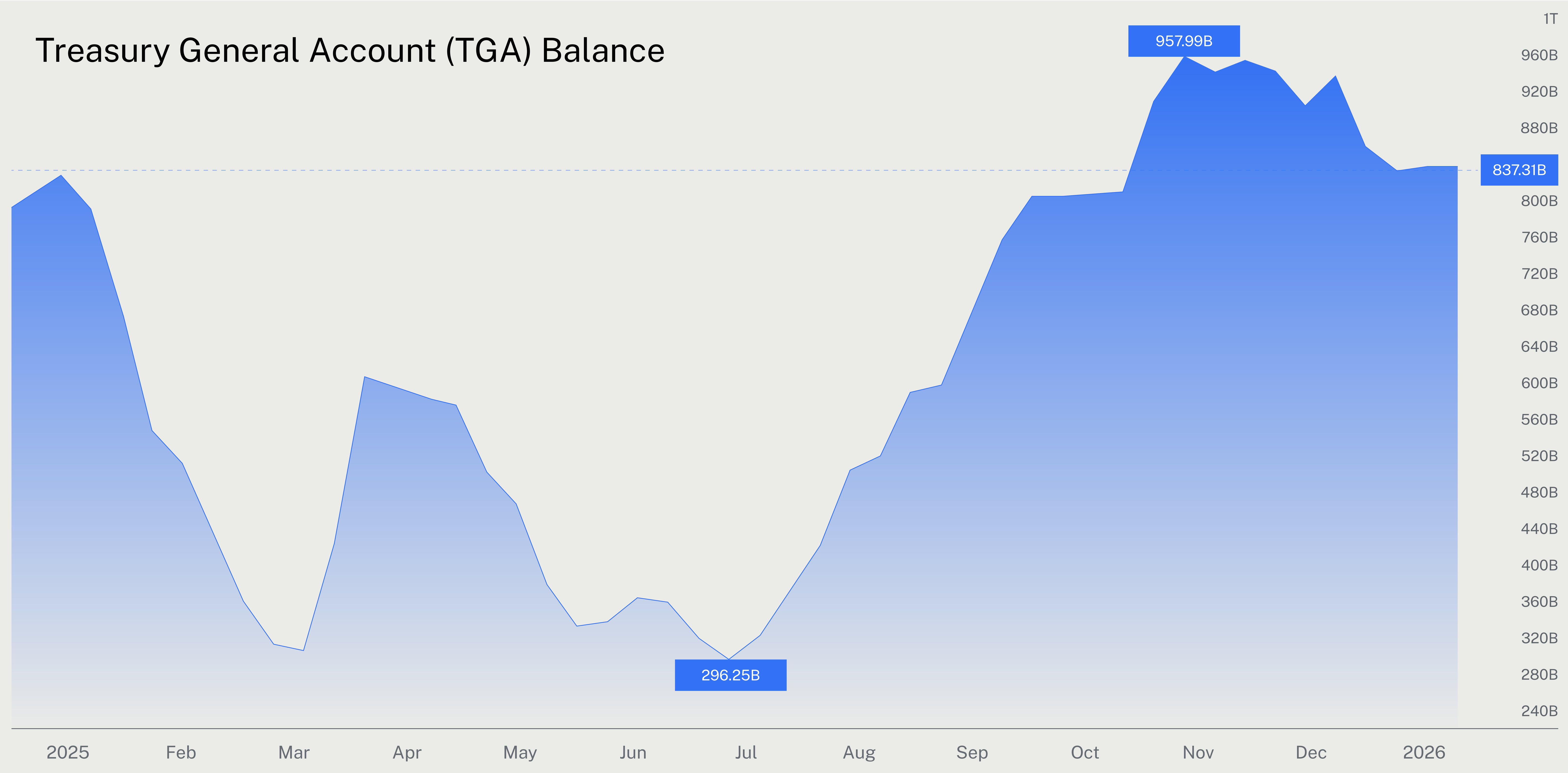
What we saw in Q4 of this year was clear signs of tension in this function.

When SOFR trades above EFFR (and the chart is red), it's a sign that cash is getting tighter. So borrowers, which are the banks in this instance, are paying a higher rate within these short-term overnight markets. Because banks use these funds for everyday finance, this tightening has historically rippled into the broader market, creating tougher conditions for markets reliant on liquidity – like crypto.

So what's the smoking gun that may have created this cash crunch?



The drain



Source: TradingView TGA General Account

One of the culprits has been the Treasury General Account (TGA), which is the Treasury's cash balance at the Federal Reserve.

Think of it like this: When the TGA goes up, the US Government is holding more cash, which means less cash is circulating in markets. When the TGA goes down, the government is putting that cash back into the economy.

The chart below shows that the TGA cash account has been filling up since July 2025, reaching close to $1 trillion USD in Q4 of 2025.

With less spare cash around, and importantly, no major stimulus from policy makers, this drain was a lot for the crypto market to handle.

This is what tightening of liquidity conditions looks like, and the crypto market's risk appetite felt the squeeze.

To me, this shift is a strong barometer for market sentiment. Throughout Q4, we saw a clear de-risking trend as capital retreated into dollars. To hammer home the point: Stablecoin dominance jumped from ~7.5% in October to above 10% by the end of 2025.

This will be a metric I follow closely into 2026. A flattening or decline in this dominance could be a signal that the tide is turning and capital is rotating back into risk.

> " These liquidity pressures eventually reached *boiling point*, and, paired with the *perfect storm* of conditions, *the market gave way* on October 10th. "
>
> — Pav Hundal

Q4 Key Metrics

Swyftx platform data

3-month trade volume

-15%

decrease quarter-on-quarter

October was a strong performer in terms of trading volumes. According to The Block, it was the second-highest month of trading in 2025 across major global centralised exchanges, while Swyftx data placed October as its third-most prolific month.

November volumes, though smaller, were largely in line with previous quarter averages. It was December where market malaise truly set in. Sideways price movement and the Fear and Greed Index reading close to yearly lows compounded the typically low volumes financial markets see across the holiday period.

In a number, trading volumes fell more than 30% between November and December, based on both Swyftx and The Block data.

BTC Dominance

33.5%

of Swyftx Q4 trading volume involved BTC

Bitcoin comprised over one-third of Swyftx trading volume in Q4 2025. This was a 70% increase from the previous quarter (19.6%).

BTC trading Dominance across Swyftx even rose to as high as 50% in December. This means that, for a period in the quarter, half of all transaction volumes on Swyftx included Bitcoin.

Buy/sell ratio

1.2/1

Buy/sell ratio based on Q4 trading volume

The buy/sell ratio across Swyftx customers remained unchanged quarter-over-quarter. However, when looking at *individual buy/sell orders*, things get more noteworthy. Bitcoin maintained a strong average ratio of 3.6 through Q4 – its highest reading in 2025. This means for every BTC sell order placed on Swyftx, there were, on average, 3.6 buy orders.

Yet, when we observe Bitcoin's *buy/sell ratio by trading volume*, we get a different picture. Coming in at 1.5/1, we can see that despite the high frequency of individual purchases, the difference in value between BTC bought and sold was much tighter.

This indicates that Q4 2025 may have entered a distribution cycle, where larger investors are looking to consolidate their portfolios while many in retail are looking to 'buy the dip'. This was reflected in the broader market's price action, which was dominated by sideways movement following October 10th.

Top-traded asset pair

BTC/USDT

excluding fiat

It comes as little surprise that BTC/USDT was the most-traded crypto pair on Swyftx last quarter, given the risk-off attitude adopted by many investors. However, there were some projects that significantly outperformed their typical global volumes*:

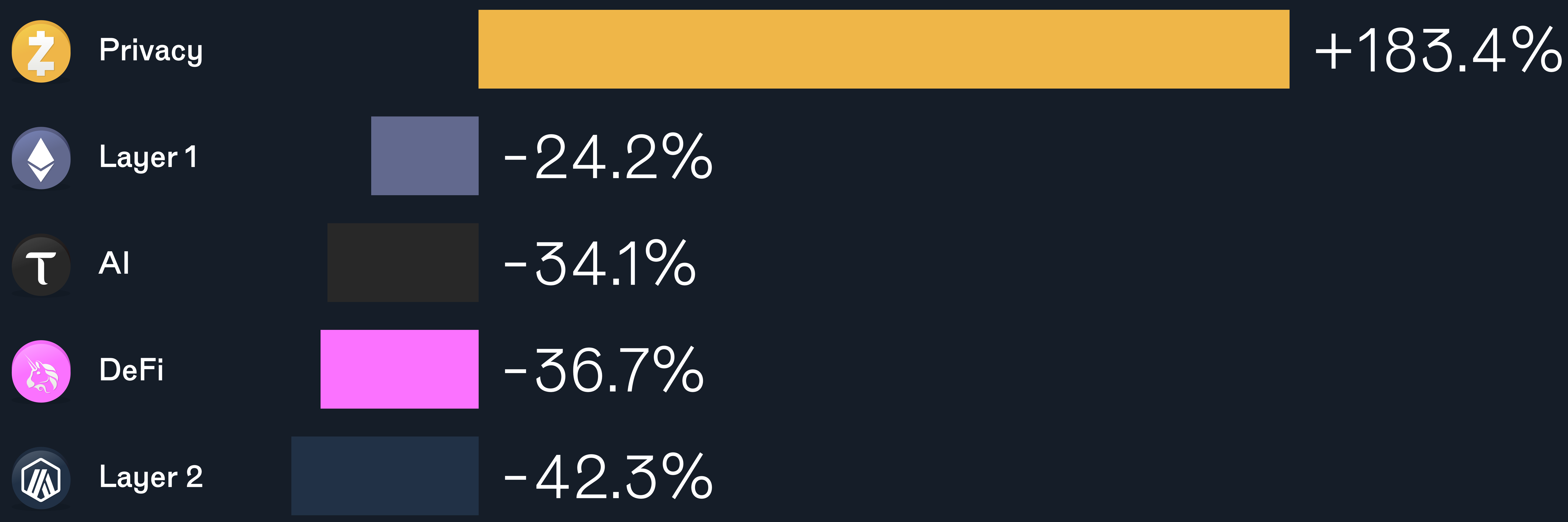
- **Sui (SUI)**. Ranked 6th in Q4 trading volume, ~18th in market cap
- **Hedera (HBAR).** Ranked 9th in Q4 trading volume, ~25th in market cap
- **Bittensor (TAO).** Ranked 11th in trading volume, ~35th in market cap

*Market cap at time of writing

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 Q4

Privacy coins were the clear narrative winner throughout the last quarter, ending as the only crypto category to see positive price movement. This trend was carried in particular by Zcash, which grew 616% in Q4 2025.

Some in the community viewed this rotation out of BTC and into privacy coins as a rebellion against institutional involvement and increased regulation in the sector. With digital surveillance a major talking point across society, the crypto market began placing a premium on transactional privacy.

This narrative began to weaken toward the end of the year, with the biggest gainer (Zcash) falling more than 30% from its peak. Meanwhile, relative safe haven assets – large-cap L1s – were the least-impacted by the broader market drawback.

Most-viewed Swyftx Learn content

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Swyftx Squawk

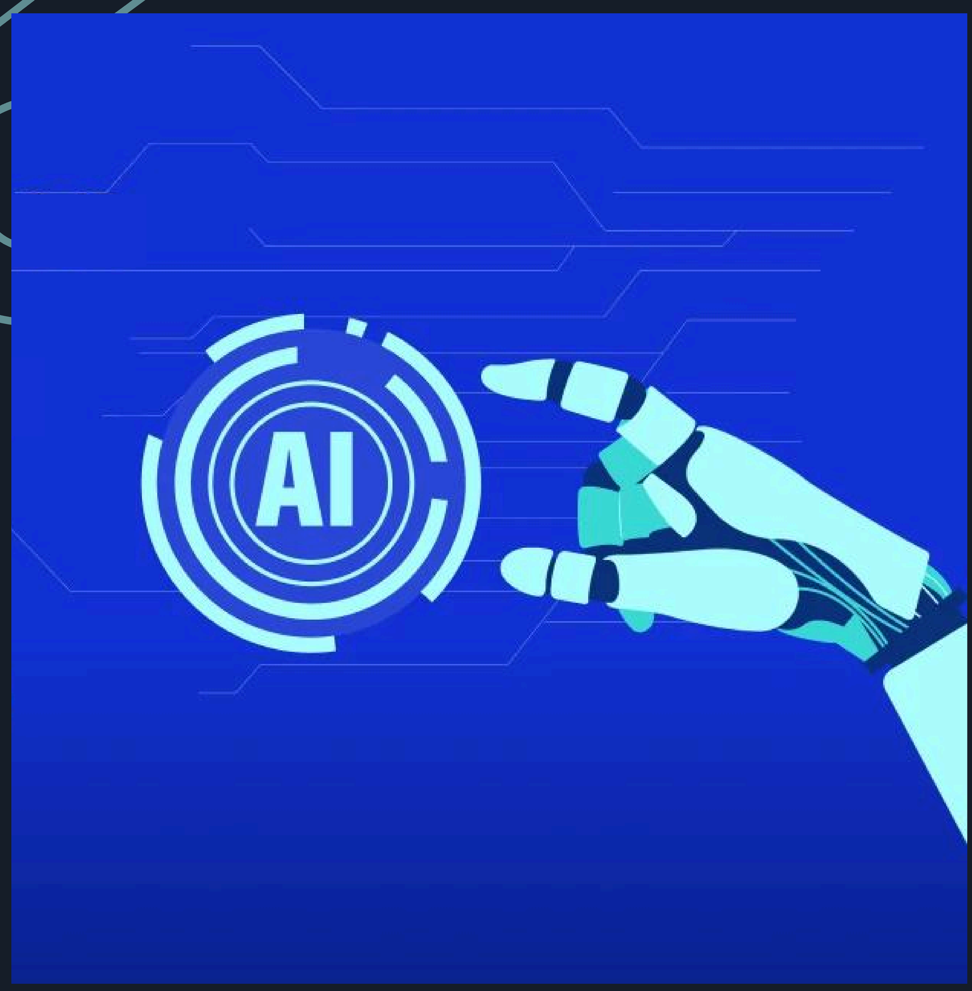
The Biggest Liquidation in Market History

2

Swyftx Squawk

Can Bitcoin Hit $100k?

3



Analysis

AI Storytelling on the Blockchain: Hype or Opportunity?

The generational divide

Millennials were crowned Swyftx's most active crypto investors in our last quarterly report — but that lead evaporated in Q4 2025. In a demographic flip, Gen X users overtook Millennials, out-trading them by 1.4% in total volume despite placing significantly fewer unique orders.

The data suggests a correlation between age and capital weight, as both Gen Xers and Boomers registered significantly higher trading volumes per unique trade between October and December.

Perhaps the most eye-catching generational shift came from Gen Z. Unique order dominance from investors in this age group fell by almost half QoQ (20% to 11.2%).

Despite the drop-off, Gen Z Australians aged 26-29 registered volumes similar to younger Millennials (30-35), while those aged 24 and under were typically under-represented. In fact, the average trade volume for 26-year-olds was more than double that of 24-year-olds. This suggests that younger Australians are not necessarily retreating from the market, but are instead transitioning into a less hype-driven, more long-term focused adoption pattern upon building their professional career.

Unique orders by generation Q4 2025

Gen Z	11.2%
Millennials	46.6%
Gen X	34.1%
Boomers	8.1%

Trading volume by generation Q4 2025

Gen Z	5.2 %
Millennials	40%
Gen X	41.4%
Boomers	13.4%

Self-Managed Super Funds

Swyftx SMSF trading volumes fell as expected in Q4 2025, reflecting broader market performance. However, new SMSF account registrations *grew* 4.5% more in Q4 than Q3, suggesting the structural appetite for digital assets in retirement planning continues to accelerate.

The buy/sell ratio for SMSFs (2.37/1) once again outperformed retail investors (1.2/1), while Ethereum fell out of the top-3 traded SMSF assets in Q4.

QoQ change in SMSF trading volume

-31%

QoQ change in unique SMSF accounts

+4.5%

Most-purchased SMSF assets in Q4 2025

1 BTC

2 XRP

3 SOL

Bitcoin Bites:

Hear from the Experts

The crypto market has enjoyed a solid start to 2026, with several top ten coins posting double-digit gains in the first fortnight of the year. This change in fortune has provided some optimism to the markets following a mixed end to 2025. But can crypto maintain its momentum moving deeper into the quarter? Here's what the market experts think.

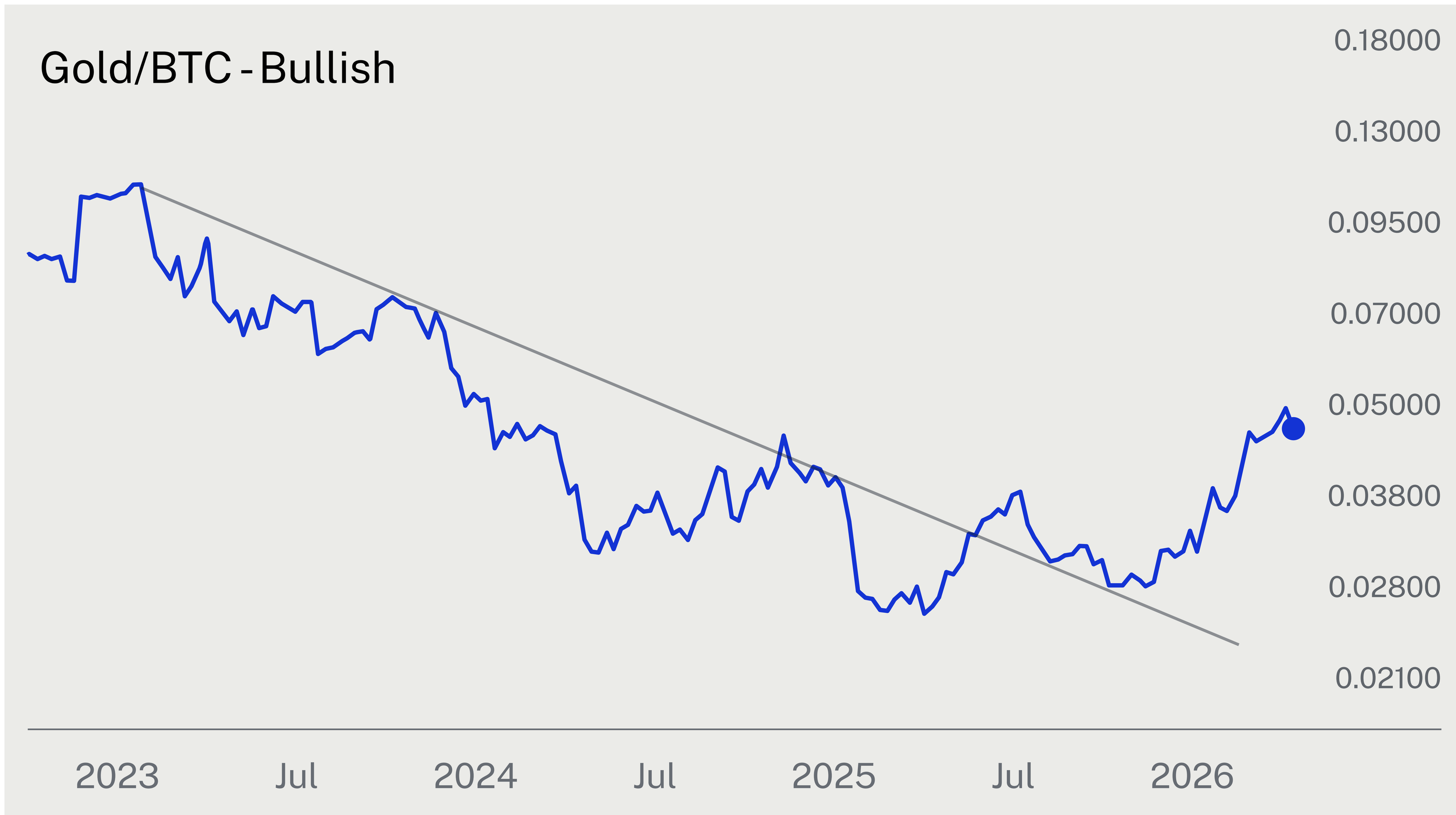
Looking ahead to 2026

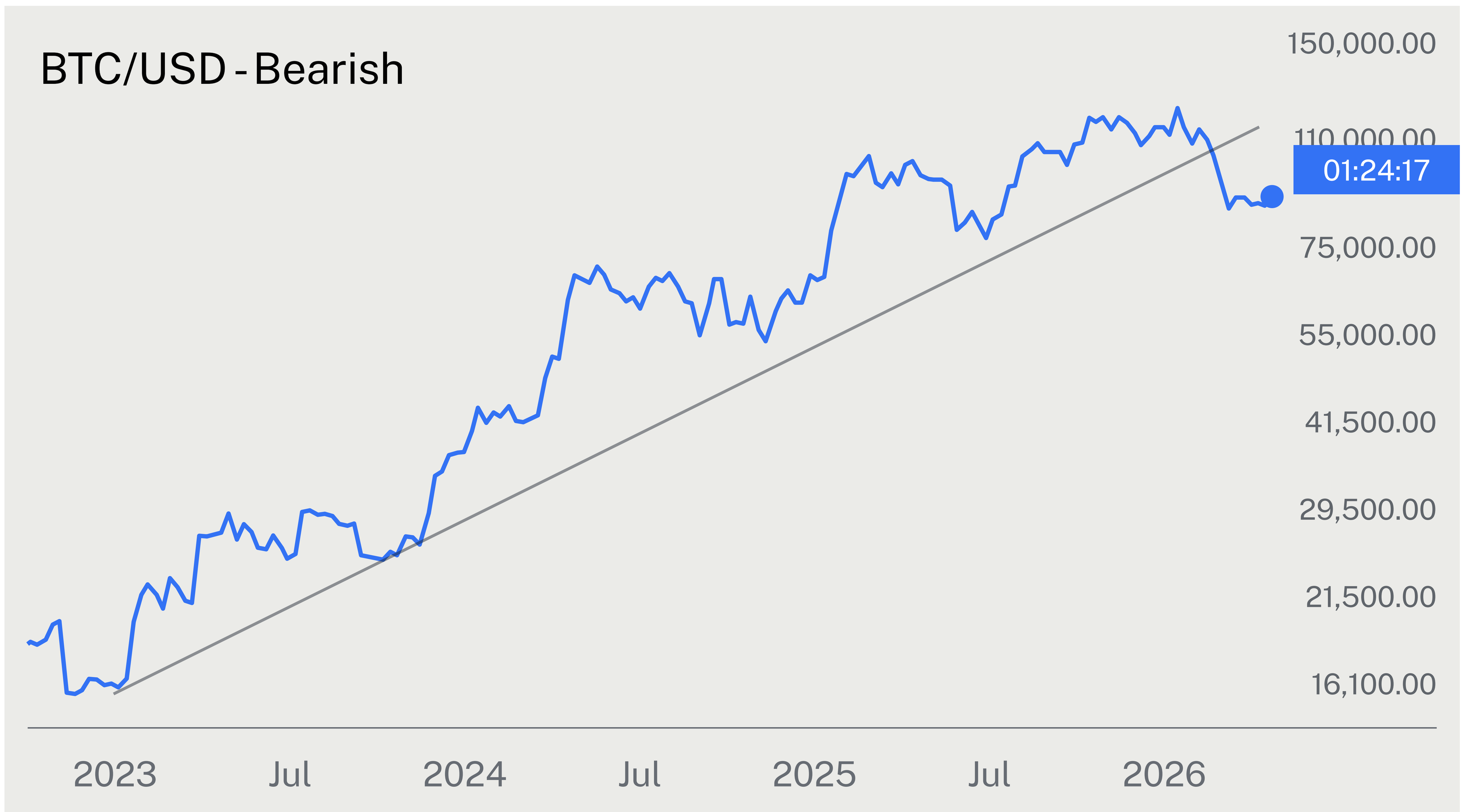
Looking ahead to 2026, and particularly Q1, the macro backdrop remains the dominant driver for crypto and risk assets more broadly. There are times in sport when you need to play offence, and times when you need to play defence and you need both to win championships. Trading and investing are no different. Based on current evidence, 2026 is shaping up as a year where playing defence matters.

Bitcoin has broken down against the US dollar, the Australian dollar, the SP500, ASX 200, and gold. At the same time, gold has broken out bullish, signalling that capital continues to favour defensive assets. On the weekly charts, Bitcoin is showing no relative strength across these benchmarks, suggesting Q1 is more likely to remain bearish, or at best not yet bullish.

From a macro perspective, several major cycles appear to be approaching peaks – the Land Cycle, Benner Cycle, broader economic cycle, the mid-term election cycle, and even the 4-year crypto cycle itself. When multiple cycles align in this way, risk tends to rise rather than fall. Crypto, being highly sensitive to liquidity and sentiment, is particularly exposed.

Importantly, the data can change. But right now, Altcoin Dominance is still in a strong downtrend, which suggests there's no current reason to be taking meaningful exposure in altcoins. Until the charts start proving otherwise, many investors will adopt a defensive strategy, protect their capital and stay selective.





By David Bird

ASX TRADER

Bitcoin this time is NOT different

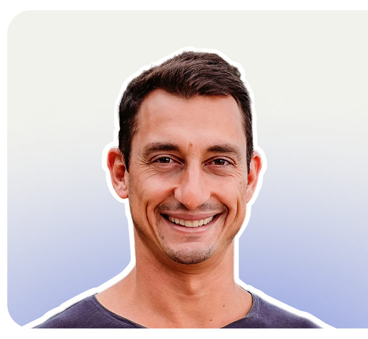
With the Bitcoin cycle topping in October 2025 at $126,000 USD and falling 36% to its $80,000 low in November, it's starting 2026 from a tough position. There are several key indicators, along with macro conditions, that leads us to speculate we may see a relief rally in Q1 before a continuation of the broader down trend.

Time and sentiment indicators have both slowed to levels not seen since the prior bear market in late 2021/early 2022, which lead us to believe this time is not different.

Starting with time: the cycle has concluded a similar ~1060 day count from the cycle low to cycle high. Sentiment has also fallen into Fear and Extreme Fear in recent times. This is also common in bull markets, however, the length that sentiment has remained in Fear is more reminiscent of a macro downtrend, like in 2022.

A more bullish indicator for a strong Bitcoin market is that we haven't yet seen a breakdown of the bull market's top to a 50% level, which stands at $71,000.

If this level is broken, we could see a further fall to lower prices. However, if Bitcoin can hold above this critical support level, and macro conditions ease, 2026 may not be quite as bleak as it appears.



By Jason Pizzino

THE INVESTOR ACCELERATOR

Categories to watch

NFTs: The intersection of tokenisation?

Last quarter, this report identified NFTs as a category to watch; however, it was not the renaissance that many had hoped for. Total NFT market cap declined by over 50% in Q4 2025 as the sector experienced a sharp drop in liquidity. Given market interest has fluctuated, the narrative for NFTs moving into 2026 is, at a glance, challenging.

Framing NFTs by market cap conflates the asset class with its most popular, but arguably least functional, facet, digital art collectibles (like CryptoPunks and Bored Apes). However, many key capabilities of non-fungible tokens overlap with one of crypto's most emergent sectors: tokenisation. Specifically, NFTs function as independently verifiable digital representations of ownership while leveraging the transactional benefits of blockchain technology.

If NFTs can capture their piece of the tokenisation pie, market participants may increasingly consider exposure via underlying infrastructure. How this would take shape remains uncertain. NFTs could become the de facto asset for trading on-chain private equity, in-game collectibles or delivering tickets to sportsgoers.

In such an instance, the winners may not be the big-name NFT collections themselves, but the chains and platforms that facilitate the asset class.

Sentiment around NFTs may be tested in early 2026 with the Q1 release of OpenSea's native token, SEA. As the largest NFT trading platform globally, OpenSea's community uptake and price action could provide insight into how the market is pricing the asset class over the coming year.

Oracle Networks

Decentralised oracle protocols rarely take the narrative spotlight, yet play an essential role within decentralised finance. Securing accurate, real-time, verifiable data – from live price action and trading volumes to external factors like the weather – is key to the world of DeFi. Oracles underpin smart contracts, lending markets, DEX trading and may evolve to address privacy-focussed sectors like digital identity.

Looking forward, a less-deployed use of decentralised data systems sits with crypto's most-used asset class: stablecoins. As adoption expands among institutions and retail alike, trust in underlying reserves becomes paramount. Any far-reaching de-pegging event would cause catastrophic damage to societal confidence in crypto. We only need to look at the aftermath of Terra USD's collapse to catch a glimpse of the potential chaos.

While leading stablecoins are generally highly-reputed, continued growth is likely to introduce new products, regulatory complexity and potential bad actors to the market. So when stablecoin reserves lack transparency, or are outdated, de-pegging risks increase. Oracle frameworks offer a potential solution, delivering near-instant visibility of collateral and reducing reliance on third-party audits. And this same model could be applied across industries of all shapes and kinds that require verifiable data – think Bitcoin treasuries, insurance funds and private credit.

If regulatory scrutiny intensifies and institutional participation accelerates, Oracle infrastructure could emerge as a critical layer for trust, compliance and resilience that connects on-chain innovation with real-world utility.

Top 5 Oracle Projects by USD Market Cap

#	Name	Price	Volume (24h)	Market Cap
1	Chainlink LINK	$14.01	$907,750,433	$9,927,251,433
2	Bittensor TAO	$269.12	$141,915,998	$2,841,323,474
3	Pyth Network PYTH	$0.07110	$26,387,332	$408,832,997
4	XYO XYO	$0.005930	$15,639,147	$80,979,421
5	RedStone RED	$0.2398	$3,890,994	$72,603,939

Source: CoinGecko

Is 2026 the Year of the Stablecoin?

We expect 2026 to be a defining year for AUD denominated stablecoins, with trading volumes across local exchanges potentially expanding by thousands of percent in the next 12 months. Corporates will start to test the use of regulated stablecoins in areas including payments and international remittance by H2. It is also likely that Australian businesses will diversify a percentage of their cash equivalents into AUD-pegged digital assets to improve capital efficiency and treasury returns, rather than hold idle cash.

The United States provided a legislative framework for USD-denominated digital assets, accelerating institutional participation. This has had a transitional impact on US money markets. By the end of Q4 2025, Tether, the biggest stablecoin issuer in the world, held over $100 billion USD worth of government-issued debt (or Treasury Bills). In doing so, stablecoins help absorb the trillion-dollar supply of US debt, with some institutions like Citigroup and ABA suggesting this growing demand may put downward pressure on government borrowing costs.

We can apply this same lens to Australia. Several major Aussie stablecoin projects have launched, including AUDD, AUDM and AUDX. Subject to legislation, feedback from our corporate clients suggests we are likely to see an explosion in AUD-backed stablecoin adoption over the next five years. Modelling by Swyftx suggests a scenario that if local adoption follows global trends, AU stablecoin issuers could become a top ten holder of local government debt by 2035 – which is expected to hit $1 trillion AUD this quarter. This projection assumes an average annual increase of $10 billion in stablecoin market capitalization by AUD denominated stablecoins, a figure extrapolated from the current trajectory of USD-backed reserves.

If this comes to fruition, it could have a profound effect on the local economy. Lower borrowing costs means more money for the government to spend on essential services, greater liquidity across national institutions and potentially lower 'benchmark' rates across the country.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