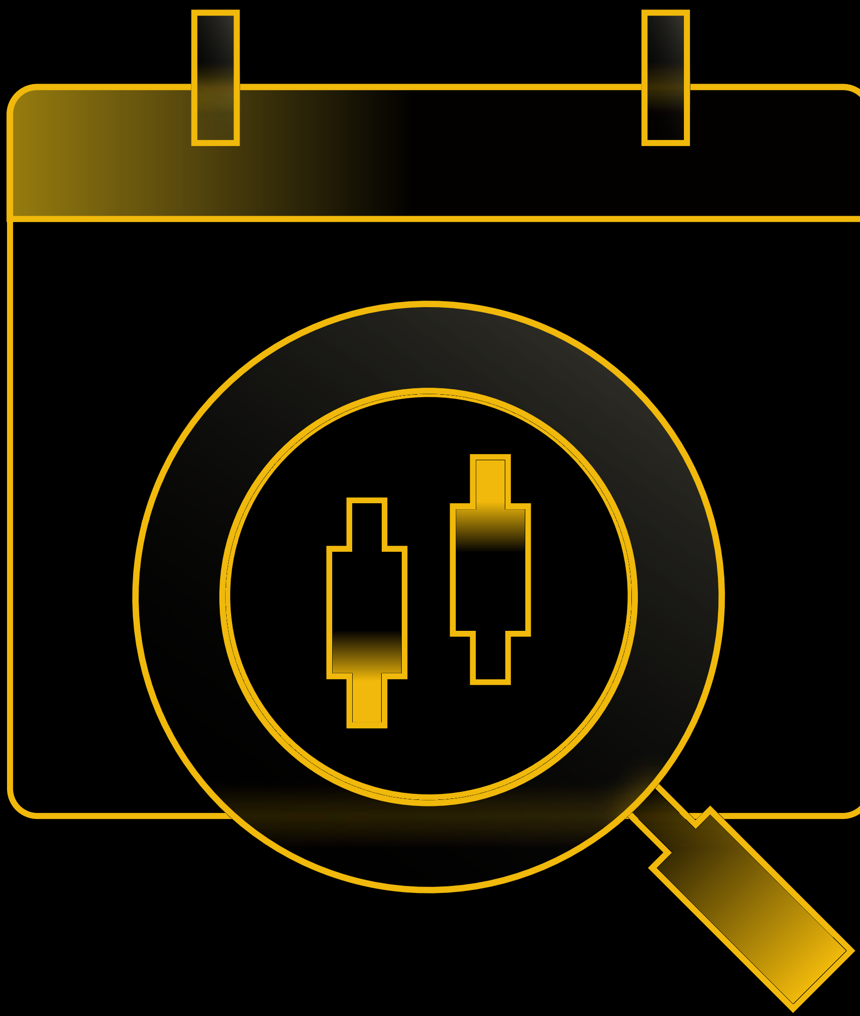
BINANCE
— RESEARCH

MONTHLY MARKET INSIGHTS

JANUARY 2026



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01 / Key Takeaways

- In December, cryptocurrency markets continued its decline amid cautious investor sentiment despite the Fed easing, with Bitcoin and Ethereum gaining dominance as treasury companies continued accumulating. January may mark a turning point for the bearish momentum, as investors consider rotating back into cryptocurrencies from overvalued asset classes.

- Metals dominated 2025 as the standout asset class, driven by a convergence of monetary easing, AI demand, and a shift toward "Commodity Control," where sovereign actors actively weaponize supply chains and accumulate reserves. Despite benefiting from similar macro tailwinds, Bitcoin diverged in Q4 due to the absence of a "Strategic Asset Premium" – meaning it lacked state-level support (the so-called "Sovereign Put") that currently underpins physical commodities. However, this divergence may be transient: as U.S. legislation moves to institutionalize a Strategic Bitcoin Reserve and potentially pivot from holding seized assets to active fiscal procurement, Bitcoin’s valuation framework is poised to realign with that of strategic metals.

- Market participants are pricing in a faster easing for 2026 – driven by tariff shocks, labor fragility, and a dovish leadership pivot – while simultaneously demanding a higher long-term premium to compensate for "Fiscal Dominance" and a looming $50T+ debt wall. This steepening curve rejects the Fed's "soft landing" narrative and creates a perfect setup for Bitcoin to capitalize on both the short-term influx of cheap liquidity and the long-term erosion of fiat credit.

- Altcoin ETFs have attracted mostly positive inflows since launch, lifting cumulative flows above US$2B, led primarily by XRP and SOL with smaller but steady contributions from other assets. In contrast, BTC and ETH spot ETFs have experienced persistent outflows since October, highlighting a divergence in marginal demand as market momentum has slowed. While still early, additional altcoin ETF approvals and sustained inflows could increasingly shape liquidity distribution, particularly if broader market inflows re-accelerate.

- In 2025, six new stablecoins surpassed US$1B, showing varied growth based on their target users. Consumer-focused coins like PYUSD and USD1 had volatile growth, while institutional coins BUIDL and RLUSD showed distinct adoption patterns. As their global adoption continues, stablecoin metrics are becoming increasingly important indicators of global financial activity.

02 / Crypto Market Performance

In December, total cryptocurrency market capitalization declined by 3.8%, extending the negative price momentum from the previous month. Despite the Federal Reserve cutting interest rates and marking the end of quantitative tightening, the added liquidity has not flowed into cryptocurrencies. Markets remain cautious due to concerns over inflation and a rising unemployment rate, which continue to weigh on investor sentiment.

Both Bitcoin and Ethereum's market dominance gained slightly in December to 59.1%, and 12% respectively as markets pulled back, showing that altcoins are suffering from selloffs while Bitcoin and Ethereum remain steady. Despite the bearish momentum in the cryptocurrency market, treasury companies such as Strategy and Bitmine have continued to accumulate digital assets in their balance sheets. This indicates their confidence in the long-term potential of cryptocurrencies despite short-term market challenges.

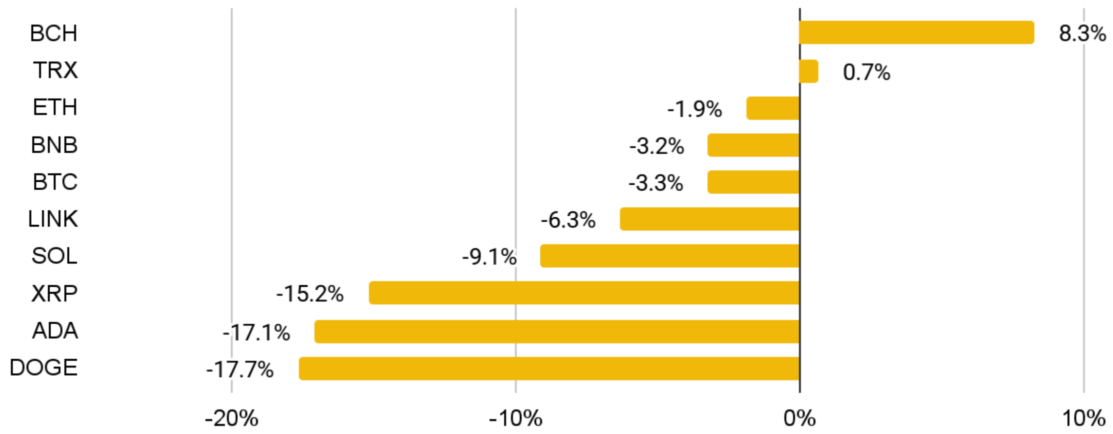
Looking ahead, January could serve as an inflection point for the markets, potentially triggering a rotation back into cryptocurrencies. This shift may be driven by the fact that many other asset classes are currently overvalued, prompting investors to seek opportunities in the crypto space.

Figure 1: Monthly crypto market capitalization decreased by 3.8% in December

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2025	4.3	-20.2	-4.4	10.8	10.3	2.6	13.3	-1.7	4.3	-6.1	-15.4	-3.8
2024	0.4	40.0	16.3	-11.3	8.6	-11.4	5.6	-12.4	8.0	2.8	39.9	-4.5
2023	30.4	3.4	9.3	3.2	-6.0	3.3	1.0	-8.8	2.6	19.0	11.0	15.2
2022	-22.6	-0.3	25.3	-18.1	-25.2	-31.7	21.8	-11.4	-2.1	7.2	-18.0	-4.5
2021	33.9	39.6	31.1	11.4	-25.7	-5.9	12.5	25.2	-9.9	42.9	-1.0	-15.0

Source: CoinGecko
As of December 31, 2025

Figure 2: Monthly price performance of the top 10 coins by market capitalization



Source: CoinMarketCap
As of December 31, 2025

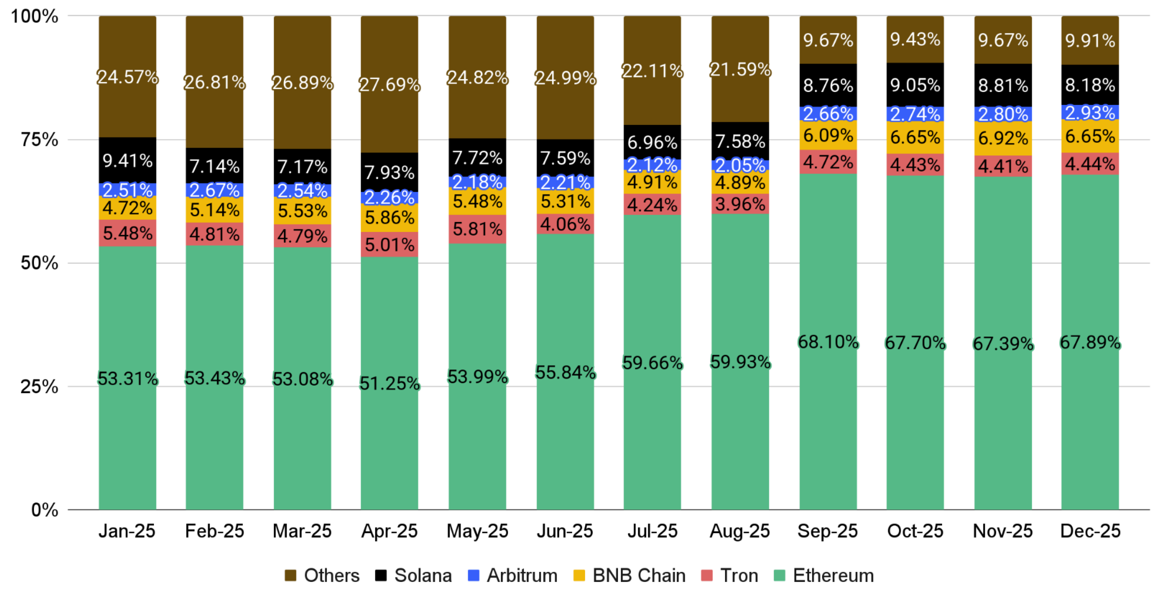
In descending order of performance:

- BCH increased by 8.3%, supported by its recent upgrade enabling integration with the NEAR network, thereby facilitating interoperability between the two platforms.
- TRX gained slightly by 0.7% amid Kalshi's announcement of its integration with the Tron network, a move expected to enhance liquidity in the largest prediction market.
- ETH declined by 1.9% in December, despite the successful implementation of the Fusaka upgrade and increased clarity surrounding the upcoming Glamsterdam fork and Hegota upgrade in 2026.
- In December, Bitcoin fell to around US$84.5K – a level last seen in April 2025 – before rebounding to close the month near US$88.5K, a 3.2% decline.
- LINK experienced a 6.3% drop in December, alongside the commencement of trading for the first LINK ETF, launched by Grayscale.
- BNB fell by 5.8% together with the broader markets.
- SOL's price slipped 9.1% in December, despite this, Visa has launched USDC settlements on the Solana blockchain for its U.S. institutional clients. The long awaited Firedance validator client also went live on the mainnet.
- XRP fell by 15.2%, while XRP ETFs continue to see huge interest, with the cumulative inflows exceeding US$1B.
- In December, ADA continued its decline, falling 17.1%. Midnight protocol, a privacy protocol launched by Cardano's founder, aiming to supercharge Cardano's DeFi ecosystem and attract more users.

- Doge dropped the most among the top 10 cryptocurrencies, falling over 17.7% in December.

2.1 Decentralized Finance (DeFi)

Figure 3: TVL share of top blockchains

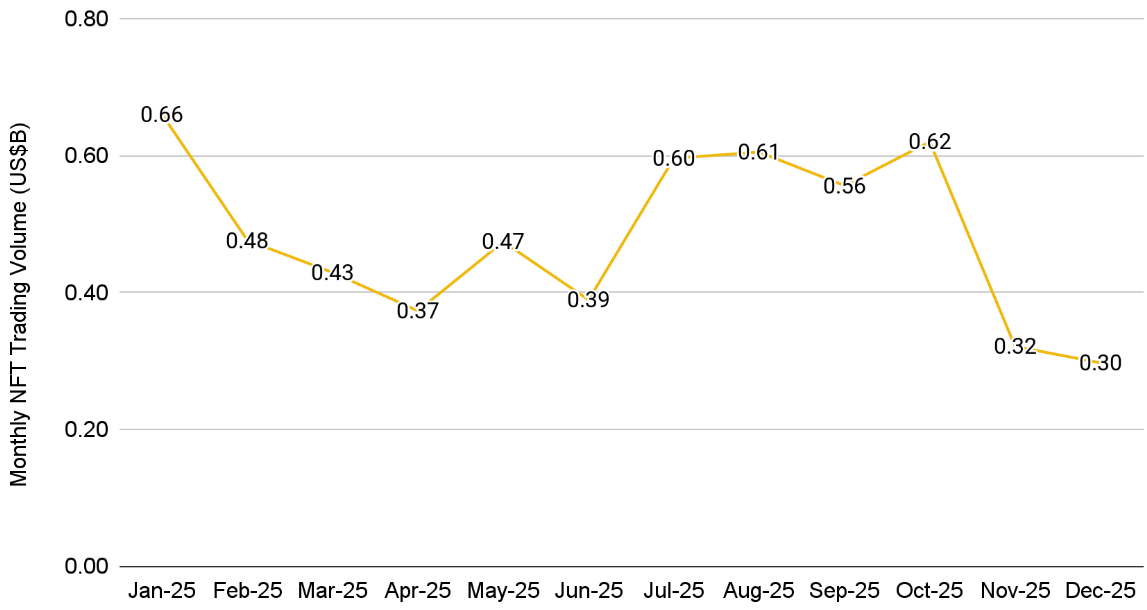


Source: DeFiLlama
As of December 31, 2025

In December 2025, DeFi Total Value Locked (TVL) fell by 1.76% month-on-month (MoM). Among the top five DeFi ecosystems, only Ethereum, Tron and Arbitrum saw a growth in market share while others recorded a slight decline, with BNB Chain and Solana experiencing a greater loss in market share. Stablecoin activity rose during the month as market volatility triggered a flight to safety among investors. The stablecoin market capitalization rebounded slightly by 0.54%, reversing the downward momentum. The total stablecoin market cap still stands above US$300B, highlighting the strong foundation and consistent demand for stablecoin activity. USDT's market cap experienced modest growth, while USDC fell, widening the gap between the two key players in the stablecoin market.

2.2 Non-Fungible Tokens (NFTs)

Figure 4: Monthly NFT trading volume



Source: CryptoSlam
As of December 31, 2025

In December 2025, the NFT market saw total sales volume fall further by 7.47%, continuing the decline from previous months and hitting a low this year.

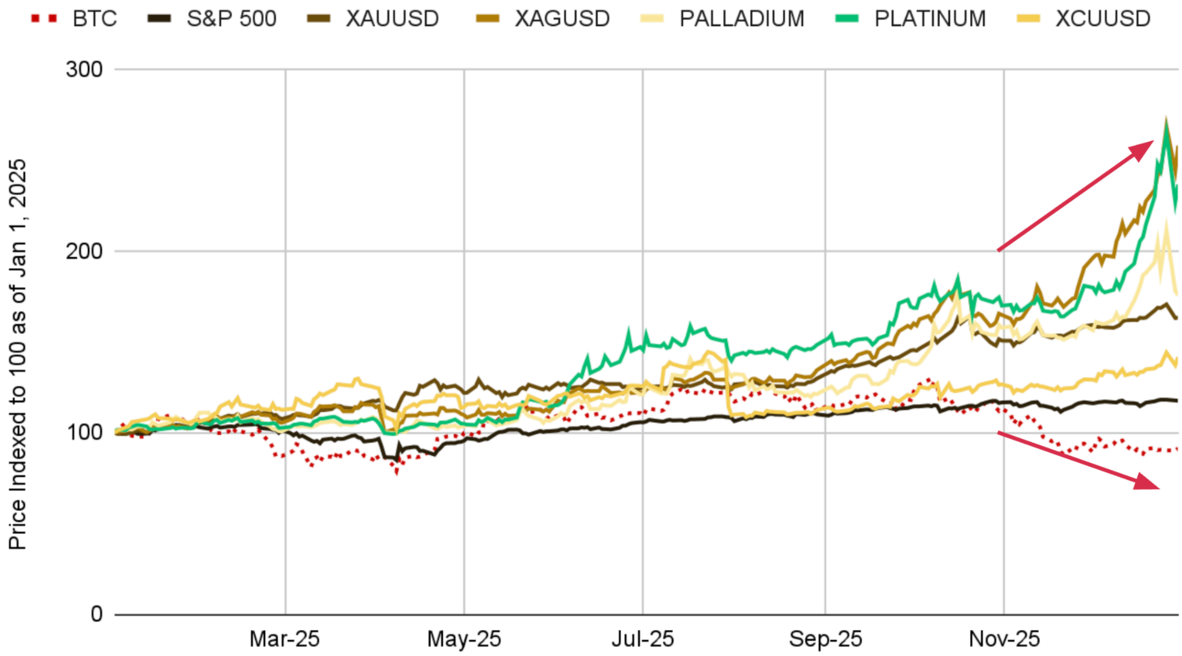
Ethereum-based NFTs maintained their lead, but fell sharply by 55% in total sales volume. Bitcoin-based NFTs experienced a 50% increase in sales volume, primarily driven by the performance of a single NFT collection, $X@AI, securing the second position in the market. In contrast, BNB NFTs saw a significant decline, with sales volume decreasing by 75%. Among the top 20 NFT collections, DMarket on Mythos clinched second place this month due to a drop in sales volume, while Courtyard by Polygon grew 30% to take third place. Popular Ethereum-based NFT Pudgy Penguins, Bored Ape Yacht Club and CryptoPunks all experienced a steep drop in sales volume.

As the cryptocurrency market experiences a cooling phase and shifts focus away from speculative assets such as altcoins and NFTs, investor interest in purchasing NFTs has notably declined.

03 / Charts of the Month

Why Metals Outperformed Bitcoin in 2025

Figure 5: BTC and metals moved together until November, then decoupled



Source: Tradingview, Binance Research
As of December 31, 2025

Metals emerged as the year's standout asset class, with both precious and industry metals hitting all-time highs. This rally is driven by a "perfect storm" of three converging factors:

- **Monetary & Physical Demand:** Fed cuts and lower real yields have revived investment demand, while Central Bank buying and AI data center construction (boosting Copper Silver) provide a rigid floor.
- **Supply Squeezes:** Silver is facing a potential "short squeeze" driven by mining disruptions and retail substitution effects.
- **The "Commodity Control" Paradigm:** Escalating geopolitical friction (Venezuela, Nigeria, and APAC) has shifted the market narrative from free trade to "Supply Chain Security." Metals are no longer just commodities; they are assets wielded at a sovereign level.

Despite sharing the **same fundamental macro tailwinds as precious metals** – specifically finite supply and hedging properties against instability – Bitcoin did not mirror the explosive year-end rally of physical commodities which happened after the U.S government shut down uncertainty eased.

We attribute this divergence to a single critical factor: **The "Strategic Asset" Premium.**

The Shared DNA: Both Bitcoin and Gold benefit from the debasement of fiat currency and the desire for assets outside the traditional banking system. The geopolitical instability cited above should also have lifted both equally (e.g. BTC/Gold positive return in both 30/90 days window after 2020 Middle East & 2022 East Europe tensions).

The Critical Difference is sovereign participation. The metals rally is currently powered by state-level actors:

- **Sovereign Buying:** Central Banks are aggressively accumulating Gold for reserve diversification.
- **Weaponization:** Nations are actively restricting exports or securing supply chains for strategic minerals (Rare Earths, Copper, Silver), adding a "scarcity premium" backed by government policy.

Bitcoin currently lacks this "**Sovereign Put**." It is not yet widely treated as a strategic national reserve asset, nor does it enjoy the price support derived from state-level supply control or protectionism. This could be one of the primary reasons for the year-end decoupling.

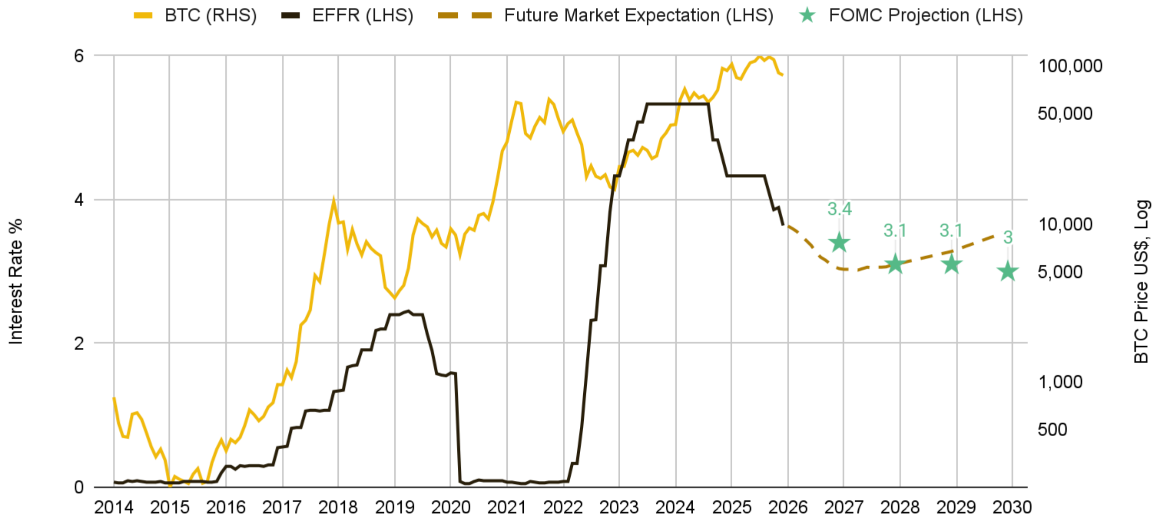
However, this divergence may be temporary. The "Strategic Asset" gap is poised to narrow as the U.S. **advances legislation to institutionalize a Strategic Bitcoin Reserve**.

While the 2025 Executive Order successfully established a **reserve framework,** it is currently capitalized solely by seized assets. The legislative push now aims to pivot this strategy towards **active procurement,** exploring the unprecedented use of fiscal funds for direct spot purchases.

As these policy shifts gain traction in Congress, Bitcoin's status is expected to **gradually align with the strategic importance** currently reserved for metals.

The "Short-Dovish, Long-Hawkish" Paradigm

Figure 6: The Rate Paradox—Lower for Now, Higher for Longer



Source: Tradingview, Binance Research
As of December 31, 2025

Figure 6 which combines BTC price, the Effective Federal Funds Rate (EFFR), futures market expectations, and FOMC projections, shows the divergence in macro paradigms between the market and the Fed. This disconnect forms the core thesis for current asset allocation.

1. Short-Term Dovish (2026-2027): Market participants are betting on a faster cut. The market believes the Fed is underestimating economic fragility or that the 2026 leadership changes will lead to a significant dovish shift while the FOMC Dot Plot signals a gradual easing path:

- Lagged impact of tariff war, geopolitical tensions or supply chain disruptions
- Widening cracks in the labor market
- All four candidates for Fed Chair in 2026 are significantly more dovish than Powell

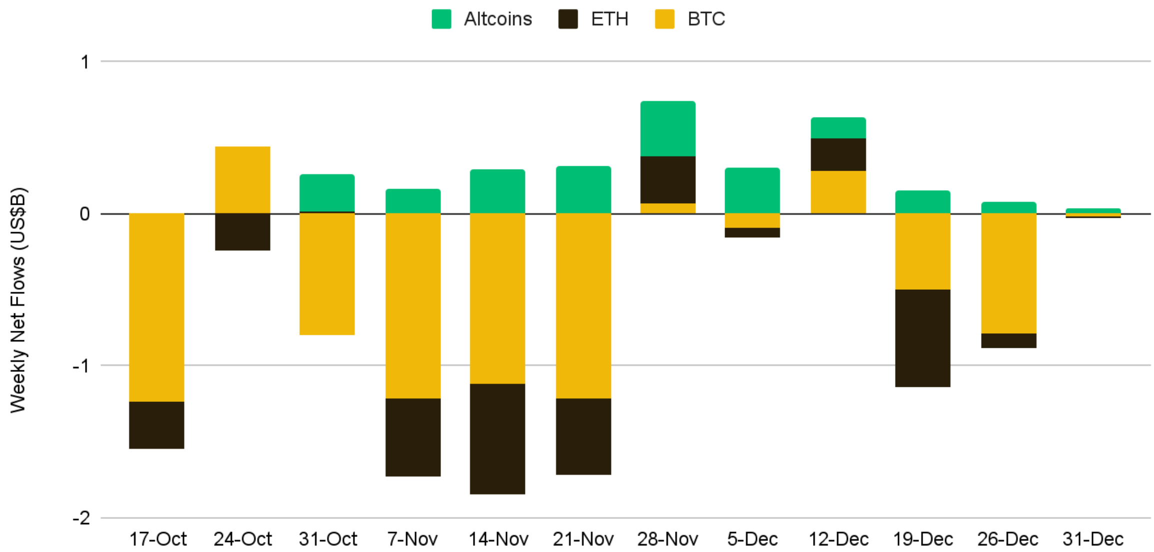
Both would lead the Fed to slashing rates deeper and faster than official projections over the next two years.

2. Long-Term Hawkish (2028+): Pricing in "Fiscal Dominance" The market rejects the notion that rates can return to pre-pandemic lows or the Fed's projected 3% neutral rate. Instead, it is pricing in a **"High Debt, High Inflation"** new normal. Driven by a national debt surpassing **US$38 trillion** (**US$50T+** when 2030) and structural AI-driven energy inflation, investors are demanding a higher **term premium**, signaling that the cost of capital has been structurally re-rated upwards and the era of low interest rates is officially over.

By the end of 2025, although BTC remains subdued due to year-end liquidity shortages. If the market unfolds as expected, it may well fit the backdrop Bitcoin favors: short-term influx of cheap dollar liquidity, alongside long-term fiscal and fiat credit deterioration.

Recent ETF Flows Favor Altcoins Over BTC and ETH

Figure 7: Spot altcoin ETFs have posted steady net inflows since launch, surpassing US$2B to dat



Source: SoSoValue, Binance Research
As of December 31, 2025

Since October, BTC and ETH spot ETFs have experienced persistent weekly net outflows, while newly launched altcoin ETFs have posted mostly positive inflows, lifting cumulative altcoin ETF flows above US$2B since launch. This divergence highlights a shift in marginal demand, away from the two largest assets as the market slows.

Altcoin ETF inflows have been concentrated primarily in XRP and SOL products, with additional contributions from ETFs tracking assets such as LTC, LINK, and DOGE, albeit at more modest levels. While these flows remain small in absolute terms relative to BTC ETFs, their consistency stands out, particularly against the backdrop of continued BTC and ETH outflows. These new ETFs appear to be capturing incremental, non-rotational capital, rather than flows simply rotating out of BTC or ETH.

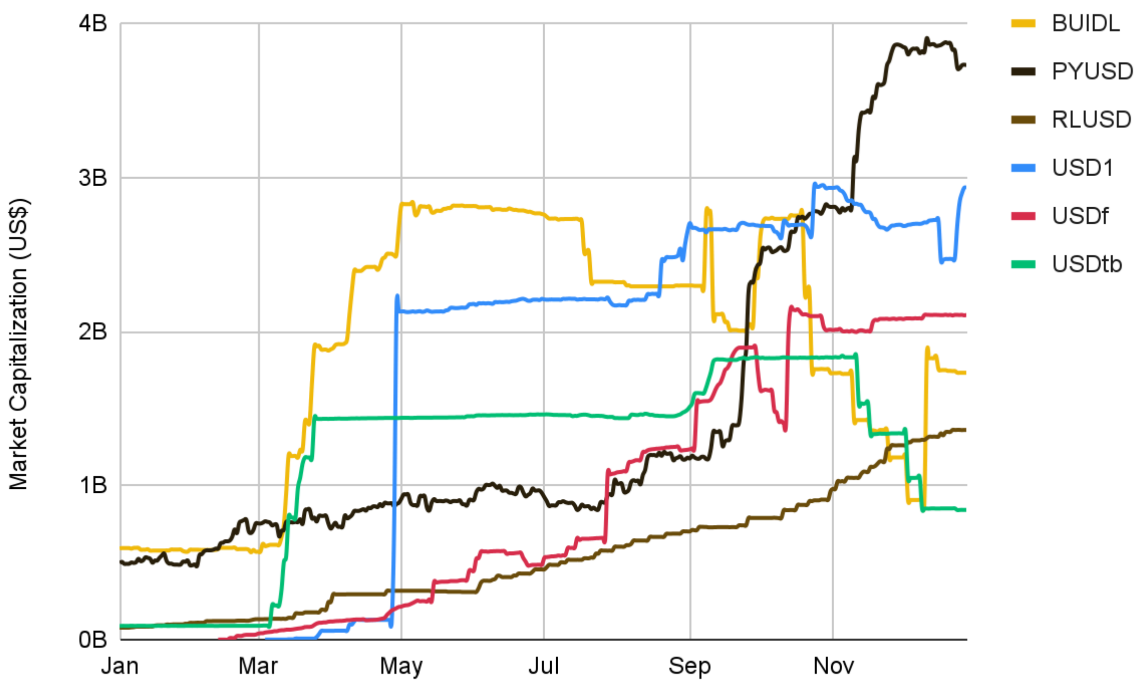
This suggests that these products are functioning as new access points for TradFi investors, rather than substitutes for existing ETF exposure. As with ETH, the second spot ETF approved after BTC, early adoption is typically gradual, with flows stabilizing before potentially building over time as familiarity and distribution increase.

From a broader liquidity perspective, this divergence aligns with how capital has behaved over the current cycle. Earlier in the year, spot ETFs, stablecoin issuance, and Digital Asset Treasury (DAT) activity were among the clearest indicators of fresh capital entering the crypto ecosystem. These channels have slowed in recent weeks, contributing to weaker overall market momentum. Historically, sustained market recoveries have required not only a re-acceleration of these liquidity inflows, but also broader participation beyond BTC and ETH, particularly into altcoins.

Although still early, steady inflows into altcoin ETFs, alongside a growing pipeline of filings and pending approvals, suggest this segment could increasingly shape crypto market liquidity. If ETF-related inflows begin to scale meaningfully and expand across a wider set of assets, they may act as an important catalyst for broader market strength.

Six New Stablecoins Cross US$1B Milestone in 2025

Figure 8: Market demand for new stablecoins is on display, with six of them rising to a prominent US$1B in market cap during 2026



Source: Artemis, Binance Research
As of December 31, 2025

The **six new stablecoins that reached US$1B** in market capitalization displayed significantly varied growth curves in 2025. As new stablecoins which **serve differing audiences and purposes emerge**, fluctuations in their respective market capitalizations could become prominent, publicly available, macroeconomic indicators.

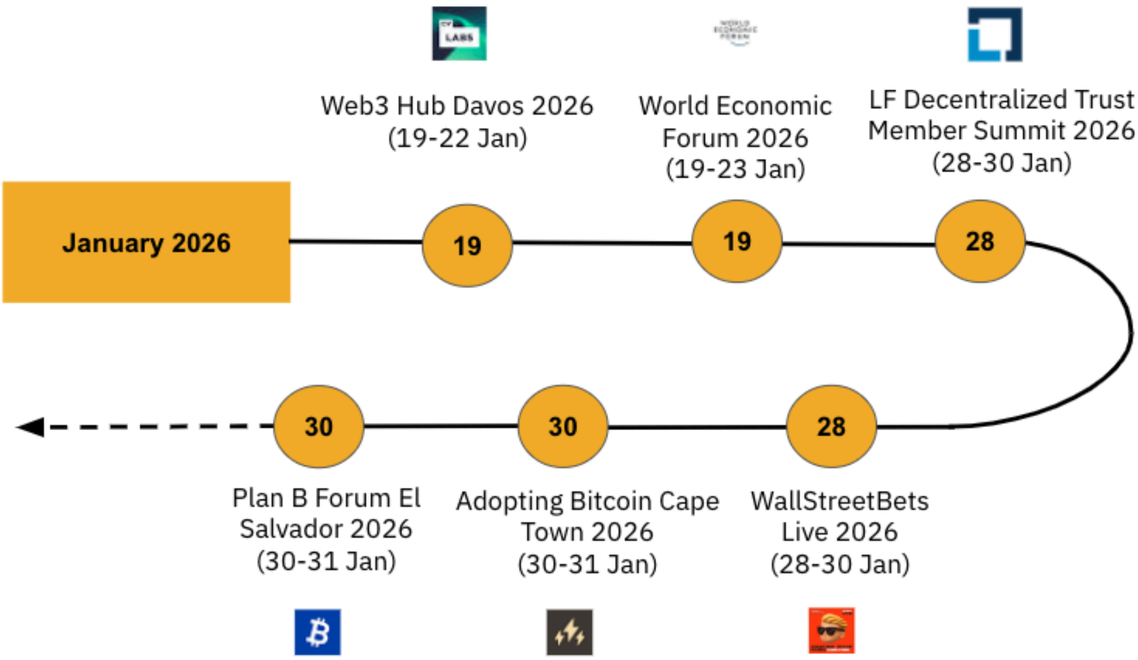
Consumer-targeted stablecoins like PYUSD and USD1 experienced **volatile growth curves**. PYUSD growth was driven largely by yield incentives supplied to DeFi users on Ethereum and Solana. Similarly USD1, following the US$2B injection from its usage to settle **MGX's investment into Binance**, saw volatile growth, with the latest uptick being fueled by **Binance's 20% APR USD1** campaign.

Institutional-focused stablecoins like BUIDL and RLUSD displayed dramatically different adoption curves. BUIDL grew in more of a **step-function pattern**, as institutions piled into the new product during the first half of the year, and exited gradually throughout H2, likely driven by macroeconomic uncertainty surrounding the value of the dollar. RLUSD displayed a **steady upward trend**, perhaps indicative of its controlled, institutional use case-focused growth.

As stablecoins increasingly become a core component of the global financial system, publicly available stablecoin metrics could quickly **become significant indicators of global financial activity and economic sentiment**.

04 / Upcoming Events and Token Unlocks

Figure 9: Notable Events in January 2026



Source: Cryptoevents, Binance Research

Figure 10: Largest token unlocks in US$ term

PROJECT	TOKEN	UNLOCK IN US$ EQUIVALENT	% OF SUPPLY	UNLOCK DATE
	ONDO	742M	19.4%	18 January
	RAIN	267M	3.25%	10 January
	TRUMP	251M	5.07%	18 January
	SUI	78M	0.55%	1 January
	ASTER	54M	0.98%	17 January
	ENA	36M	1.15%	5 January
	ZRO	31M	2.47%	20 January
	PLUME	29M	14.7%	21 January
	APT	19M	0.95%	12 January
	PUMP	18M	1.00%	14 January

Source: CryptoRank, Binance Research

05 / References

defillama.com/
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cryptoslam.io/
token.unlocks.app/
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itez.com/events
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06 / New Binance Research Reports

Navigating Crypto: Industry Map **Link**
An overview of different verticals in crypto

Monthly Market Insights - December 2025 **Link**
A summary of the most important market developments, interesting charts and upcoming events

About Binance Research

Binance Research is the research arm of Binance, the world's leading cryptocurrency exchange. The team is committed to delivering objective, independent, and comprehensive analysis and aims to be the thought leader in the crypto space. Our analysts publish insightful thought pieces regularly on topics related but not limited to, the crypto ecosystem, blockchain technologies, and the latest market themes.

Moulik Nagesh

Macro Researcher

Moulik is a Macro Researcher at Binance and has been involved in the cryptocurrency space since 2017. Prior to joining Binance, he held cross-functional roles at Web3 and Silicon Valley-based tech companies. With a background in co-founding startups and a BSc in Economics from the London School of Economics and Political Science (LSE), Moulik brings a well-rounded perspective to the industry.

Joshua Wong

Macro Researcher

Joshua is currently a Macro Researcher at Binance. He has been active in the cryptocurrency space since 2019. Prior to joining Binance, he worked as a product manager at a Web3 fintech startup and as a market analyst at a DeFi startup. He holds a Bachelor of Laws (LLB) from Durham University.

Michael JJ

Macro Researcher

Michael is a macro researcher at Binance. Prior to this, he worked as an economist at a U.S. private wealth management firm, focusing on cross-asset allocation. He also served as editor-in-chief at a media company, overseeing cryptocurrency reporting and educational content. Earlier in his career, he was a consultant at Ernst & Young and a crude oil trader at an energy firm.

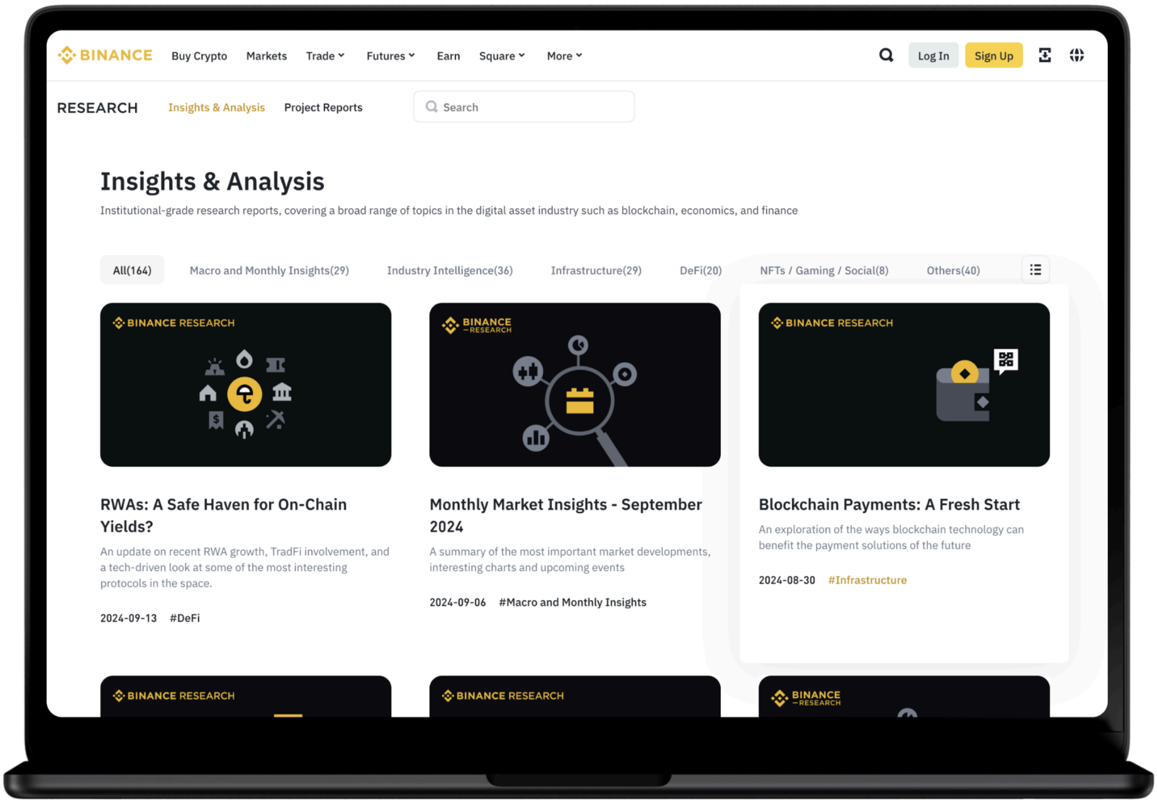
Asher Lin Jiayong

Macro Research Intern

Asher is currently a Macro Research Analyst Intern at Binance. Prior to this, he worked at a token management platform in New York and as a data analyst in a Swedish AI startup. He holds a Bachelor of Science in Business Analytics from the National University of Singapore and has been involved in the cryptocurrency space since 2018.

Resources

Binance Research **Link**



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