SEBAL CAPITAL

November, 2025

Monthly Research Report November 2025

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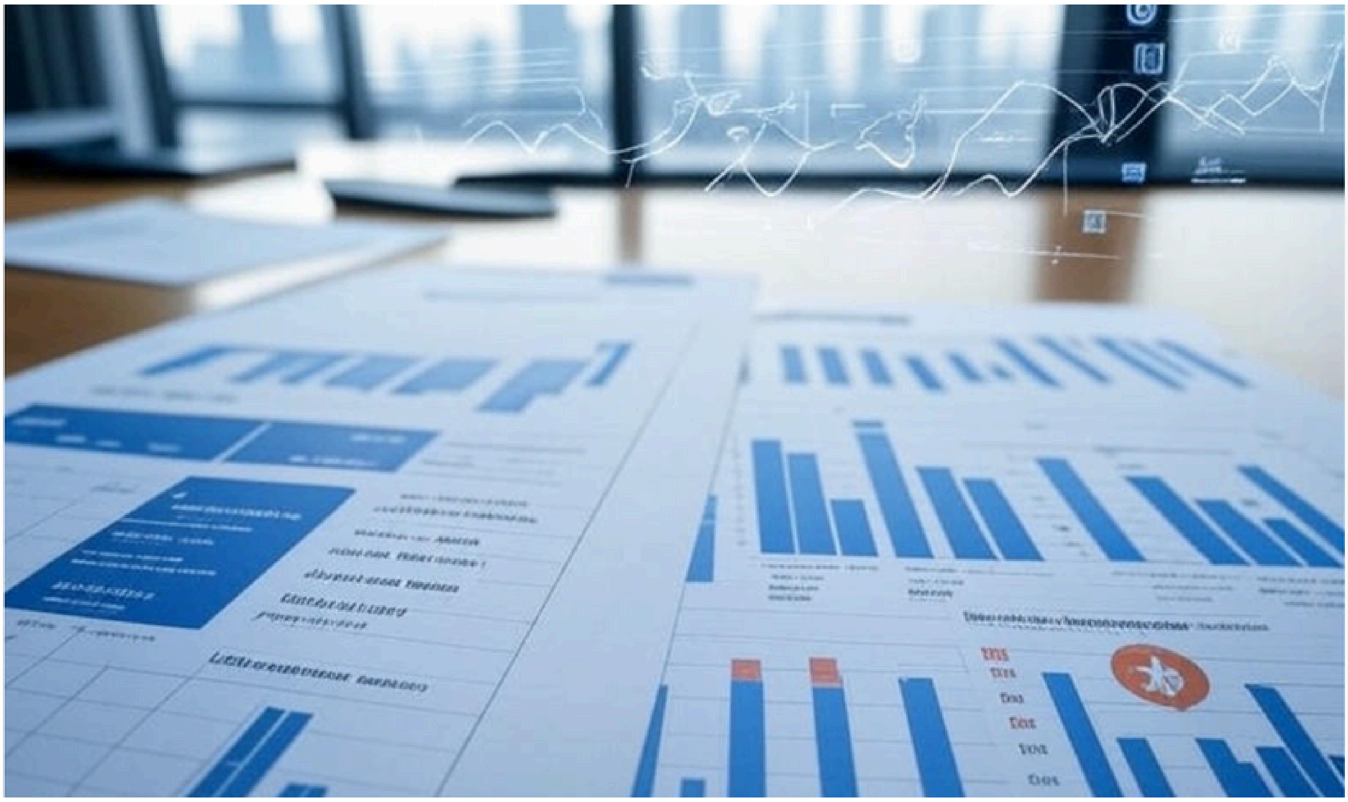

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Executive Summary

October failed to deliver its usual seasonal strength and instead produced one of the more significant deleveraging events in recent crypto market history. A confluence of macro uncertainty, heavy positioning, and geopolitical headlines drove a sharp reduction in risk exposure across digital assets. The U.S. government shutdown limited key data releases, leaving markets without the typical macro signals investors rely on. At the same time, the Federal Reserve delivered a 25 bps cut but paired it with unusually cautious guidance, emphasizing “driving in the fog” and declining to endorse further easing. That tone, combined with heightened U.S.–China tariff tensions, pushed investors into capital preservation mode and triggered systematic de-risking.

The liquidation cascade following the October 10–11 tariff headlines erased nearly a quarter of total digital-asset capitalization at one point, with roughly $19B in leveraged positions flushed out and spot markets shedding close to $900B in value. Bitcoin finished the month down 3.43%, breaking its long-standing Uptober streak, while Ethereum declined 11% after failing to hold key support levels. Despite the severity of the move, market structure remained orderly, liquidity recovered into month-end, and the stablecoin base expanded to a record $308B. The combination of capital sitting in stablecoin reserves and sharply lighter positioning leaves the market better balanced heading into November.

Institutional behavior diverged from speculative flows. U.S. spot Bitcoin ETFs attracted approximately $3.6B in net inflows over the month, even as short-term traders were unwinding leverage. Ethereum ETFs saw a similar pattern, with net inflows early in the month followed by tactical selling during the stress window. This reinforces a dynamic that has become increasingly clear throughout the year: liquidity-driven volatility can distort near-term price action, but longer-duration capital continues to accumulate exposure. That trend is also evident in corporate adoption, where public companies now hold roughly 1.1M BTC, representing more than five percent of supply, with U.S. firms leading by a wide margin.

In summary, October was defined by macro opacity, a geopolitical-sparked deleveraging shock, and a meaningful but healthy reset in positioning. Yet the structural bid underpinning this market remains intact. Policy clarity, a still-elevated stablecoin liquidity buffer, and continued ETF inflows position the asset class for recovery as volatility normalizes and macro visibility improves. The month closed with sentiment stabilizing, positioning cleansed, and institutional demand continuing to express through regulated vehicles, setting the stage for a more constructive backdrop if policy and geopolitics moderate into year-end.

Time	January	February	March	April	May	June	July	August	September	October	November	December
2025	+9.29%	-17.39%	-2.3%	+14.08%	+10.99%	+2.49%	+8.13%	-6.49%	+5.16%	-3.43%		
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+7.29%	+10.76%	+37.29%	-2.85%
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
2022	-16.68%	+12.21%	+5.39%	-17.3%	-15.6%	-37.28%	+16.8%	-13.88%	-3.12%	+5.56%	-16.23%	-3.59%
2021	+14.51%	+36.78%	+29.84%	-1.98%	-35.31%	-5.95%	+18.19%	+13.8%	-7.03%	+39.93%	-7.11%	-18.9%
2020	+29.95%	-8.6%	-24.92%	+34.26%	+9.51%	-3.18%	+24.03%	+2.83%	-7.51%	+27.7%	+42.95%	+46.92%
2019	-8.58%	+11.14%	+7.05%	+34.36%	+52.38%	+26.67%	-6.59%	-4.6%	-13.38%	+10.17%	-17.27%	-5.15%
2018	-25.41%	+0.47%	-32.85%	+33.43%	-18.99%	-14.62%	+20.96%	-9.27%	-5.58%	-3.83%	-36.57%	-5.15%
2017	-0.04%	+23.07%	-9.05%	+32.71%	+52.71%	+10.45%	+17.92%	+65.32%	-7.44%	+47.81%	+53.48%	+38.89%
2016	-14.83%	+20.08%	-5.35%	+7.27%	+18.78%	+27.14%	-7.67%	-7.49%	+6.04%	+14.71%	+5.42%	+30.8%
2015	-33.05%	+18.43%	-4.38%	-3.46%	-3.17%	+15.19%	+8.2%	-18.67%	+2.35%	+33.49%	+19.27%	+13.83%
2014	+10.03%	-31.03%	-17.25%	-1.6%	+39.46%	+2.2%	-9.69%	-17.55%	-19.01%	-12.95%	+12.82%	-15.11%
2013	+44.05%	+61.77%	+172.76%	+50.01%	-8.56%	-29.89%	+9.6%	+30.42%	-1.76%	+60.79%	+449.35%	-34.81%

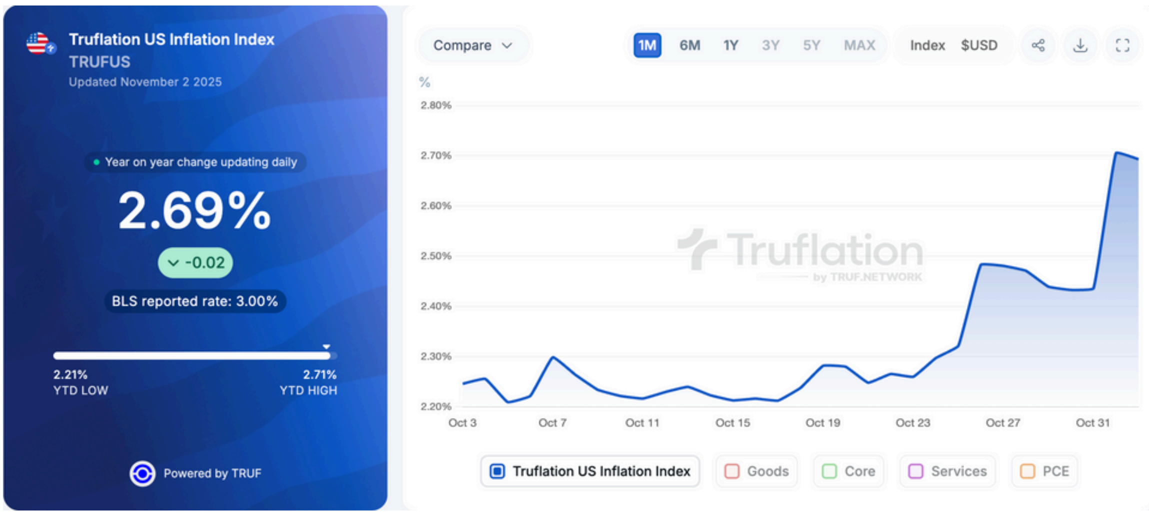
Macroeconomic & Market Overview

Macroeconomic picture

Financial markets navigated a challenging macro backdrop in October, with policy uncertainty, liquidity tightening, and geopolitical developments contributing to elevated volatility. The month opened without key data releases due to the U.S. government shutdown, reducing visibility into the economic trajectory at a time when positioning across risk assets remained extended. The Federal Reserve delivered a 25 bps rate cut to 3.75–4.0 percent, yet Chairman Powell maintained a cautious tone, emphasizing data dependence and confirming that quantitative tightening will conclude on December 1. That combination of limited macro signal, ongoing liquidity absorption, and measured policy communication kept investors focused on monetary-policy cadence and system-liquidity conditions rather than near-term growth dynamics.

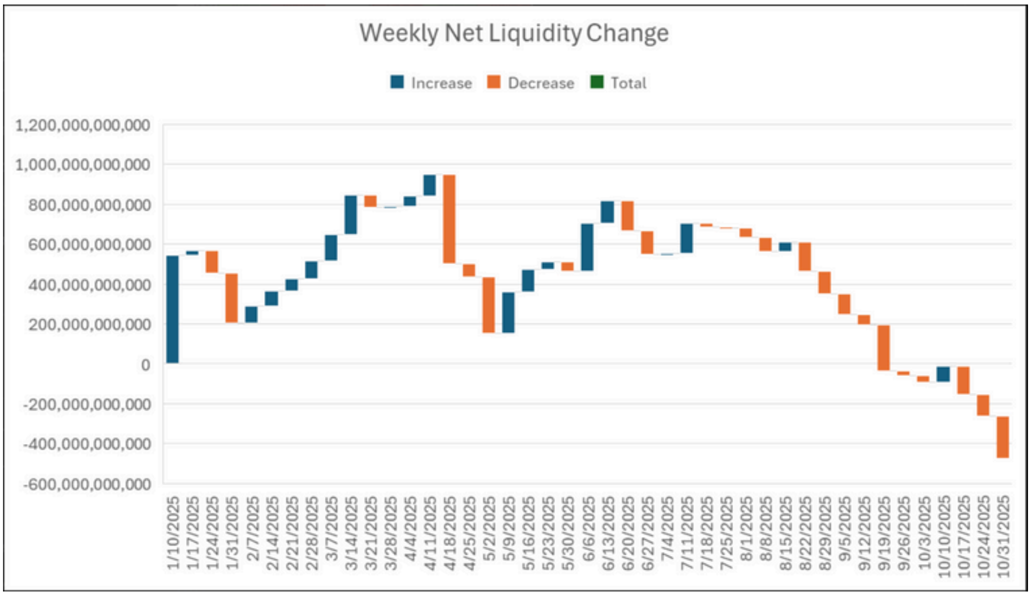
United States – Policy, liquidity, and growth dynamics:

Market focus in October centered on monetary-policy guidance and liquidity conditions rather than underlying economic weakness. Chair Powell reiterated a cautious stance following the 25 bps rate cut, emphasizing data dependence and a gradual approach to easing as the Fed prepares to end quantitative tightening on December 1. Real-time inflation indicators such as Truflation tracked near 2.7 percent, broadly aligned with the Fed's objective and supportive of a slower glide-path lower in rates.

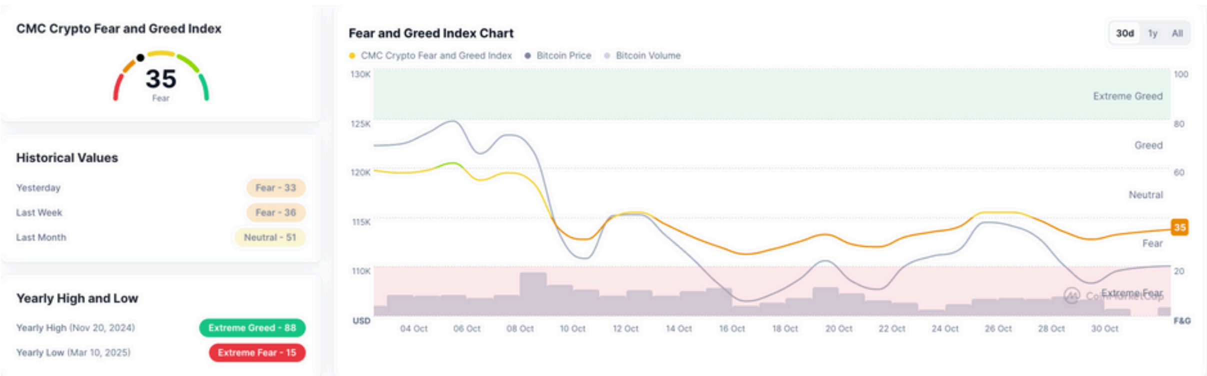


Liquidity and TGA

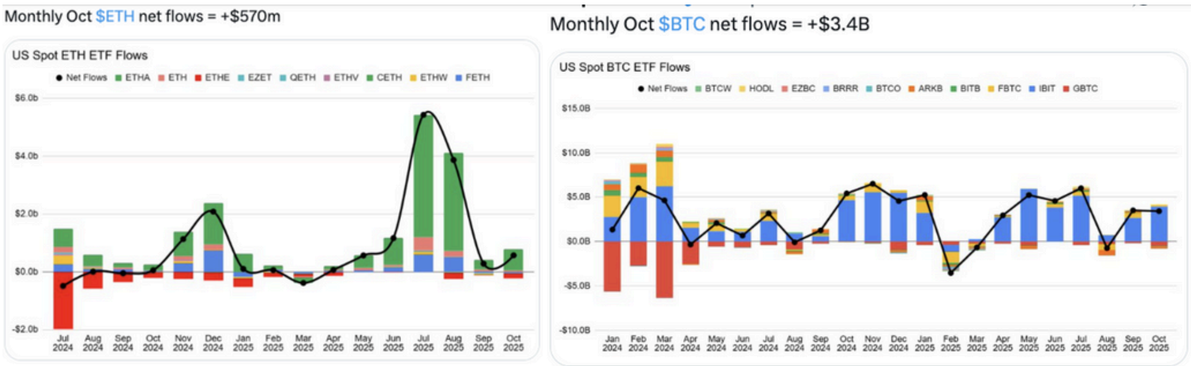
Liquidity, however, tightened meaningfully through the month. The Treasury General Account briefly approached $1T due to end-of-month funding needs and shutdown-related timing shifts. Reverse-repo balances continued to draw down, partially offsetting the drain, though broader system liquidity still pressed toward cycle lows. These dynamics weighed most noticeably on leverage-sensitive assets, reinforcing the market's heightened sensitivity to monetary and fiscal plumbing.



Sentiment and Market Reaction: Risk sentiment deteriorated meaningfully mid-month as leverage unwound across digital assets. The Crypto Fear & Greed Index moved from neutral (51) to fear (35), consistent with forced de-risking and macro opacity. Equities remained comparatively resilient, supported by global flows and expectations for continued monetary easing into 2026, though crypto underperformed as liquidity conditions remained the dominant driver. The divergence underscored Bitcoin's sensitivity to system liquidity and dollar availability, a theme that continues to differentiate digital assets from broader equity benchmarks.



Implications for crypto markets: October's drawdown reflected a forced leverage reset rather than a shift in long-term adoption trends. Institutional demand remained intact, supported by continued inflows into Bitcoin and Ethereum ETFs even during the liquidations. Stablecoin supply reached a new all-time high near $309B, reinforcing that capital largely stayed in the ecosystem and moved to the sidelines rather than exiting.



Liquidity conditions, Treasury funding dynamics, and the Fed's path continue to be the primary drivers of crypto performance. With positioning now cleaner, government operations resuming, and seasonal liquidity patterns historically improving into year-end, market conditions appear more balanced entering November. Near-term performance will remain closely linked to Treasury issuance, dollar liquidity, and the Fed's communication cadence rather than geopolitical headlines or tariff news flow.

Overall, the market continues to demonstrate sensitivity to system-wide liquidity and real rates. As institutional participation deepens, crypto is behaving more like a macro-driven asset class, with flows and funding conditions driving short-term volatility against a backdrop of persistent structural adoption.

Macro Crypto Developments & Regulations

Regulatory Landscape - October Developments: Regulatory momentum continued in October, supporting broader institutional participation in digital assets. U.S. market structure discussions remained centered on stablecoin legislation and operational risk standards, while Europe advanced MiCA implementation. Notably, U.S. regulators approved additional spot crypto ETFs beyond Bitcoin and Ethereum, including Solana (SOL), Litecoin (LTC), and Hedera (HBAR), highlighting continued expansion of regulated access pathways.

Global policy direction remains oriented toward transparency, prudential oversight, and market-integrity frameworks rather than restrictive prohibition—reinforcing constructive institutional onboarding conditions.

Key October regulatory milestones

- U.S. approvals for additional spot crypto ETFs (SOL, LTC, HBAR), broadening regulated asset exposure options
- MiCA rollout in Europe continued, with further clarity on stablecoin issuance and custody requirements
- JPMorgan expanded tokenized-collateral capabilities, signaling traditional-finance adoption of blockchain settlement infrastructure
- Continued U.S. debate on stablecoin prudential standards and interoperability frameworks

Stablecoins & Tokenization (RWA) Adoption

Tokenization and on-chain cash instruments continued to scale through October. Stablecoin supply reached US$295.3B, reflecting sustained demand for programmable dollar instruments. Real-world asset (RWA) tokenization increased to US$34.6B, driven by treasury-backed products, institutional alternative funds, and tokenized credit.

October data points:

- Stablecoin market cap: US$295.3B (+0.8% MoM)
- Monthly stablecoin transfer volume: US$4.74T (+44% MoM)
- Active stablecoin addresses: 34.4M (+25% MoM)
- RWA value on-chain: US$34.6B (+6.5% MoM)
- Tokenized treasury-linked products continued gaining traction across retail and institutional channels

Implications:
October reinforced the progression from regulatory clarity to operational execution. Institutional adoption continued even during macro volatility, and DeFi's stability through market stress strengthened its credibility. The convergence of regulatory frameworks, tokenization of traditional assets, and continued corporate deployment signals accelerating integration of blockchain into financial-market plumbing.

The near-term challenge remains liquidity-driven market dynamics, yet the medium-term trajectory reflects increasing institutional alignment, deeper capital base, and maturing market infrastructure.

Macro Signals to Monitor

Theme	Signal	Why It Matters
Liquidity & Funding	Net liquidity trough in late October as TGA approached ~$1T; QT scheduled to end Dec 1	Liquidity remains the dominant driver of crypto price action. Treasury normalization and QT end may ease funding stress into year-end.
Treasury & Fiscal Cycle	Shutdown paused spending temporarily; issuance cadence resuming	Post-shutdown fiscal flows historically support risk assets as government spending restarts.
Dollar Dynamics	USD strength into month-end amid global central-bank divergence	A softer dollar historically supports crypto flows; USD path is a key variable.
Institutional Flows	Positive ETF inflows (~$3.4B BTC, ~$570M ETH in October)	Structural adoption trend continues, with regulated vehicles absorbing volatility.
Stablecoin Base	Stablecoin supply at ATH (~$309B)	Capital remains inside the ecosystem, positioned to deploy as volatility compresses.
Cross-Asset Behavior	Bitcoin showing increasing macro-asset sensitivity and cyclical behavior	Reinforces crypto's evolution into a liquidity-driven institutional asset class. Some participants note near-term pattern similarity to gold; monitored as a sentiment/behavior signal, not a predictive model.

Performance of Key Cryptocurrencies

October 2025

October featured a sharp liquidity-driven drawdown across digital assets, triggered by the mid-month macro shock as U.S. fiscal uncertainty and Treasury cash-management operations briefly tightened system liquidity. Bitcoin led relative performance, absorbing volatility and reclaiming key support late in the month, while Ethereum and Solana lagged amid rotation into Bitcoin and reduced risk appetite following the leverage unwind. XRP continued to trade within its structural consolidation zone.

Bitcoin (BTC) – The Digital Store of Value

Performance: BTC traded down from early-month levels near $116K, bottoming near $106K during the 10/10 liquidity event before stabilizing into month-end around $110K. Price respected the $108K structural support zone, reinforcing long-horizon accumulation demand..

Key Drivers:

- Mid-month TGA-driven liquidity shock triggered forced deleveraging across derivatives markets
- BTC ETF flows stayed positive on net, supporting strategic bid despite volatility
- Rising structural adoption narrative preserved demand during drawdown
- Relative rotation out of high-beta assets reinforced BTC dominance

Outlook: BTC continues to serve as the anchor asset for digital-market liquidity. Structural flows remain intact and volatility presents monetization opportunities via structured overlays. Holding above $108K keeps medium-term momentum constructive. Sustained ETF inflows and improving liquidity conditions into year-end support a constructive forward bias.

Ethereum (ETH) – The Growth Engine of Digital Finance

Performance: ETH retraced from $4,200 highs early in the month to trade near $3,650 on the mid-October shock before closing the period near $3,875. Underperformed BTC as investors rotated into lower-beta exposure post-volatility spike.

Key Drivers:

- Softer relative spot ETH ETF inflows vs BTC constrained bid
- Broader deleveraging weighed more heavily on ETH due to higher VaR positioning
- On-chain activity was steady but lacked incremental catalysts during the volatility window
- Continued RWA and tokenization narrative provided a medium-term floor

Outlook: ETH remains key infrastructure for RWAs and digital settlement, but short-term performance remains sensitive to liquidity and rotation dynamics. A decisive reclaim above $4,100 would signal momentum recovery. Structural thesis intact; tactical flows remain macro-dependent.

Solana (SOL) – High-Performance Blockchain

Performance: SOL fell from $205 early-month levels to $175 during the market flush before recovering to $187 into month-end. Price held the $180 support zone, preserving its broader uptrend despite elevated intramonth volatility.

Key Drivers:

- Macro deleveraging on 10/10 drove high-beta selling and positioning reset.
- Western Union adoption reinforced Solana's institutional payments thesis.
- Strong network fundamentals helped stabilize price post-flush..

Outlook: SOL's resilience above $180 keeps the medium-term structure constructive. Continued developer activity and user metrics remain tailwinds. Volatility likely to persist as markets digest liquidity shifts, but fundamental momentum remains supportive.

XRP – Cross Border Payment Solution

Performance: XRP continued to trade within its longer-term consolidation band, declining mid-month alongside broader markets but stabilizing near $2.50 into month-end. Price respected downside support from prior range lows.

Key Drivers:
- Macro-driven deleveraging overshadowed incremental adoption headlines
- Cross-border settlement tests and bank integrations remain slow but ongoing
- Lower beta cushioned impact versus high-momentum assets

Outlook: XRP remains a structurally driven thesis centered on institutional settlement adoption. Range-bound conditions between $2.40- $2.90 are likely near-term. Sustained progress in banking integrations and tokenization pilots could re-rate narrative into 2026.

Summary (Sebal Capital - October 2025)

October delivered a sharp liquidity-driven drawdown, with markets reacting to the Treasury liquidity drain and positioning reset on 10/10. BTC led the recovery and preserved structural support; ETH and SOL lagged on beta compression; XRP maintained long-horizon consolidation.

Asset	Oct Start	Oct End	Monthly Return	Intramonth Low
Bitcoin (BTC)	~$116K	~$110K	-5%	~$106K
Ethereum (ETH)	~$4,200	~$3,875	-8%	~$3,650
Solana (SOL)	~$205	~$187	-9%	~$175
XRP	~$2.75	~$2.51	-9%	~$2.40

Key Takeaways

The month highlighted the increasing macro-sensitivity of digital assets as institutional participation deepens. Structural adoption trends remain strong despite near-term volatility. Sebal Capital continues to actively monetize volatility through structured overlays while maintaining long-term exposure to core assets

Sebal Capital Strategies

Turning Volatility Into an Asset: The Advantage of Structured Crypto Exposure

October offered a real-time validation of disciplined risk engineering. The sharp 10/10 deleveraging event wiped out leveraged participants across the market, illustrating again that in crypto, “return of capital” precedes “return on capital.” This environment reinforced the importance of institutional risk frameworks rather than speculative positioning.

At Sebal Capital, we do not rely on leverage, momentum, or directional conviction to drive returns. Our strategy combines downside protection, systematic covered-call yield, and targeted upside participation to transform volatility into an opportunity rather than a threat. The goal is not to avoid market turbulence, but to monetize it while controlling tail risk.

How Our Framework Responded to October’s Volatility

Instead of suffering forced liquidations or large drawdowns, our structured overlays are designed to:

- Cap downside through long-dated protective options
- Harvest volatility via covered calls that target 5.5% quarterly income
- Retain upside asymmetry through defined participation zones and spread overlays

During choppy, risk-off periods like 10/10, this profile becomes particularly advantageous. Protection structures act as shock absorbers, while covered-call income continues to compound capital even when spot prices consolidate. This combination allows clients to remain invested through volatility rather than oscillating between risk-on and risk-off positioning.

In short: unmanaged volatility destroys speculative capital; harnessed volatility compounds institutional capital.

Sebal Capital Strategies

The Resulting Investor Benefit

Our approach enables larger, more confident allocations without introducing binary outcomes. Instead of the “play money” mindset that often leads to over-risking small capital tranches, investors can commit meaningful capital with defined risk, while capturing both income and convex upside return potential.

This disciplined construction matters most in environments like October:
When the market punishes leverage, structured protection rewards patience.

Crypto rewards long-horizon participation, but only for those who survive and stay allocated. Our framework is engineered to keep investors positioned through drawdowns, generate yield during consolidation, and accelerate gains as the next leg unfolds.

Market Stress Case Study: 10/10 Liquidity Event

Metric	Traditional Levered Crypto	Sebal Strategy Response
Reaction to Sell-Off	Forced liquidations, panic	**Hedging absorbs shock**
Portfolio Exposure	Risk cut at lows	**Stayed allocated**
Capital Efficiency	Loss + missed rebound	**Income + recovery capture**
Investor Psychology	Fight-or-flight	**Calm, rules-based execution**

Forward Outlook - November 2025

November begins after a healthy reset in leverage, with sentiment cleaner and structural inflows intact. Liquidity visibility is improving as fiscal balances normalize and QT approaches its December conclusion, creating a more supportive backdrop into year-end.

Key Drivers We Are Watching

- **Liquidity Stabilization:** TGA balances are set to ease after the October spike, while RRP continues to decline ahead of QT ending in December, improving liquidity conditions at the margin. Liquidity remains the key driver for digital-asset risk appetite

- **Institutional Allocation Trend:** Spot ETF inflows continued through volatility, with new SOL, LTC, and HBAR approvals broadening the institutional product set and stablecoin growth signaling capital retention in the system.

- **Market Structure Positioning:** October's deleveraging reset excess leverage, with funding and positioning back to healthy levels, improving the odds that new liquidity fuels price rather than volatility.

- **Ecosystem and Real World Adoption:** RWA issuance, on-chain treasury usage, and corporate adoption continue to expand, highlighted by Western Union's Solana integration and growing institutional collateral activity.

Our Take: October's deleveraging reset speculative excess without disrupting structural demand. With positioning cleaner, liquidity headwinds easing into the December QT wind-down, and institutional flows intact, the broader cycle remains constructive despite near-term volatility.

Key implications for the remainder of Q4:

- Bitcoin supported by ETF demand and macro policy shift; room for catch-up versus gold.
- Ethereum anchored by growing on-chain settlement and tokenization flows.
- Solana remains the high-beta beneficiary of enterprise adoption and new ETF approval.
- Stablecoins and tokenized assets continue to see real-world utility growth, reinforcing digital-asset rails.

Overall, conditions appear more balanced entering November. If liquidity trends continue to stabilize and institutional allocations persist, the market is positioned for improving risk appetite into year-end.

Risks & Conclusion

Key Risks to Monitor

- **Liquidity Timing:** TGA normalization and RRP runoff improve liquidity, but execution timing remains the primary near-term variable.
- **Leverage Reset & Rebuild:** Post-flush markets are cleaner, yet leverage re-accumulation into year-end positioning could reintroduce forced flows.
- **Regulatory Divergence:** U.S. clarity continues to advance, while policy paths in Europe and Asia remain mixed, creating uneven capital flows.
- **Market Structure Dependence:** ETF and stablecoin rails are increasingly central to liquidity transmission, heightening flow sensitivity.

Conclusion

October's reset strengthened this market rather than weakened it. Capital stayed inside the system, institutional access broadened, and crypto's macro linkage deepened. With positioning cleaner and liquidity improving into December, we maintain a constructive stance, while acknowledging short-term volatility as part of a maturing institutional cycle.

Appendix - Data Sources & Refrences

This report leverages publicly available market data, macroeconomic indicators, ETF flow trackers, and on-chain analytics. Key reference sources include:

Market Performance & Pricing

TradingView – BTC, ETH, SOL, XRP spot price charts
https://www.tradingview.com

Institutional Flows & ETF Holdings

- CoinMarketCap – BTC & ETH ETF net flows, public-company BTC holdings: https://coinmarketcap.com
- Coinglass – ETF holdings dashboard, institutional tracking: https://coinglass.com

Options & Derivatives

- Coinglass – BTC & ETH options open interest, put/call ratios, liquidations: https://coinglass.com/options

Macro & Liquidity Indicators

- Federal Reserve Economic Data (FRED) – policy rates, money supply,: https://fred.stlouisfed.org
- Federal Reserve Bank of Cleveland – inflation nowcasting & macro signals: https://www.clevelandfed.org

Stablecoins, RWAs & Tokenization

- rwa.xyz – Tokenized U.S. Treasuries, asset holder analytics: https://rwa.xyz

News & Regulatory Developments

- SEC, U.S. Treasury, BIS Innovation Hub releases
- Coinbase Institutional research
- Bloomberg / Reuters digital-asset regulatory coverage

Glossary of Terms

- **AUM (Assets Under Management):** The total market value of assets that an investment firm manages on behalf of clients.
- **Altcoins:** Cryptocurrencies other than Bitcoin, often representing blockchain projects with additional use cases (e.g., Ethereum, Solana).
- **Treasury Holdings (Corporate & Public) –** The BTC or ETH reserves held on balance sheets of companies (e.g., MicroStrategy, Tesla, Coinbase) as part of corporate strategy or treasury diversification.
- **BTC Dominance:** The percentage of the total crypto market capitalization represented by Bitcoin**.**
- **Call Option:** A financial contract giving the holder the right, but not the obligation, to buy an asset at a specific price within a set period.
- **Covered Call Strategy:** An options strategy where an investor holds a long position in an asset and sells call options on that same asset to generate income.
- **ETF (Exchange-Traded Fund):** A tradable investment vehicle that tracks the price of an underlying asset, such as Bitcoin or Ethereum, and is listed on stock exchanges.
- **Liquidity:** The ease with which an asset can be bought or sold without significantly affecting its price.
- **OI (Open Interest):** The total number of outstanding derivative contracts (options or futures) that have not been settled.
- **Options (Calls & Puts):** Derivatives giving investors the right to buy (call) or sell (put) an asset at a predetermined price before expiration.
- **TGA (Treasury General Account):** U.S. Treasury account at the Fed; rising balances often withdraw liquidity, while declines release it.
- **Reverse Repo (RRP):** Facility where money-market funds park capital at the Fed; lower balances generally signal liquidity flowing back into markets.
- **Liquidity Sentiment:** A measure of how abundant or tight financial liquidity is in the system, often impacting risk asset performance such as equities and crypto.
- **Macro Backdrop:** The broader global economic environment (interest rates, inflation, fiscal policy, geopolitics) that influences asset markets.
- **Net Liquidity:** Key macro measure: Fed balance sheet + RRP − Treasury General Account (TGA); closely tied to crypto performance.
- **Rate Cuts:** A reduction in interest rates by central banks to stimulate growth — often supportive for risk assets like crypto.
- **Regulatory Clarity:** Clear and consistent rules provided by governments and regulators, reducing uncertainty and encouraging institutional adoption.

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