

# Monthly Market Recap

January 2026



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# Market Performance

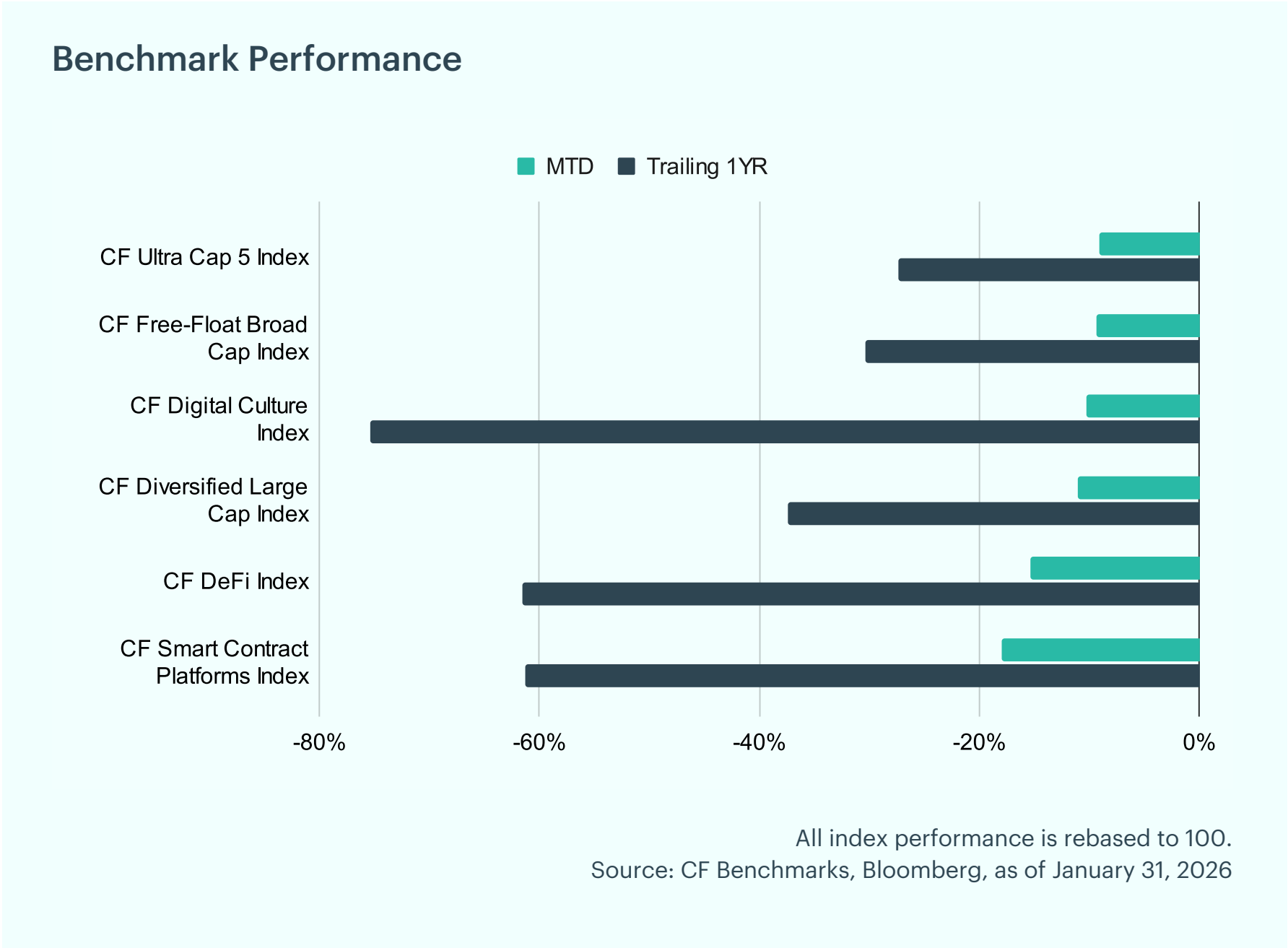


# Policy Paralysis, Fed Fog & Shutdown Risks Extend Sell-Off

## Market Summary

The year kicked off with heightened macro and geopolitical uncertainty that weighed on digital asset risk appetite. While the Federal Reserve held rates steady, attention quickly shifted to leadership risk as President Trump announced Kevin Warsh as the next Fed chair, which introduced uncertainty around the the potential for future rate cuts and the central bank's reaction function. Bitcoin traded defensively, consolidating near the lower end of its recent range before continuing to sell off into month-end. Regulatory momentum slowed at the margin as crypto legislation stalled out, and geopolitical tensions further dampened sentiment, reinforcing a risk-off posture. With policy clarity delayed and macro data distorted by geopolitical and seasonal effects, investors de-risked, liquidity thinned, and conviction remained low across higher-beta tokens as markets awaited clearer signals on monetary and regulatory direction.

January 2026 extended the late-2025 drawdown, with digital assets broadly lower amid a risk-off backdrop. The CF Ultra Cap 5 and CF Free-Float Broad Cap indices each fell 9% month-to-date, while the CF Diversified Large Cap Index declined 11%. Higher-beta segments underperformed materially: the CF Smart Contract Platforms Index dropped 18%, the CF DeFi Index fell 15%, and the CF Digital Culture Index lost 10%. On a trailing one-year basis, losses remain severe across speculative cohorts, with DeFi and smart-contract platforms down more than 60%. The pattern reinforced investor preference for liquidity and network fundamental strength, as positioning stayed defensive and leadership remained narrow.

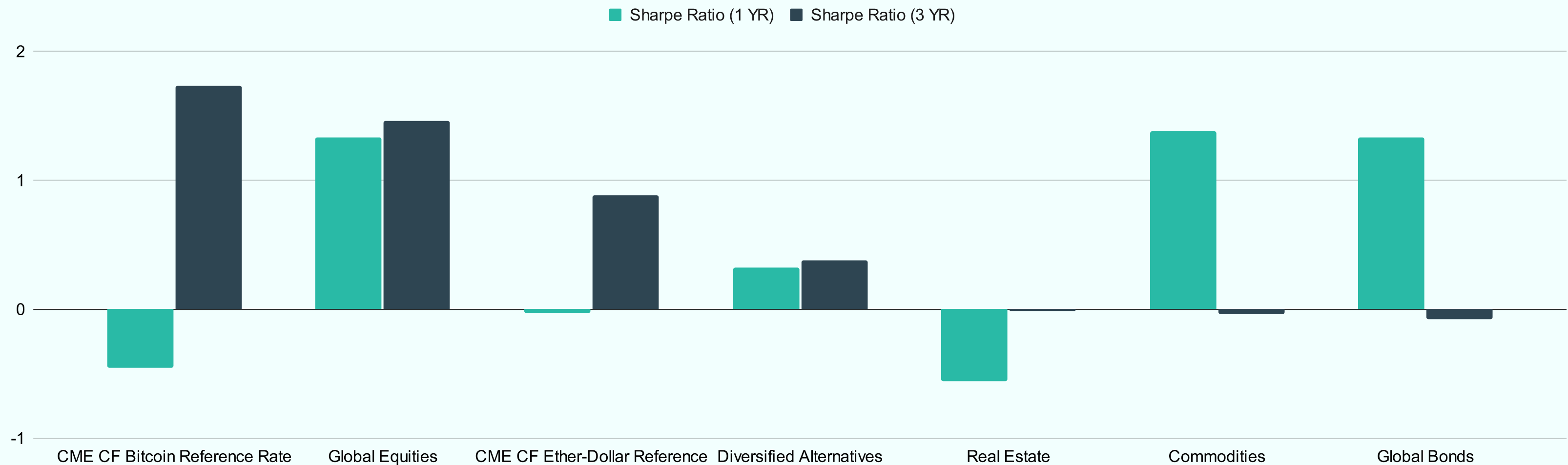




# Trailing Risk-Adjusted Returns

The Sharpe ratio measures the return of an asset relative to the risk taken. Both Bitcoin and Ether currently demonstrate strong risk-adjusted performance over a longer, three-year horizon, positioning them favorably relative to many traditional asset classes.

## Sharpe Ratio



Source: CF Benchmarks, Bloomberg, total return indices are referenced in USD, as of January 31, 2026



# Major Crypto-Pairs

Name	Category	Sub-Category	Segment	1 Month	3 Month	1 Year	30 D Volatility
Stacks	Services	Infrastructure	Computing	8.9%	-36.6%	-80.3%	89.33
Cosmos	Settlement	Programmable	General Purpose Smart Contract Platforms	7.1%	-30.8%	-67.2%	60.76
Polygon	Services	Infrastructure	Scaling	0.8%	-44.5%	-74.9%	99.53
Tezos	Settlement	Programmable	General Purpose Smart Contract Platforms	0.0%	-13.8%	-54.5%	69.95
Internet Computer	Settlement	Programmable	General Purpose Smart Contract Platforms	-3.7%	-6.8%	-70.6%	101.59
Maker	Sectors	Finance	Stablecoin Issuance & Management	-4.1%	-3.5%	13.1%	130.55
Algorand	Settlement	Programmable	General Purpose Smart Contract Platforms	-6.0%	-41.5%	-72.6%	66.76
Decentraland	Sectors	Culture	Vr And Ar	-6.2%	-49.4%	-74.5%	87.60
Stellar	Settlement	Non-Programmable	Store Of Value And Payment	-9.8%	-40.6%	-56.3%	58.63
Bitcoin	Settlement	Non-Programmable	Store Of Value And Payment	-10.8%	-28.5%	-23.4%	39.29
Fantom	Settlement	Programmable	General Purpose Smart Contract Platforms	-11.5%	-61.0%	-90.4%	136.19
Aave	Sectors	Finance	Borrowing & Lending	-11.5%	-43.6%	-61.2%	62.62
Ripple	Settlement	Non-Programmable	Store of Value and Payment	-12.0%	-35.5%	-46.7%	58.88
Hedera	Settlement	Programmable	General Purpose Smart Contract Platforms	-12.5%	-53.8%	-69.7%	54.05
Dogecoin	Settlement	Non-Programmable	Store Of Value And Payment	-12.5%	-44.8%	-68.7%	60.62
Cardano	Settlement	Programmable	General Purpose Smart Contract Platforms	-12.8%	-52.1%	-69.3%	62.83
Synthetix	Sectors	Finance	Derivatives	-13.5%	-34.7%	-60.5%	65.64
Polkadot	Settlement	Programmable	General Purpose Smart Contract Platforms	-15.2%	-47.0%	-76.1%	65.03
Ethereum Classic	Settlement	Programmable	General Purpose Smart Contract Platforms	-16.6%	-39.7%	-64.4%	56.83
Solana	Settlement	Programmable	General Purpose Smart Contract Platforms	-16.9%	-44.7%	-55.1%	62.03
Avalanche	Settlement	Programmable	General Purpose Smart Contract Platforms	-17.7%	-44.4%	-70.6%	58.60
Bitcoin Cash	Settlement	Non-Programmable	Store Of Value And Payment	-18.5%	-9.9%	14.9%	54.54
Ether	Settlement	Programmable	General Purpose Smart Contract Platforms	-18.8%	-37.4%	-27.1%	59.70
Filecoin	Services	Utility	Information & Data Management	-18.9%	-30.7%	-78.2%	62.22
Vechain	Settlement	Programmable	General Purpose Smart Contract Platforms	-19.2%	-46.2%	-82.0%	66.80
Curve DAO Token	Sectors	Finance	Trading	-19.5%	-39.8%	-63.0%	59.29
Chainlink	Services	Utility	Oracles	-20.1%	-42.9%	-60.7%	58.54
Litecoin	Settlement	Non-Programmable	Store Of Value And Payment	-23.4%	-38.5%	-54.2%	52.95
Apecoin	Sectors	Culture	Social	-26.6%	-64.3%	-85.6%	84.77
Uniswap	Sectors	Finance	Trading	-31.4%	-32.3%	-67.3%	65.86
EOS	Settlement	Programmable	General Purpose Smart Contract Platforms	-42.4%	-65.3%	-88.3%	94.39

Source: Returns are based in USD terms, CF Benchmarks, Bloomberg, as of January 31, 2026

## Leaders

Stacks (STX) led January's major crypto performers with an 8.9% gain, driven by an early-month Bitcoin Layer-2 rally and hints of institutional adoption. Cosmos (ATOM) followed at +7.1%, lifted by critical tokenomics reform proposals ahead of the mid-month deadline. Polygon (POL) held resilient with +0.8%, supported by soaring transaction volume and AggLayer unification progress.

## Laggards

EOS trailed January's majors with a -42.4% plunge, hit by persistent ecosystem stagnation and zero meaningful updates. Uniswap (UNI) followed at -31.4%, pressured by collapsing DEX volumes in risk-off conditions. Apecoin (APE) rounded out the laggards with -26.6%, suffering ongoing NFT/metaverse apathy.

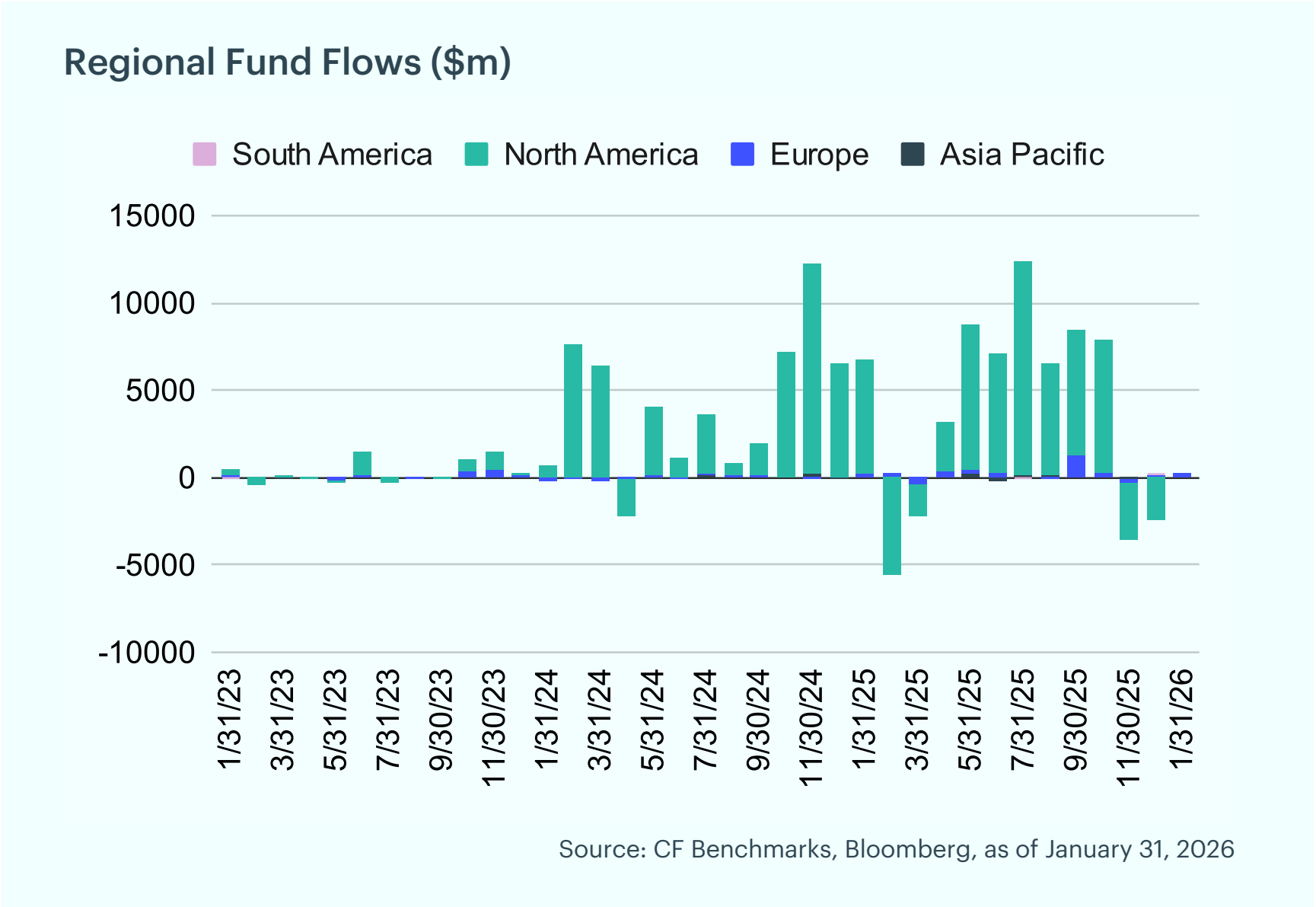
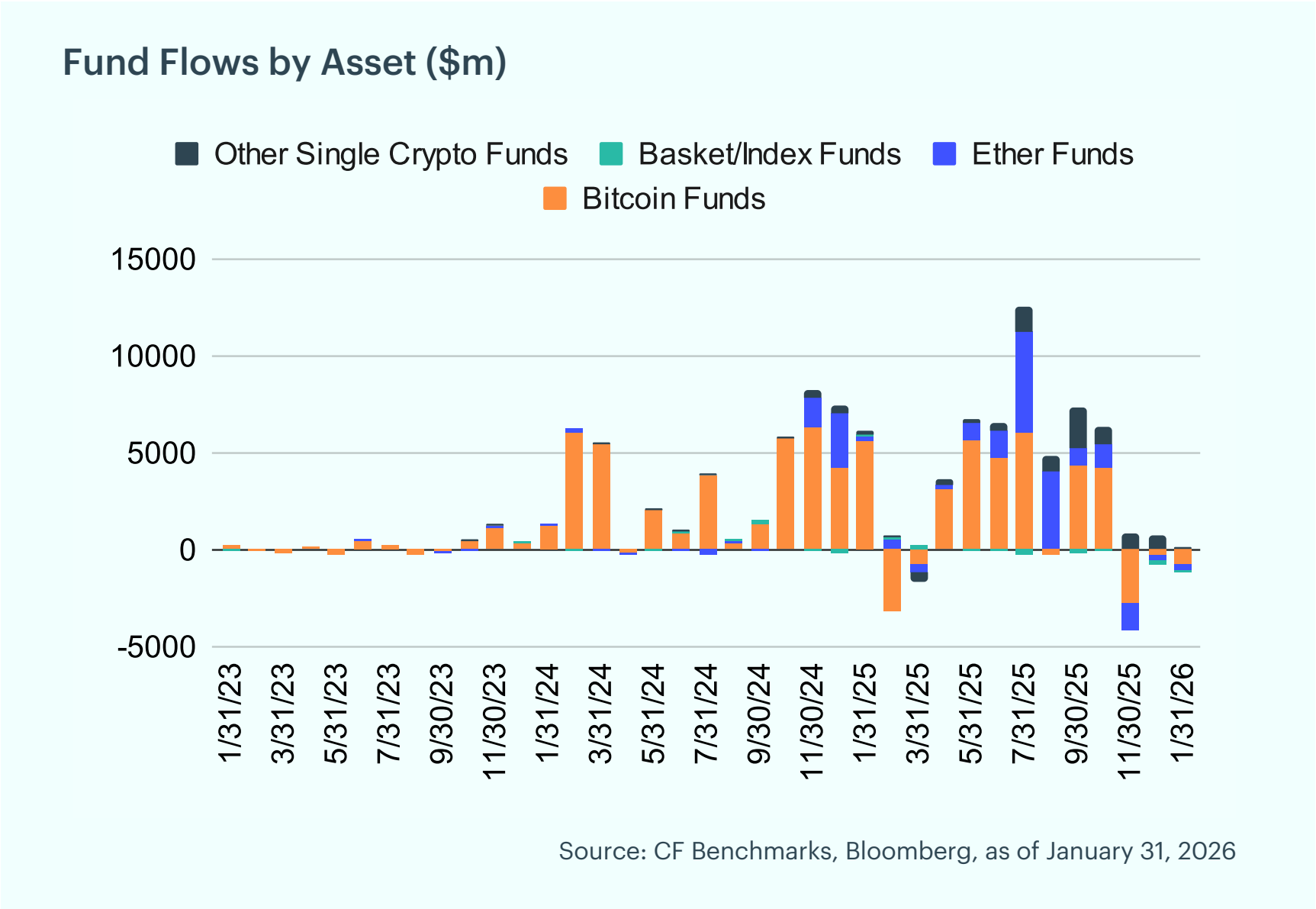


# Investor Activity & Sentiment Positioning



# Fund Flows

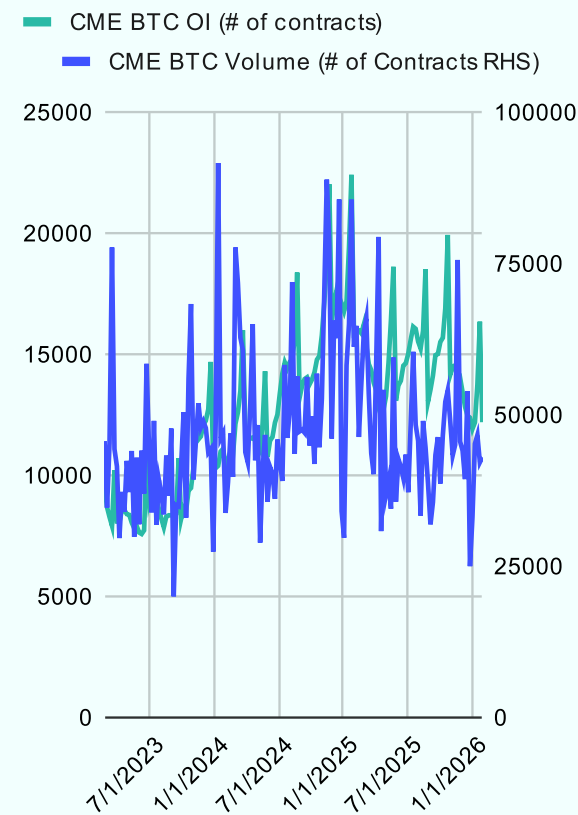
January recorded significant outflows from digital asset funds, with investors redeeming approximately \$1.0 billion. Bitcoin funds accounted for the largest share at \$720 million, while Ether funds followed at \$370 million. Basket/Index funds saw an additional \$64 million in outflows, partially offset by \$140 million in inflows to other single crypto funds. Regionally, North America drove the majority of redemptions at roughly \$47 million, while Europe experienced substantial inflows of \$194 million, suggesting a marked shift in sentiment with selling pressure easing in U.S. markets while European investors added exposure.



# Futures Positioning and Open Interest

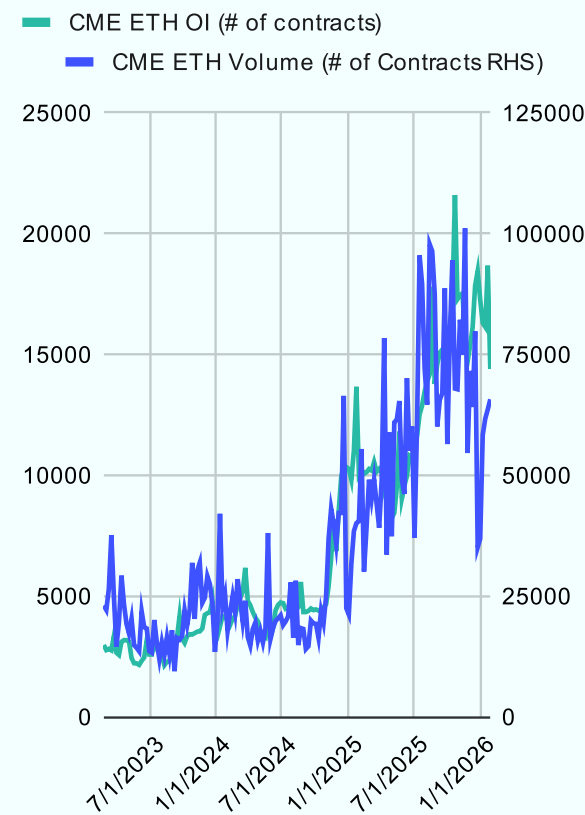
Bitcoin futures saw a modest decline in open interest during January, falling 1.5% from 12,383 to 12,196 contracts. Ether futures recorded a sharp decrease, with open interest dropping 22.0% to 14,402 contracts, though trading activity remained elevated at 65,752 contracts toward month end. Meanwhile, Solana and XRP futures posted contrasting moves following January's risk-off environment. Solana's open interest declined 6.9% to 10,308 contracts as volumes peaked near 25,766 contracts mid-month, while XRP's open interest rose 1.1% to 5,736 contracts, with volumes spiking to 13,206 contracts at month end.

## CME Bitcoin Volume and Open Interest



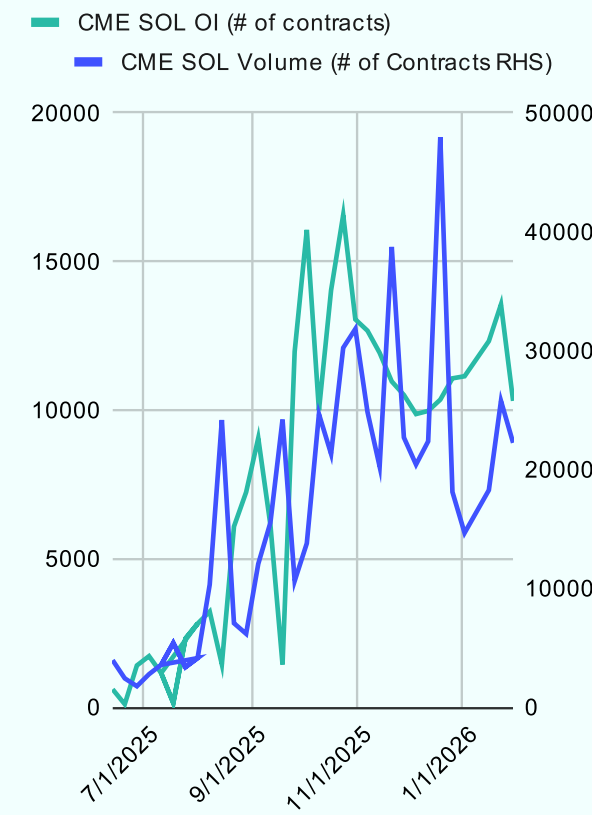
Source: CF Benchmarks, CFTC, Bloomberg,  
as of January 31, 2026

## CME Ether Volume and Open Interest



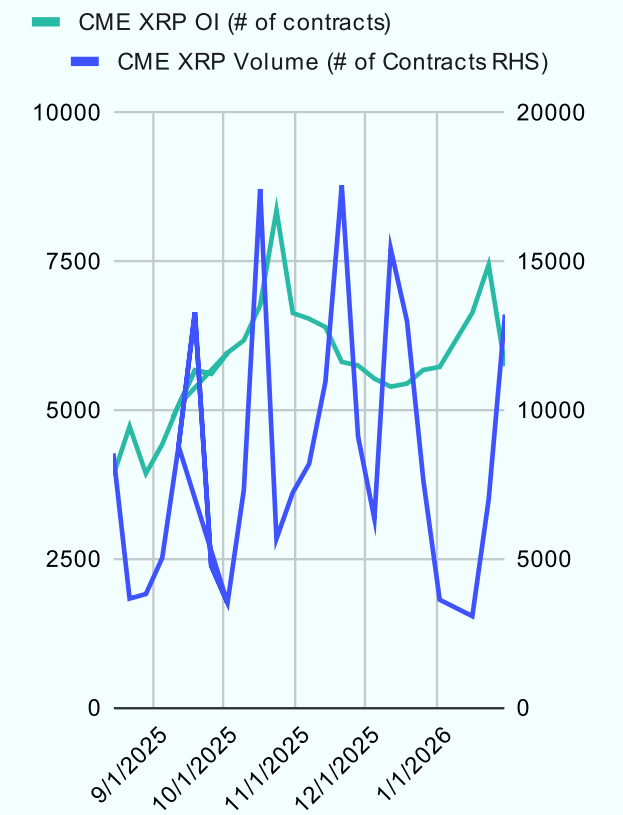
Source: CF Benchmarks, CFTC, Bloomberg,  
as of January 31, 2026

## CME Solana Volume and Open Interest



Source: CF Benchmarks, CFTC, Bloomberg,  
as of January 31, 2026

## CME XRP Volume and Open Interest



Source: CF Benchmarks, CFTC, Bloomberg,  
as of January 31, 2026



# CF Bitcoin Volatility Index (BVX)

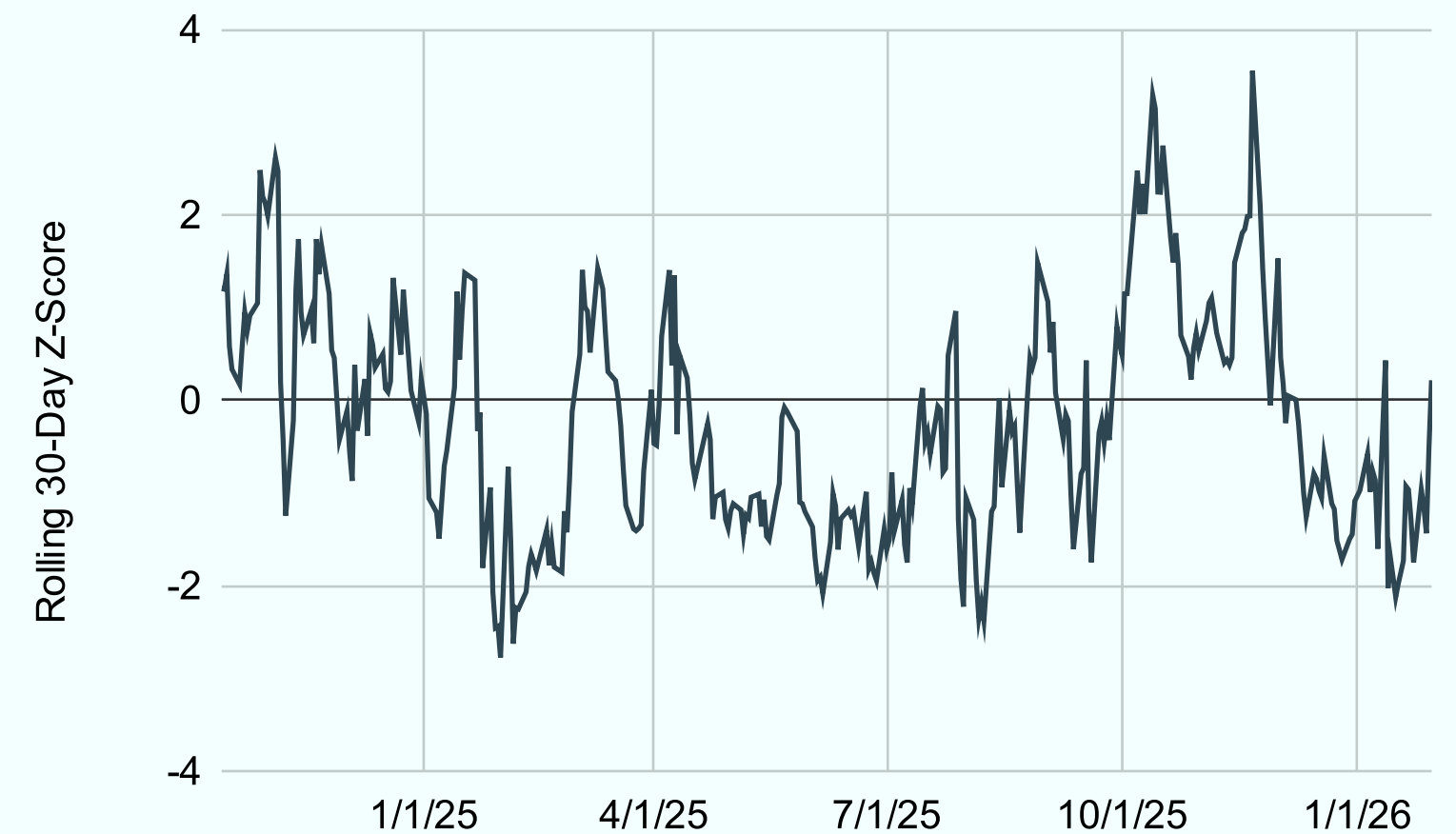
The CF Bitcoin Volatility Index Settlement Rate (BVXS) is a daily benchmark that provides a forward-looking, 30-day constant-maturity measure of implied volatility, derived from CFTC-regulated Bitcoin option contracts traded on the CME. The BVX reflects the fair strike of a variance swap. Over the past month, the BVX ranged between 38.82 and 47.89. During this period, volatility declined significantly, with the BVX recording a -2.1 sigma move (based on our rolling 30-day z-score) mid-month before moderating to close January at 42.94.

BVX Index



Source: CF Benchmarks, Bloomberg, as of January 31, 2026

Rolling 30-Day Z-Score



Source: CF Benchmarks, Bloomberg, as of January 31, 2026



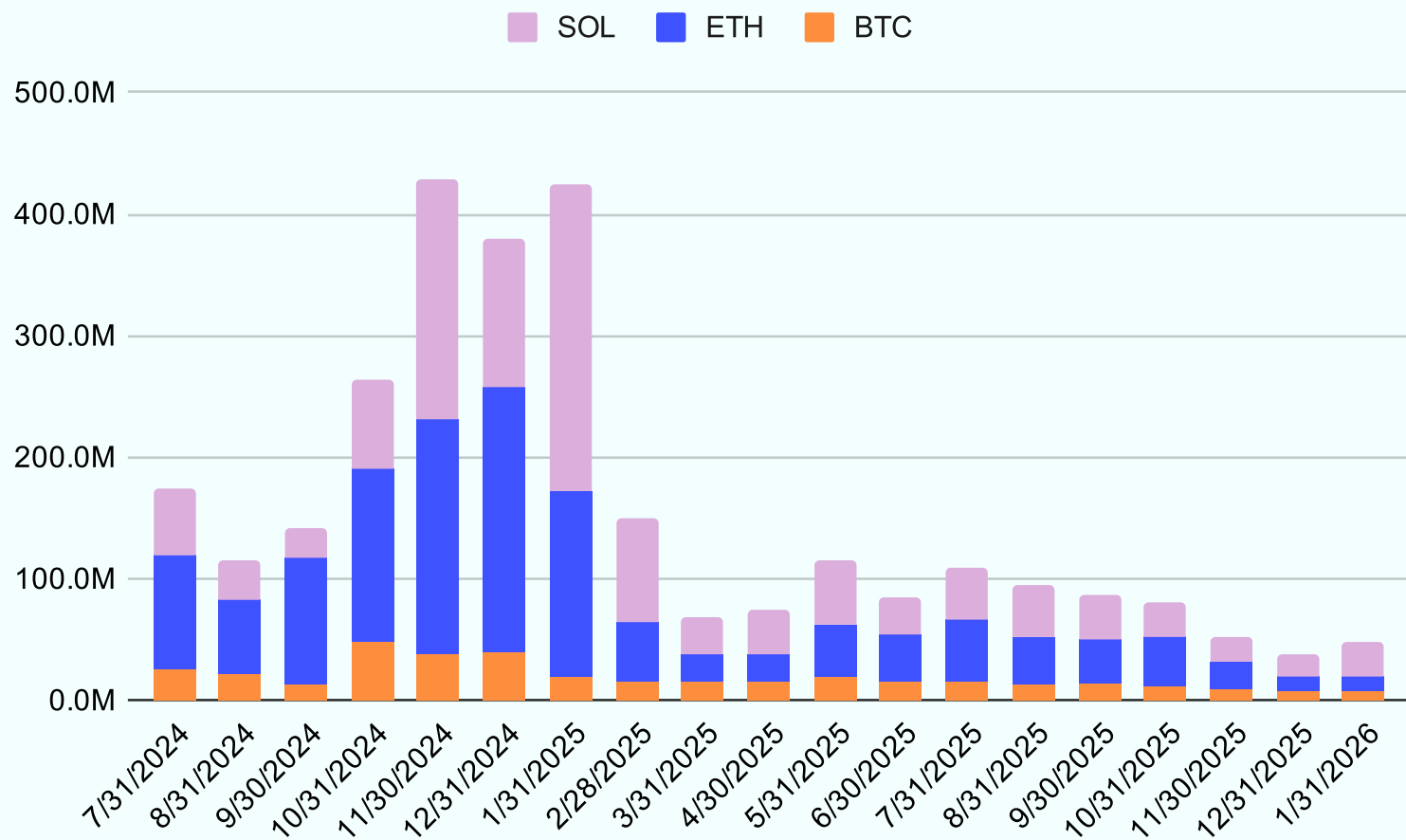
# Network Fundamentals & Reward Rates



# Monthly Active Addresses

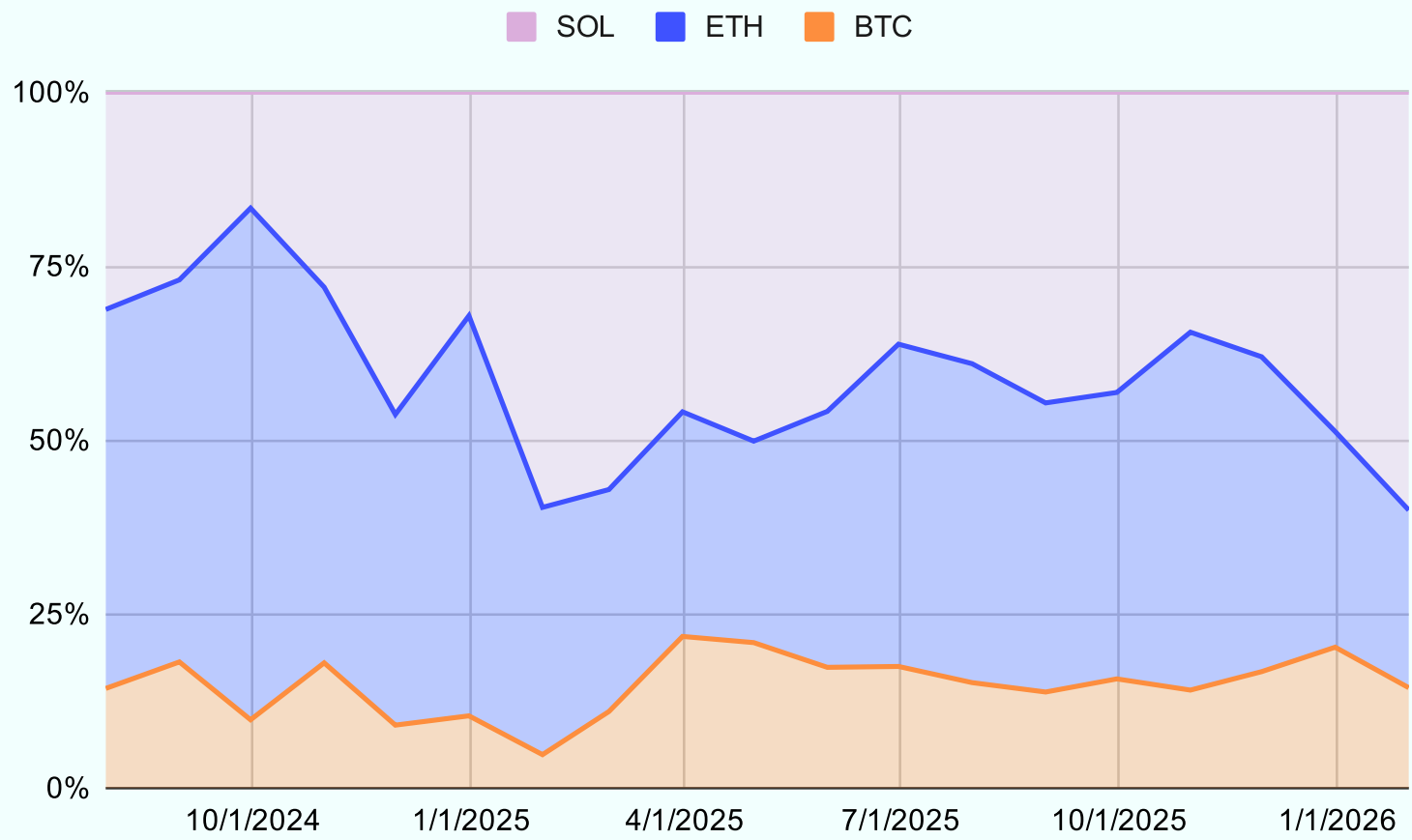
Bitcoin's active addresses declined in January to approximately 6.9 million from 7.5 million (-8.0%), indicating softer network activity. Ethereum recorded an increase, with active addresses rising from 11.5 million to 12.3 million (+7.0%). Solana saw a significant surge, with active addresses jumping from 18.1 million to 28.9 million (+59.7%).

Active Addresses



Source: CF Benchmarks, Token Terminal, as of January 31, 2026

Share of Active Addresses



Source: CF Benchmarks, Token Terminal, as of January 31, 2026



# Total Value Locked (TVL) in DeFi Protocols

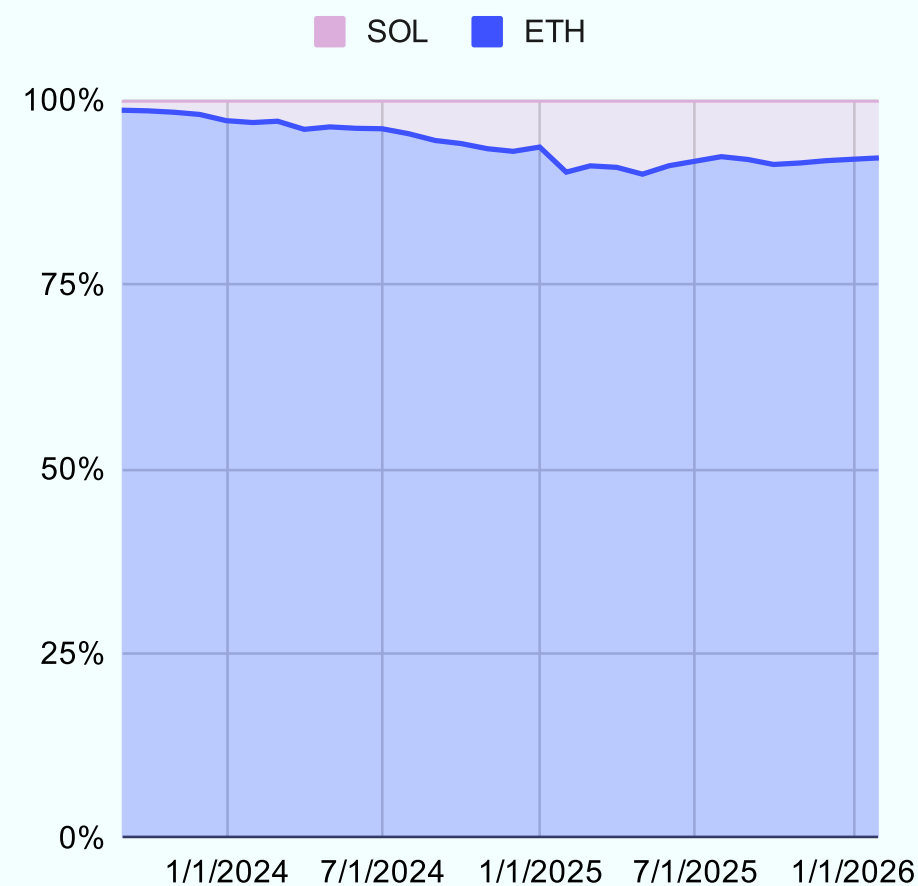
Total Value Locked (TVL) in decentralized finance (DeFi) represents the aggregate value of assets deposited across DeFi protocols, expressed in U.S. dollars. It serves as a key indicator of the sector's overall health and growth. Over the past month, total DeFi TVL declined by 2.3% to approximately \$377 billion, as both Ethereum and Solana saw modest outflows amid broader risk-off sentiment.

## Total TVL



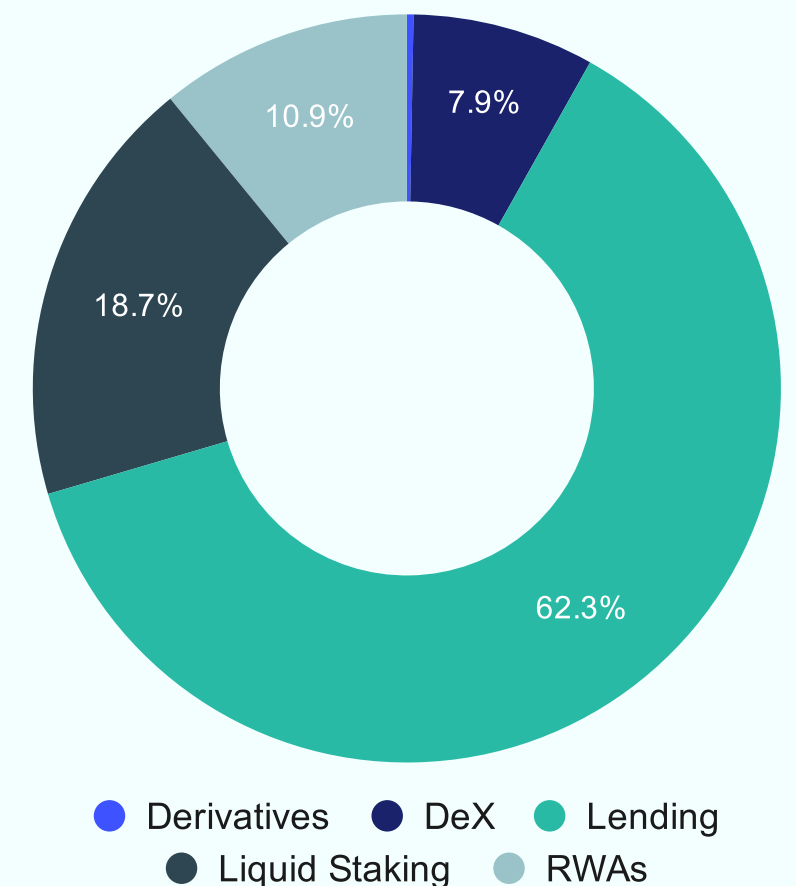
Source: CF Benchmarks, Token Terminal,  
as of January 31, 2026

## TVL by Chain



Source: CF Benchmarks, Token Terminal,  
as of January 31, 2026

## TVL By Segment



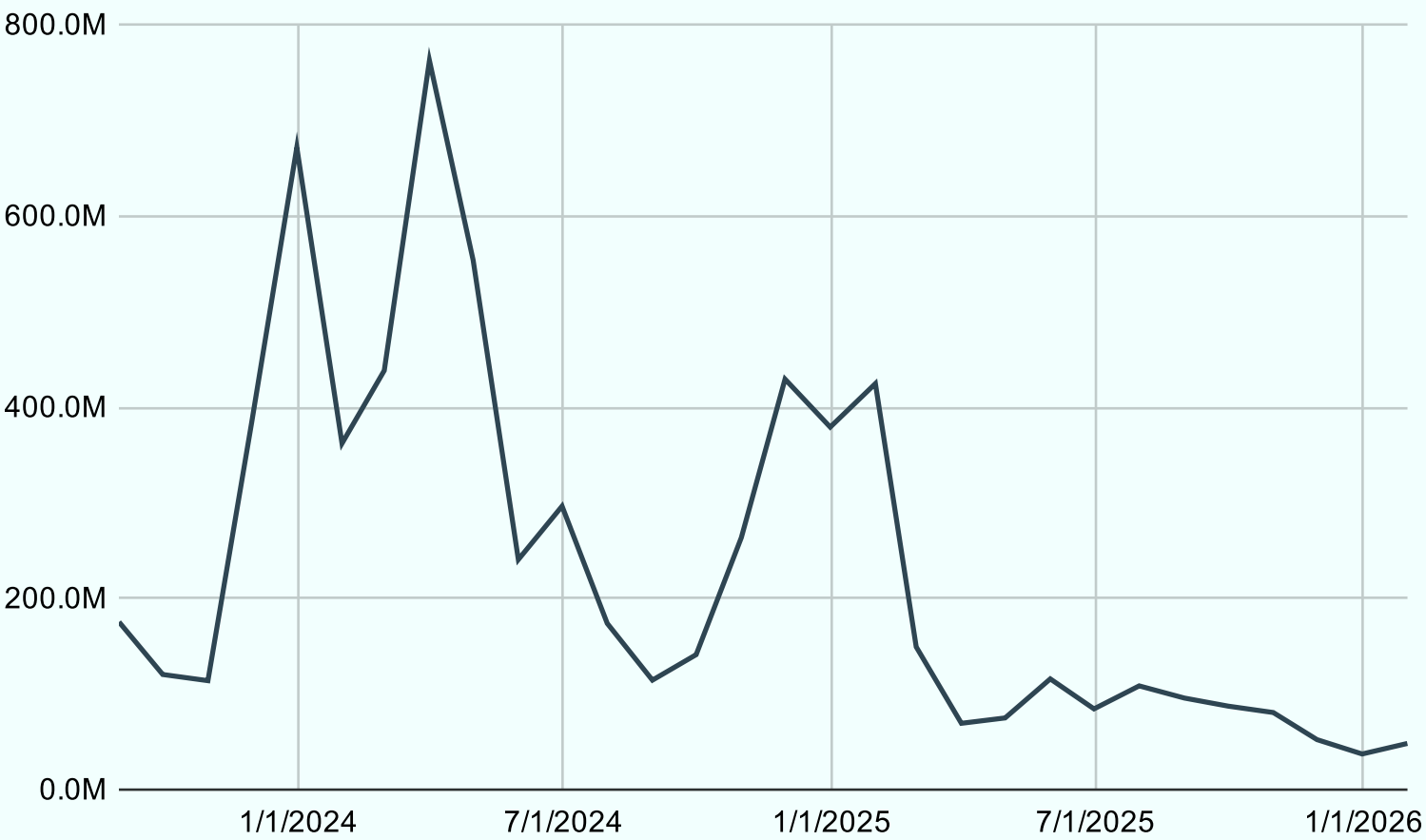
Source: CF Benchmarks, Token Terminal,  
as of January 31, 2026



# Layer-1 Fee Overview

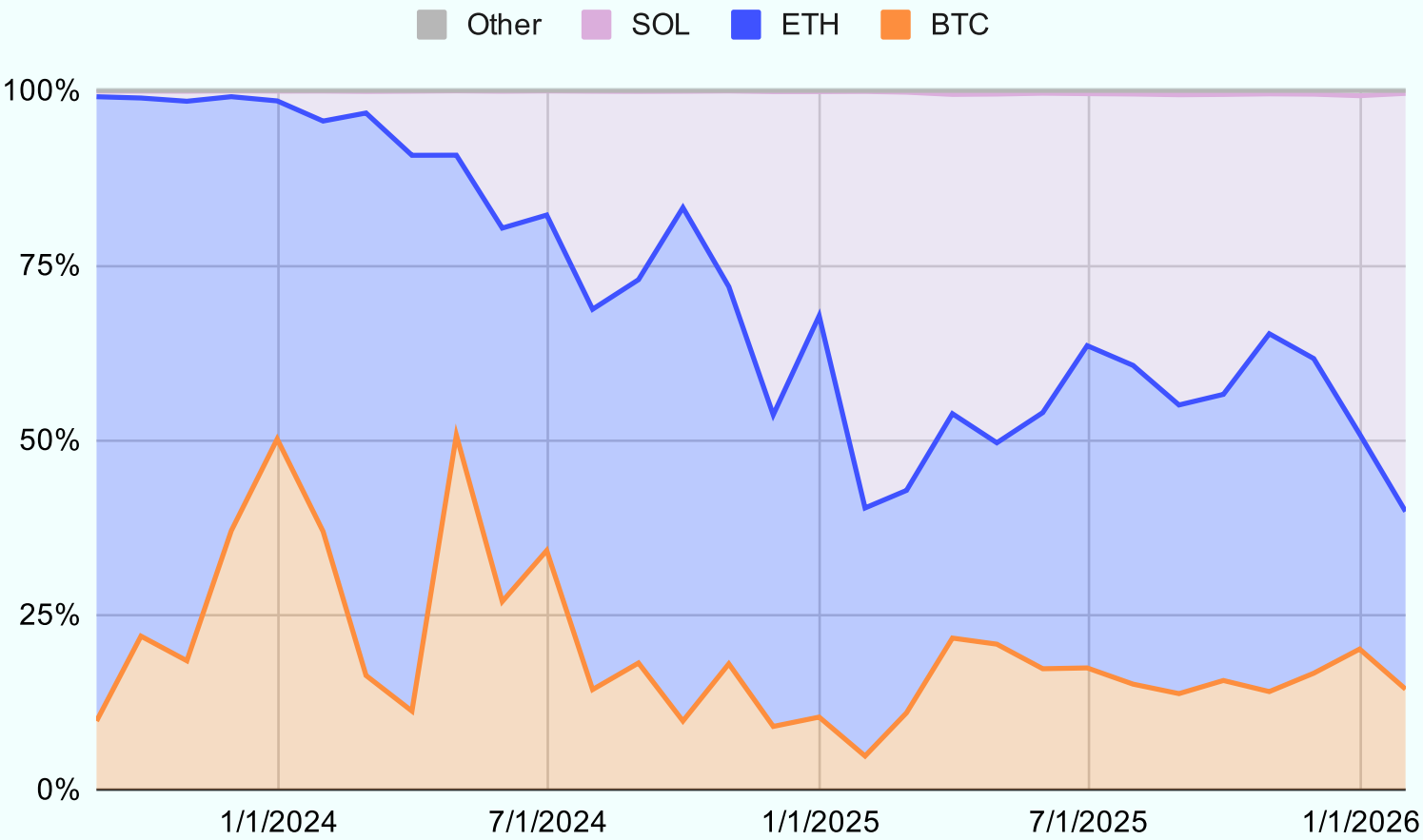
Fees are the charges users pay to record transactions and data on a blockchain and act as a gauge for demand to use these networks. They tend to rise when there is an influx of new users on-chain and can fall when activity wanes or scaling upgrades reduce costs. In January, aggregate layer-1 fees across Bitcoin, Ethereum, and Solana rose to \$48.2 million, from \$37.2 million in December. Solana led with a 59.9% share, Ethereum accounted for 25.5%, and Bitcoin contributed 14.3%.

Monthly L1 Fees Paid



Source: CF Benchmarks, Token Terminal, as of January 31, 2026

Share of Layer 1 Fees

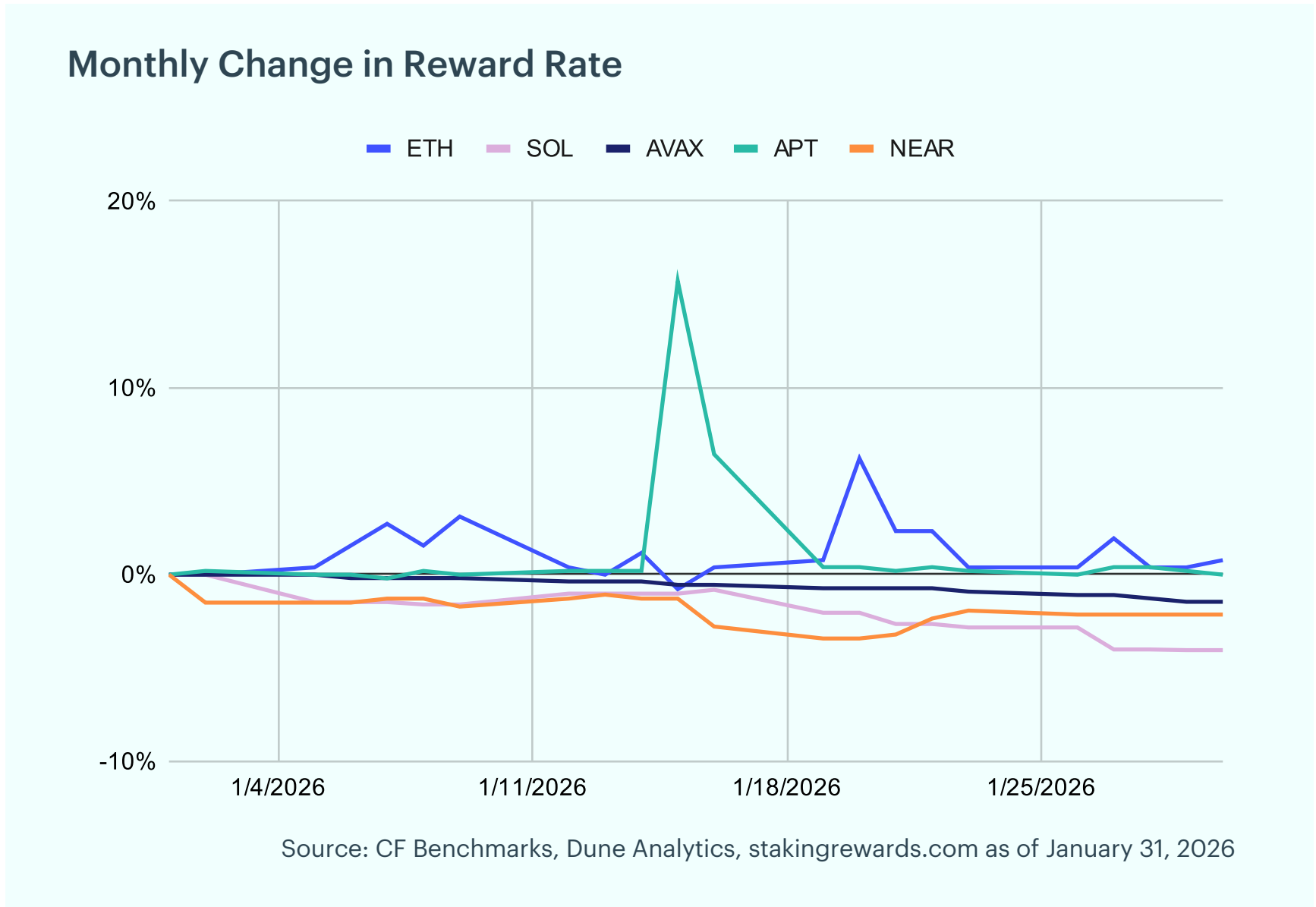
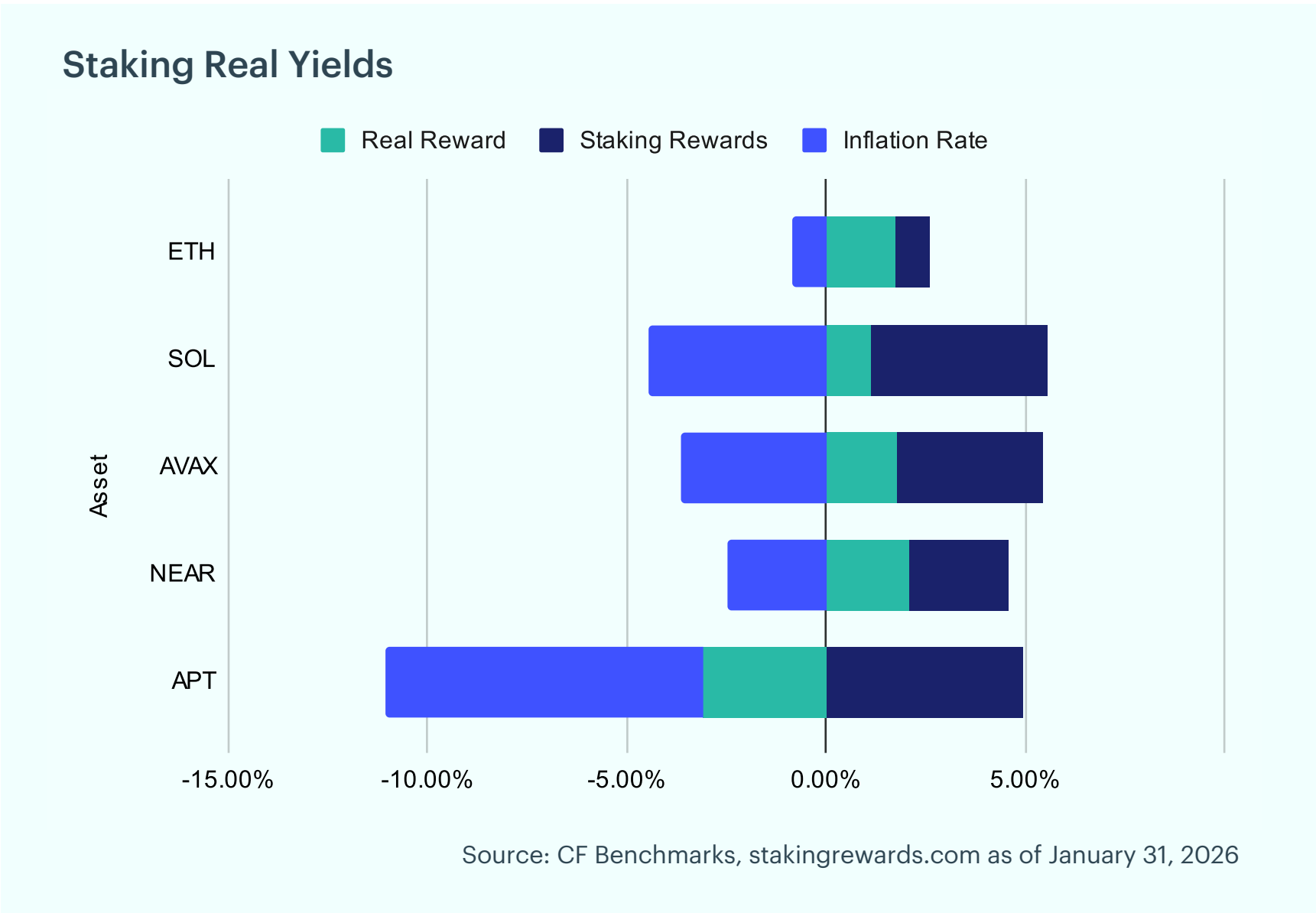


Source: CF Benchmarks, Token Terminal, as of January 31, 2026  
“Other” Represents the sum of the fees on Cardano, DOGE, Sui, and XLM



# Staking Rewards & Inflation Rates

The reward rate in a Proof-of-Stake (PoS) blockchain is the annual return validators earn for staking, typically expressed as a percentage. It depends on factors such as total staked tokens, network yield, and protocol incentives. Inflation and staking participation strongly influence real returns: higher inflation raises nominal rewards but dilutes token value, while greater staking participation reduces individual yields yet strengthens network security and decentralization.



CF Staking Reward Rates as of January 30th

ETH	SOL	AVAX	APT	NEAR
2.59%	5.57	5.43%	4.96%	4.58%



# Mining Metrics



# Bitcoin's Hash Rate & Mining Revenue

Bitcoin's hash rate declined in January, falling 16.5% to 861 exahashes per second from 1,031 EH/s at year-end. Mining difficulty, which measures the computational effort required to mine a new block and adjusts to maintain consistent block times, decreased by 4.5% over the month, with adjustments on January 8th (-0.8%) and January 22nd (-3.2%) reflecting reduced network participation. The next difficulty adjustment, expected in early February, is currently projected based on the recent trend of declining hash rate.

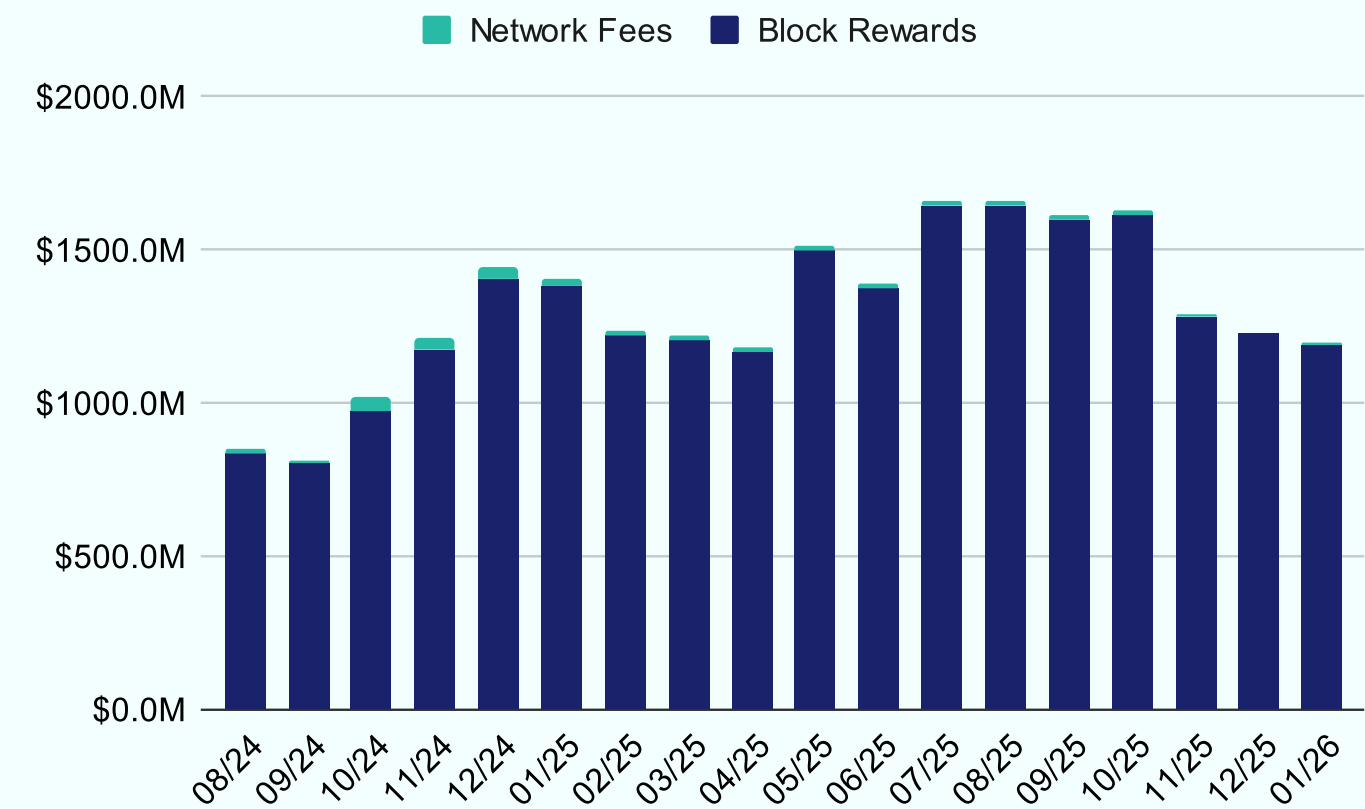
Bitcoin miners saw a 2.8% decrease in revenue in January. Of the total rewards earned during the month, 0.6% came from transaction fees, unchanged from December. The modest decline in revenue was driven primarily by Bitcoin's price movements during the period.

Hash Rate and Difficulty



Source: CF Benchmarks, Dune Analytics as of January 31, 2026

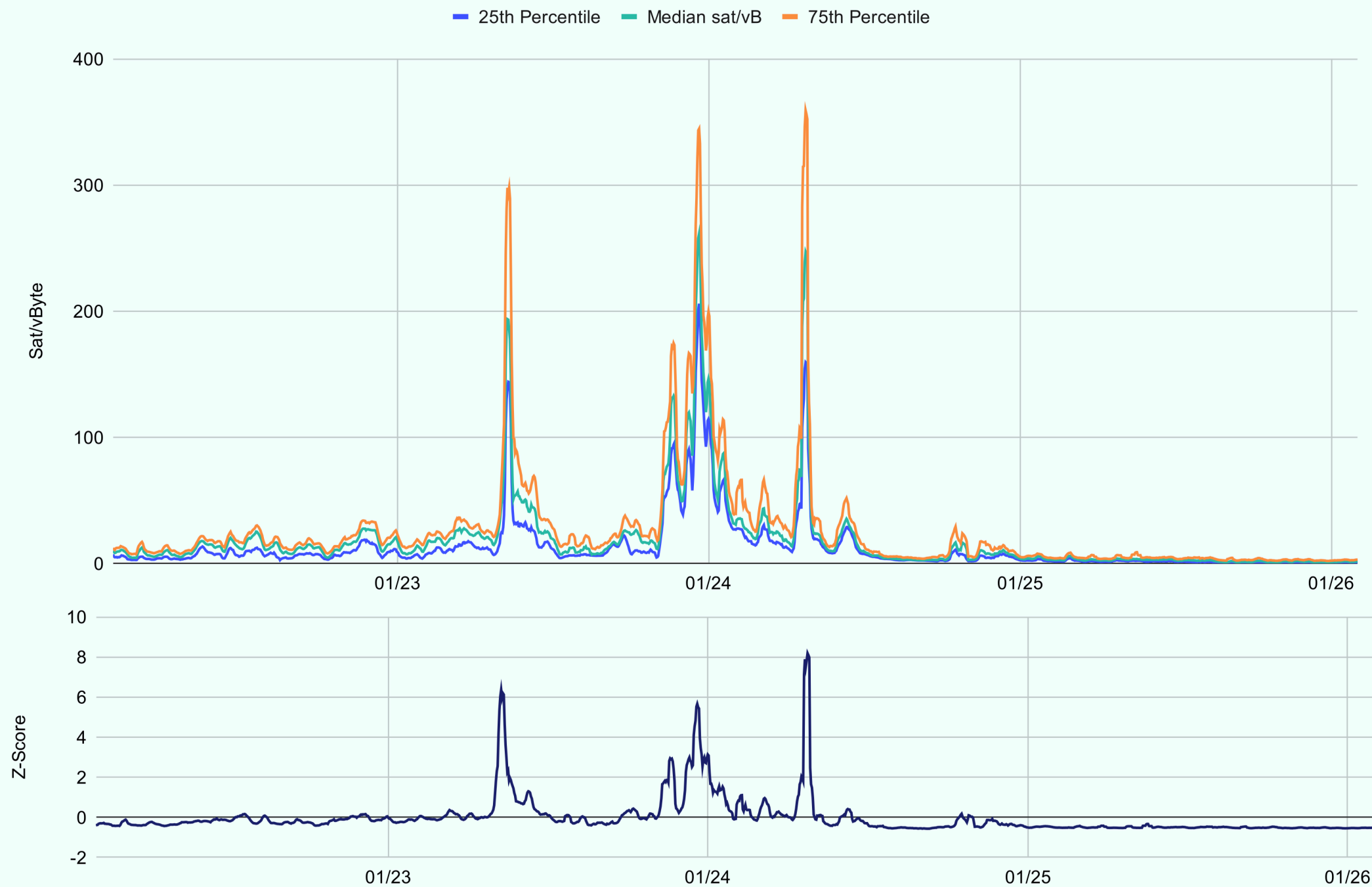
Bitcoin Mining Revenues by Month



Source: CF Benchmarks, Dune Analytics as of January 31, 2026



# Bitcoin Network Fees



Source: CF Benchmarks, Dune Analytics, as of January 31, 2026

- As Bitcoin's block subsidy decreases, network fees make up a larger share of miners' revenue. The behavior of these fees, especially during periods of high demand for block space, can provide insights into the sustainability of fee increases.
- The data shows that during periods of high demand, the 75th percentile transaction fees surge significantly higher than the median and 25th percentile fees, indicating a subset of transactions paying much higher fees to ensure prompt inclusion in blocks.
- When the Z-score of the interquartile range exceeds 2, it signals substantial increases in the 75th percentile relative to the 25th percentile, highlighting times of significant network congestion and temporarily elevated fees.

# Bitcoin Mining Matrix

- The following sensitivity table illustrates the revenue a miner will generate per megawatt hour consumed at the current difficulty, considering different levels of miner efficiency and varying Bitcoin prices, providing a comprehensive view of potential earnings under different market conditions. The table is color-coded to reflect profitability based on the 10th percentile industrial electricity rate in the United States of \$64.70 per MWh, as reported by the EIA in October 2025.
- This table helps miners compare revenues under various operational conditions, aiding in evaluating the useful life of their equipment. By comparing projected revenues at different Bitcoin prices to electricity costs, miners can determine whether they can continue running their current fleet or if they need to upgrade to maintain profitability.
- As income per MWh increases, miners are more likely to fund additional capital expenditures, which can increase the overall network hashrate. However, this increase in hashrate can subsequently reduce the income each individual miner earns.

		Bitcoin Price (USD)								
Efficiency (Watts /TH)		\$63,110.32	\$66,431.92	\$69,928.34	\$73,608.77	\$77,482.92	\$81,357.07	\$85,424.92	\$89,696.17	\$94,180.97
	29.5	\$39.83	\$41.93	\$44.13	\$46.45	\$48.90	\$51.34	\$53.91	\$56.61	\$59.44
	24	\$48.96	\$51.53	\$54.25	\$57.10	\$60.11	\$63.11	\$66.27	\$69.58	\$73.06
	21.5	\$54.65	\$57.53	\$60.55	\$63.74	\$67.09	\$70.45	\$73.97	\$77.67	\$81.55
	18.5	\$63.51	\$66.85	\$70.37	\$74.08	\$77.98	\$81.87	\$85.97	\$90.27	\$94.78
	17.5	\$67.14	\$70.67	\$74.39	\$78.31	\$82.43	\$86.55	\$90.88	\$95.42	\$100.20
	15	\$78.33	\$82.45	\$86.79	\$91.36	\$96.17	\$100.98	\$106.03	\$111.33	\$116.89
	13.5	\$87.03	\$91.61	\$96.44	\$101.51	\$106.85	\$112.20	\$117.81	\$123.70	\$129.88
	9.5	\$123.68	\$130.19	\$137.04	\$144.25	\$151.85	\$159.44	\$167.41	\$175.78	\$184.57

Source: CF Benchmarks, Luxor, as of January 31, 2026  
EIA.gov as of October 31, 2025



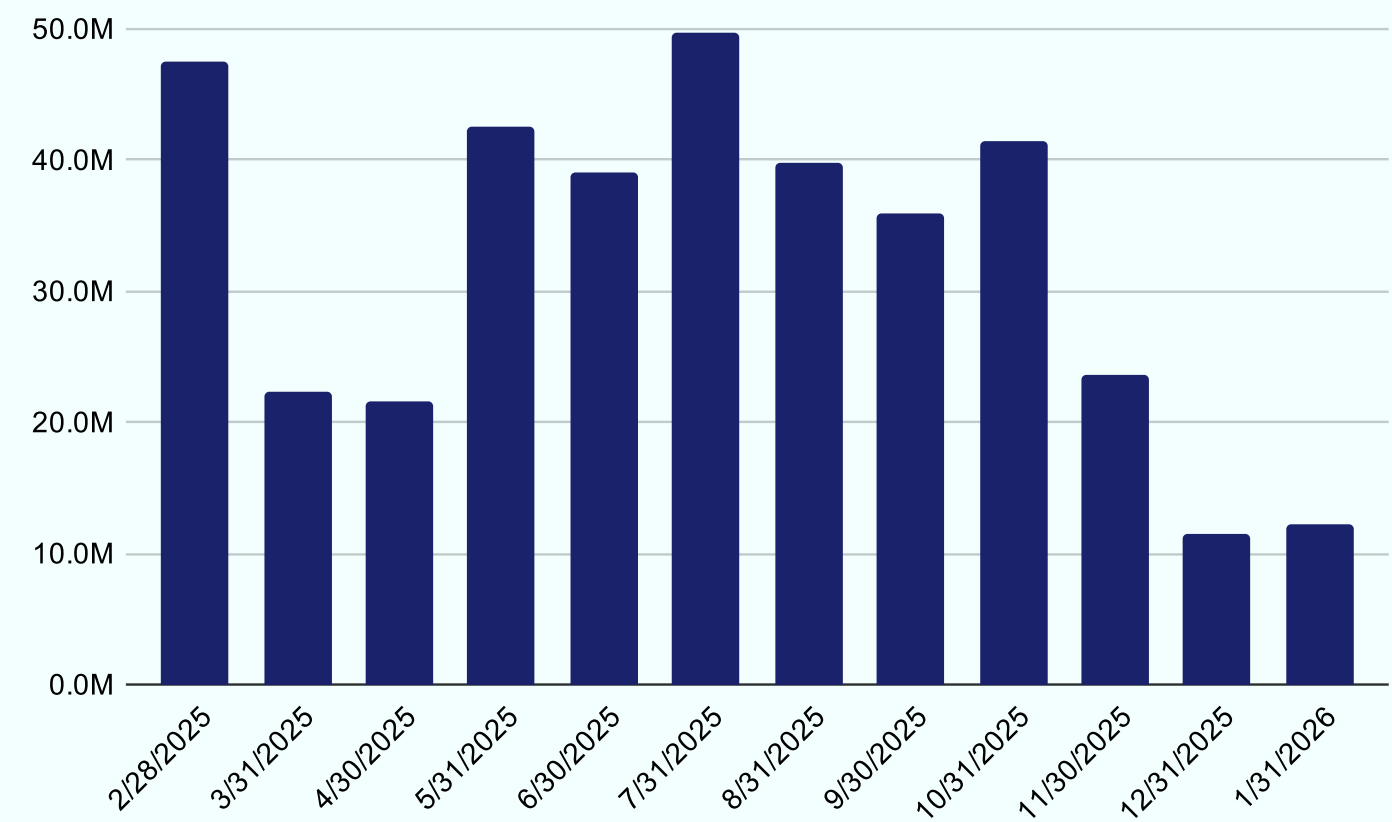
# Network & On-chain Updates



# Ethereum Revenue Dashboard

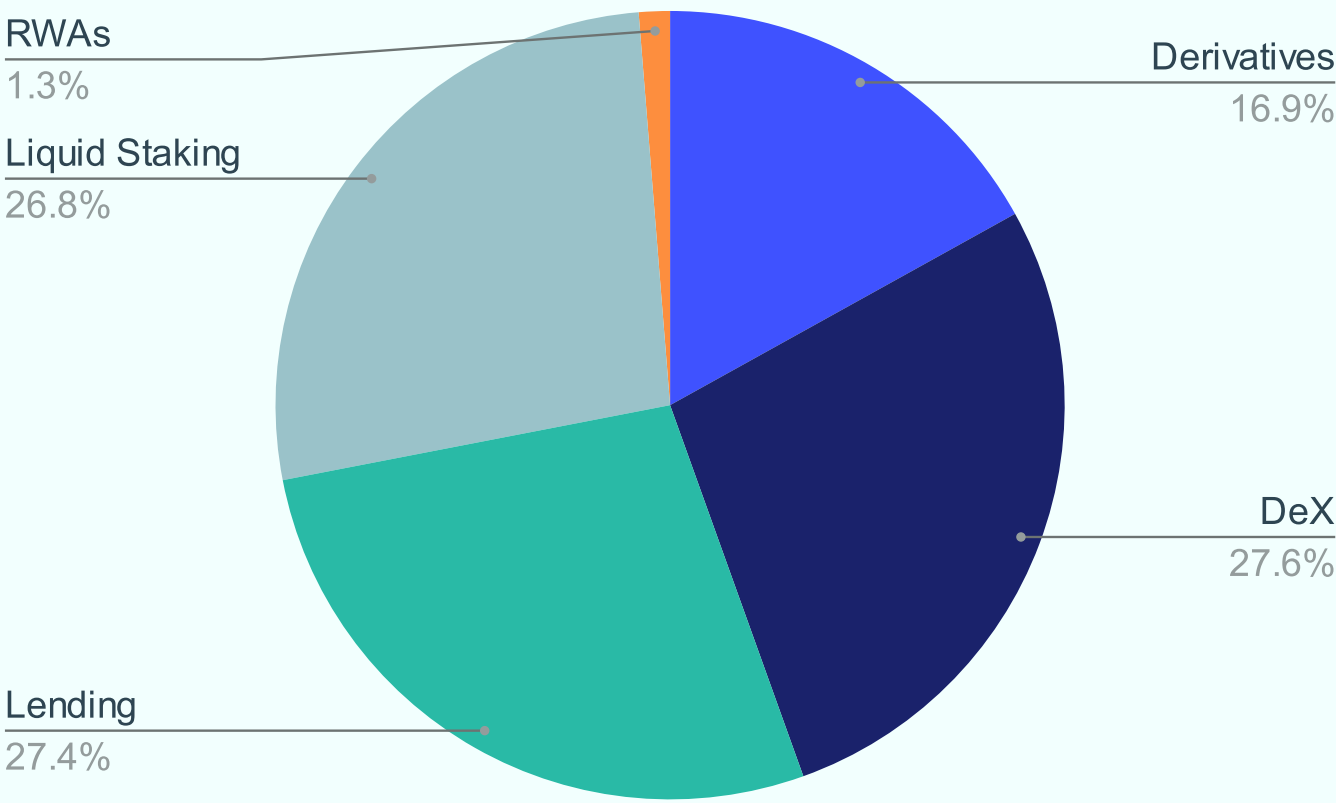
Analyzing Ethereum's total fees and their sector composition provides insight into the use cases driving network revenue. Ethereum layer-1 fees rose 7.0% month-over-month, increasing to \$12.3 million in January from \$11.5 million in December. Decentralized exchanges accounted for the largest share at 27.6%, followed by lending protocols at 27.4% and liquid staking at 26.8%. Derivatives contributed 16.9%, while real-world asset tokenization represented just 1.3%, underscoring the continued dominance of DEX activity in network fee generation.

Trailing Twelve Month Fees, ETH



Source: CF Benchmarks, Dune Analytics as of January 31, 2026

Fees by Sector



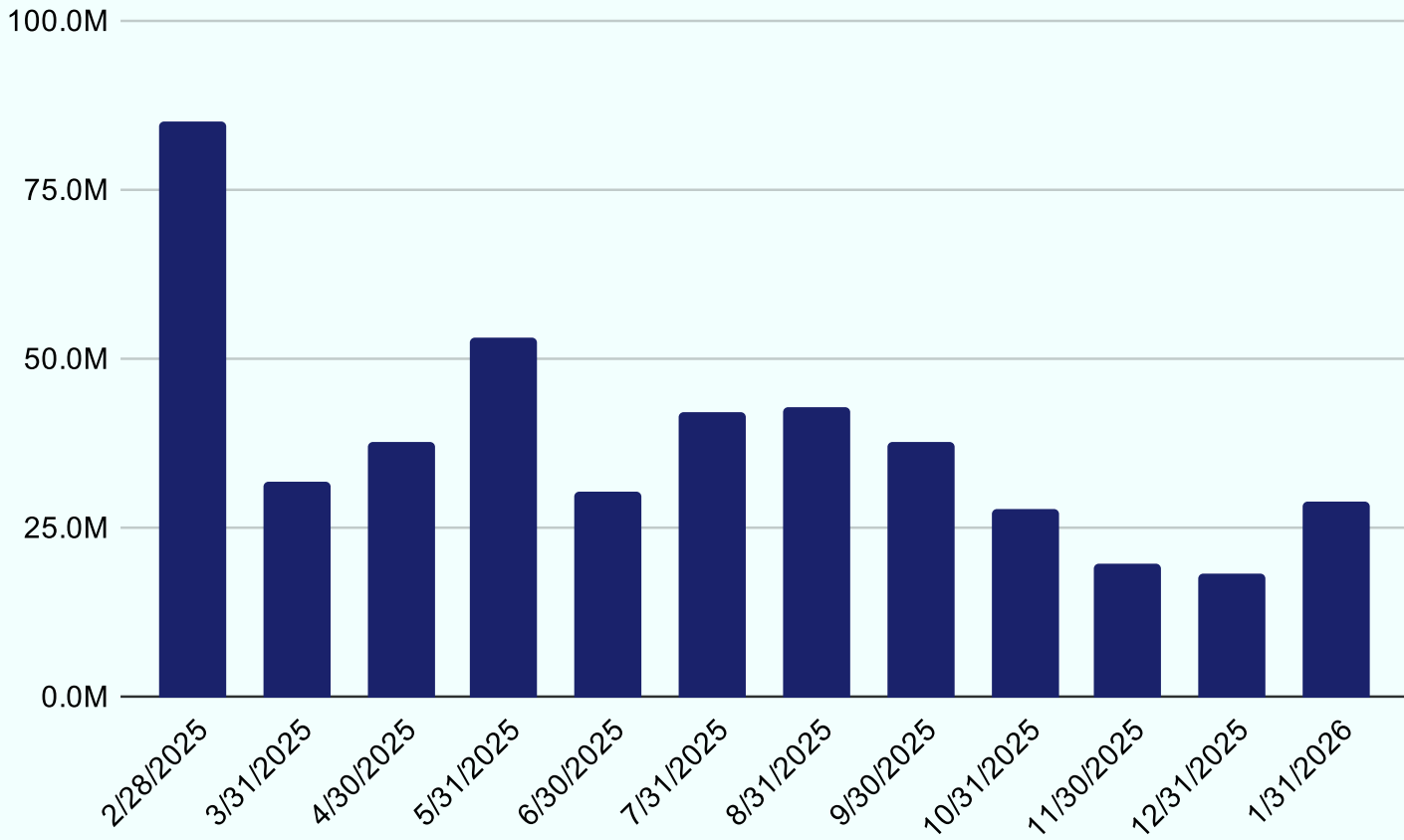
Source: CF Benchmarks, Dune Analytics as of January 31, 2026



# Solana Revenue Dashboard

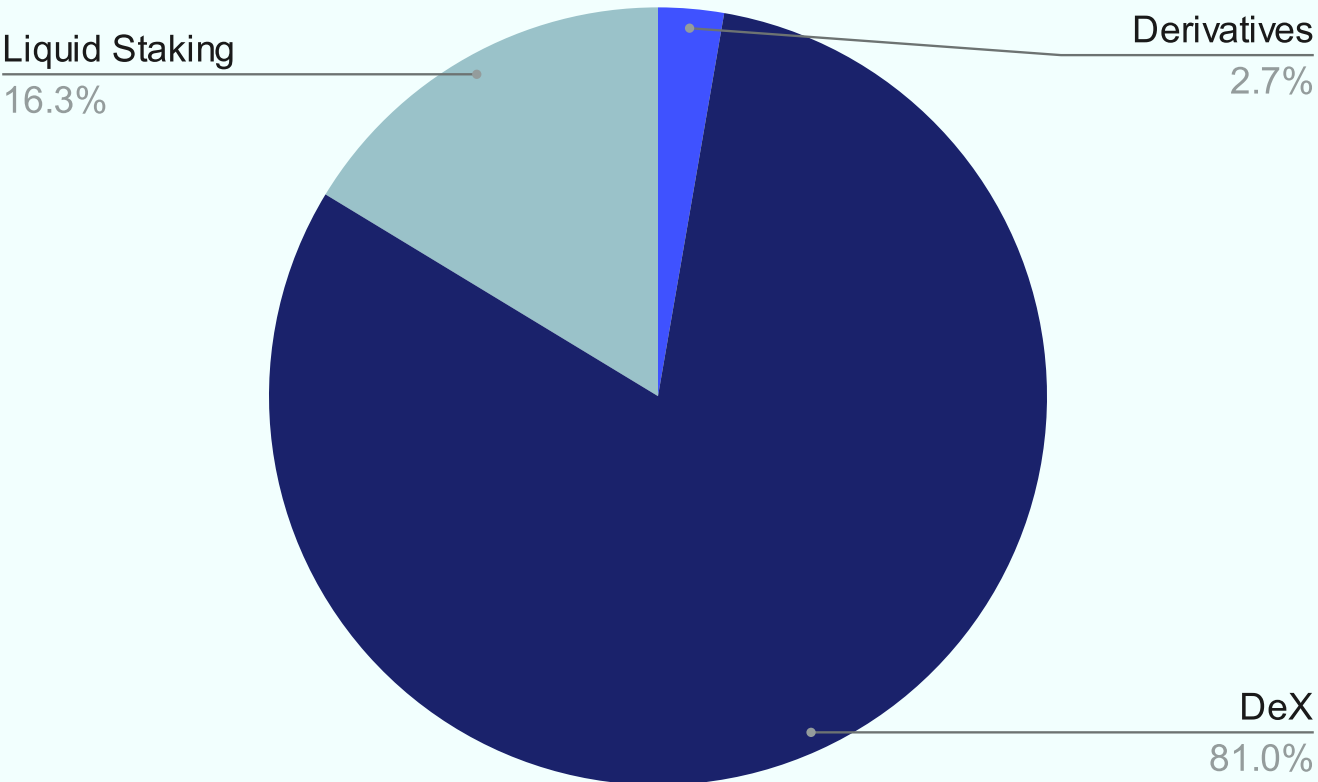
Similar to Ethereum, examining Solana's fee revenue and its sector composition helps identify the applications driving network demand and value capture. In January, Solana's layer-1 fees surged 59.7%, rising from \$18.1 million to \$28.9 million. Decentralized exchanges generated the majority of fee revenue at 81.0%, while liquid staking and derivatives contributed 16.3% and 2.7%, respectively.

Trailing Twelve Month Fees, SOL



Source: CF Benchmarks, Dune Analytics as of January 31, 2026

Fees by Sector



Source: CF Benchmarks, Dune Analytics as of January 31, 2026

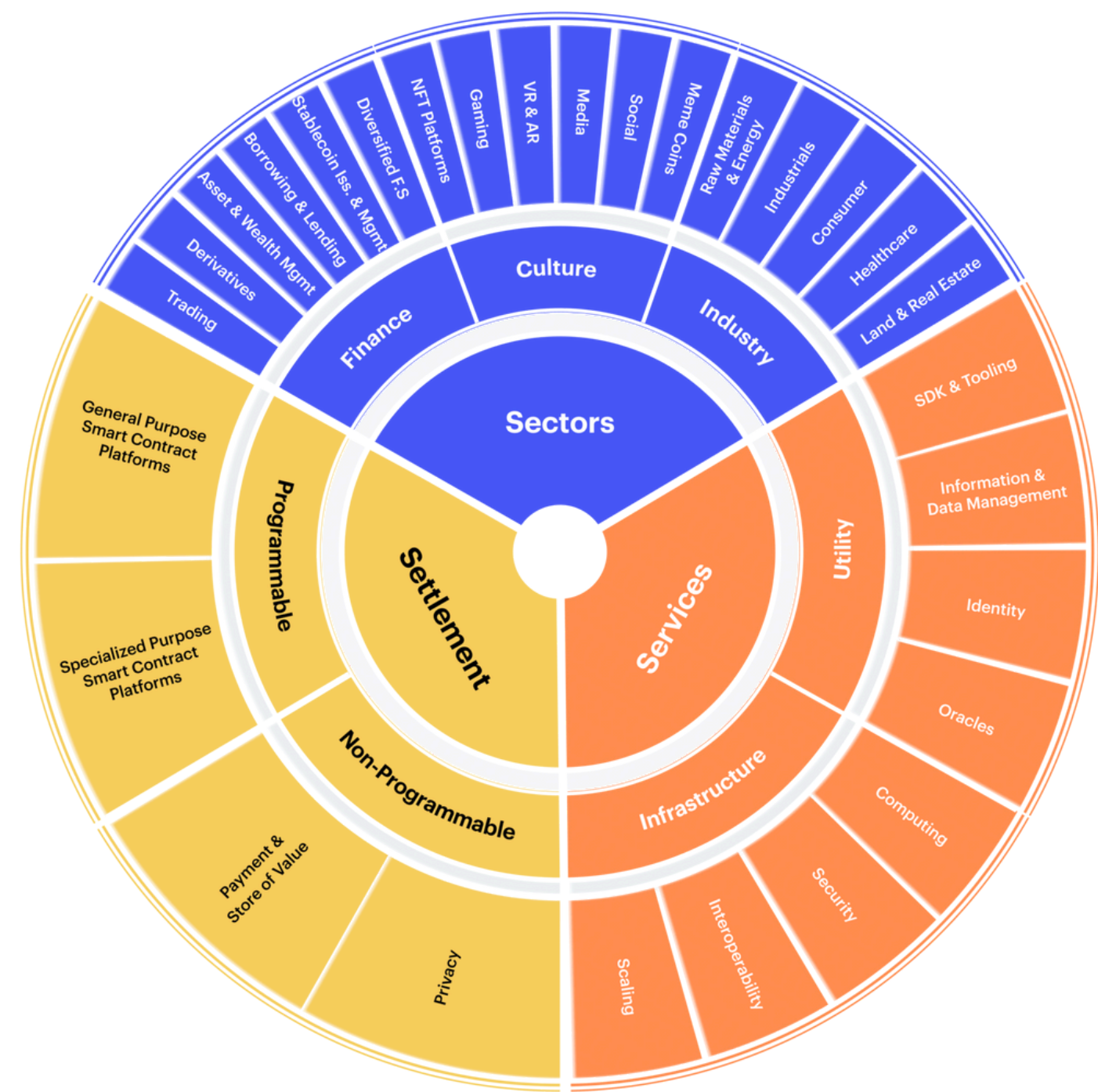
# Appendix



# CF Digital Asset Classification Structure

## CF Digital Asset Classification Structure

The CF Digital Asset Classification Structure (CF DACS) classifies coins and tokens based on the services that the associated software protocol delivers to end users, grouping assets by the role they play in delivering services to end users. The CF DACS powers CF Benchmarks' sector composite and category portfolio indices and allows users to perform attribution analysis to better understand the fundamental drivers of returns within their digital asset portfolios.



# Additional Resources

## Index Resources

For more information about our CF Benchmark indices and our methodologies, please visit the respective web links below:

- [CF Diversified Large Cap Index](#)
- [CF DeFi Composite Index](#)
- [CF Web 3.0 Smart Contract Platforms Index](#)
- [CF Digital Culture Composite Index](#)
- [CF Cryptocurrency Ultra Cap 5 Index](#)
- [CF Broad Cap Index Market Cap Weight](#)
- [CF Broad Cap Index Diversified Weight](#)

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Have a question or would like to chat? If so, please drop us a line to:

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