Carlsquare/Vontobel weekly trading note: Bitcoin is lagging the “everything rally”

While precious metals, such as gold, and U.S. and European equities had a solid year in 2025, Bitcoin lagged. A weaker USD trend could continue in 2026 due to the risks associated with Trump's trade and interest rate policies. Because Bitcoin has an inverse correlation with the U.S. dollar index, it should work as a hedge against a weaker U.S. dollar in 2026. In other news, the S&P 500 Q4 2025 earnings season begins this week, with seven major U.S. banks set to report their results.

In 2025, risk assets such as precious metals and U.S. and European equities showed solid gains. Surprisingly, cryptocurrencies, including Bitcoin, underperformed. However, continued demand for risk assets and a weaker U.S. dollar could lead to a Bitcoin recovery. One factor that could lead to USD depreciation is the upcoming legal verdict from the US Supreme Court regarding Trump’s tariff policies. Furthermore, President Trump’s ambition to appoint a loyal Chairman after Jerome Powell could decrease the market’s trust in U.S. Treasury bonds and the USD. Examining the charts reveals an inverse relationship between Bitcoin and the U.S. dollar index.

The fourth-quarter 2025 reporting season begins on Tuesday, January 13, with JPMorgan among the first U.S. S&P 500 companies to publish their results. Six other major U.S. banks will post their interim figures on Wednesday and Thursday of this week. Estimated earnings growth for S&P 500 companies in the fourth quarter of 2025 has increased from 7.2% on September 30 to 8.3%. However, only two sectors—Information Technology and Financials—contributed to the expected increase in earnings.

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