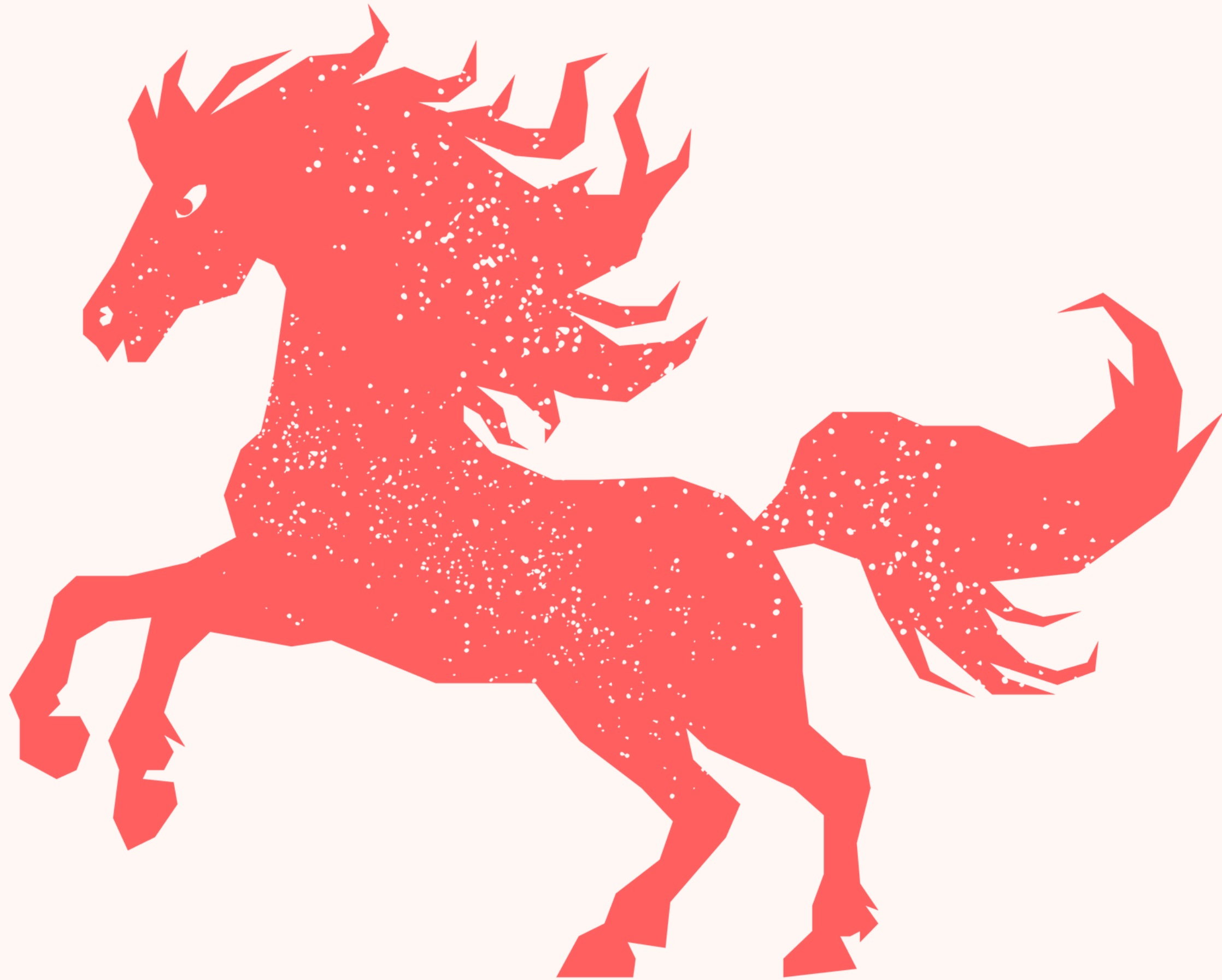


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CHINESE NEW YEAR



WRITTEN BY



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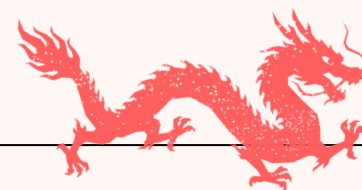
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CHINESE NEW YEAR MEANS...



Feb 17, 2026 - Feb 23, 2026

Year of the Fire Horse

Shift away from the wisdom, intuition and transformation of the wood snake to the high energy, confidence and forward momentum of the fire horse

Liquidity shock

- People's Bank of China routinely injects trillions of yuan to satisfy cash demands leading up to the holiday.
- Young people end up with considerable amounts of money to spend and invest inside and outside the country.
- Research shows elevated stock market returns around that time period.

Hongbao tradition

Red envelopes getting passed out from the older (married) generation to the younger (unmarried) one, with amounts ranging from \$5-\$200+

Chunyun season

Largest human migration with 3bn trips in the 40-day period surrounding the spring festival

WHAT ABOUT BTC?

While trading in crypto remains illegal on mainland China, it is still open for trading in Hong Kong and other territories and of course doesn't stop Chinese diaspora using their new wealth to trade bitcoin.

We can run an analysis of returns around the Chinese new year in addition to comparing returns to the Golden Week from 2018 onwards (given late 2017 is when BTC futures on CME were first listed and hence can argue BTC became more institutionalized) and see if there is any quantifiable change in trading patterns.

Results:

- BTC tends to outperform during the Chinese New Year period, averaging **~20% return on a 10-day extended window** around the holiday and **~7% if one invests 1 day before the holiday** and exits 1 day after
- Max performance occurred in 2021 when BTC went up by ~62% within the 10-day extended window
- The Golden Week didn't have any statistically significant returns

Year	Returns for 10d extended window	Max Return during the 10d extended window	Min Return during the 10d extended window	Returns for 1d extended window	Max Return during the 1d extended window	Min Return during the 1d extended window
2018	+48.47%	+48.47%	-1.71%	+1.32%	+12.17%	-1.59%
2019	+9.76%	+11.03%	-5.63%	+5.62%	+6.68%	-1.73%
2020	+11.92%	+14.87%	-4.99%	+11.22%	+12.59%	-0.92%
2021	+27.11%	+62.04%	+0.00%	+16.65%	+16.65%	-1.68%
2022	+15.72%	+27.25%	+0.00%	+14.64%	+14.64%	-3.98%
2023	+23.29%	+25.99%	+0.00%	+4.38%	+4.38%	-0.62%
2024	+28.04%	+28.04%	+0.00%	+9.58%	+10.63%	+0.00%
2025	-3.54%	+5.00%	-5.28%	-4.66%	+3.36%	-4.66%

WHERE DO WE STAND THIS YEAR?

FX moves:

2025 was marked by significant volatility in USD/CNY, seeing a significant strengthening of Yuan vs USD.

While USD did fall, the fact the PBOC allowed USD to fall against CNY and is comfortable keeping it at sub-7 levels is worth highlighting.

Option markets 1 year out are also still pricing in further cuts with risk reversals continuing to be negative.

15th five-year plan:

Set to pass in March 2026.

The renewed emphasis on boosting domestic consumption is striking.

The current mercantilist approach has come under increasing internal criticism, reflecting concerns over the inefficient accumulation of public debt, as well as the ongoing adjustment following the housing bubble.

As such, the scale of the proposed shift weight to the view that policymakers may be more willing to tolerate—or even encourage—CNY strength against the USD.

Dollar strength index vs. US dollar Chinese yuan pair



Source: Bloomberg

What does this mean for BTC?

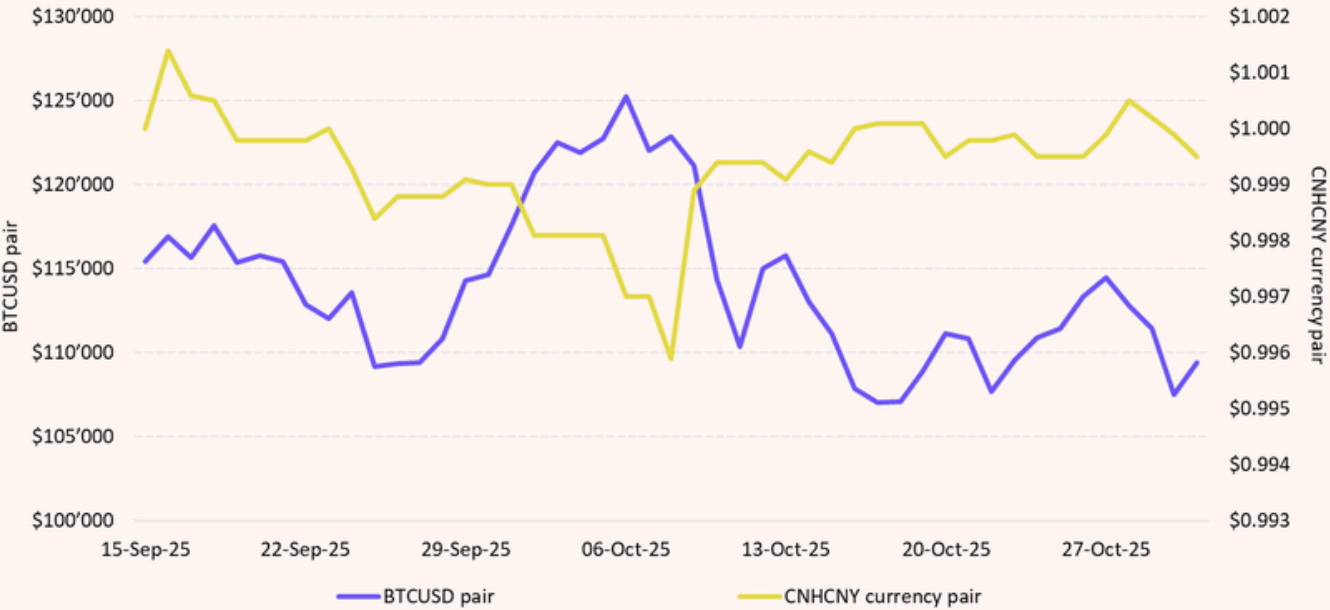
Traders have often marked how significant moves in USD/CNY and/or CNY/CNH have an effect on BTC and that has been confirmed on multiple studies throughout the years.

The most recent episode on this was in the lead up to BTC's all-time high in October.

Typically **when CNY falls vs USD** and/or there is a gap between onshore vs offshore there is **upward pressure on BTC** and vice versa. Hence ceteris paribus, if CNY continues to strengthen, a cap on BTC growth is to be anticipated, assuming no second order effects.

Heading into the holiday period, cash is expected to flood the market and weaken CNY, and paired with the move of people in and out of the country, BTC has the setup needed to outperform.

Bitcoin performance vs. offshore-onshore Chinese yuan pair



Source: Bloomberg

CONSIDERATIONS GOING FORWARD

Taiwan

The upcoming five-year plan includes China's eagerness to resolve the thorny subject of Taiwan. The risk of the current model is of course the appearance of sanctions, which place significant harm to the China export model. Given **intertwined supply lines** with China, this is not an easy problem for importers. China aims to increase domestic consumption, helping **reduce reliance on exports and mitigate the threat of external sanctions**. This shift is supported by a steady supply of discounted oil and gas from Russia.

Any war however would push USD higher vs CNY and choke global demand. While the duration of such a conflict is unknown, a stronger domestic economy serves as a buffer against prolonged instability.

Gold

China's central bank has been buying gold for 14 months straight, totaling 42 tons of purchases during this time. This accumulation is no accident. In times of geopolitical crisis, it learns from other nations, like Russia's **sanctions** and how it managed to weather the storm through its onshore gold reserves.

China wants to take advantage of the dedollarization trend and emerge as a real alternative, with **credible currency and vibrant financial markets** to match.

For this to work, steps are being taken to push Shanghai's Gold Exchange to the global scene, by convincing friendly nations to park their gold in **SGE adjacent vaults** to help liquidity. The big bet is to see whether that shift actually takes place and at what geopolitical cost.

e-CNY

Historically, a collapsing Yuan meant a Bitcoin boom (Capital Flight). But this time, China has built a better trap: the e-CNY.

This is no longer just currency; it is a **control grid**.

Programmability: The e-CNY can be coded to reject transactions to unauthorized wallets (like crypto exchanges).

Bait: As of Jan 1, 2026 PBOC allows commercial banks to pay interest on e-cny holdings as initiatives for the population to make the transition.

End Game: Cash is eradicated, non-banks are pushed out of the picture and when the yuan devalues, wealth is trapped in a controlled currency with **government surveillance**, unable to convert to crypto or fiat because the code itself forbids it.

TAKEAWAYS

Chinese New Year Trading Strategy

Prime Opportunity: The holiday period offers a strong setup for crypto traders.

Execution: Buy Bitcoin in the days leading up to the holiday; exit shortly after the official time off ends.

Minimal Exposure: Historical data shows profit potential even within a short window (entering 1 day before and exiting 1 day after).

Return profiles across select trading windows



2026 Conditions

Macro Timing: The trade stands to perform well, given it sits between two Fed rate decisions, with US midterms far off (minimizing US impact on the Yuan).

Currency Factors: Yuan strength against the USD is set to halt due to PBOC cash injections & onshore vs offshore transfers for the holidays.

Liquidity Flow: As the Yuan weakens, capital is expected to move into Bitcoin.

The Day After

15th Five-Year Plan: set to pass in March, focusing on domestic demand and enterprise growth.

Geopolitics: Pressure to settle the Taiwan issue may increase and sanctions are on the table.

Gold Reserves: Already a big part of PBOC's policy, hedge against sanctions & help on currency trust.

e-CNY Expansion: Increased use of the digital Yuan creates more controlling environment.

Conclusion: This may be the last time the Chinese New Year trade is successful before new market patterns form.

APPENDIX - MATH TIME!

Key formula:

$$\text{LogReturn}_t = \beta_0 + \beta_1 \cdot \text{Holiday}_t + \beta_1 \cdot \text{LogReturn}_{t-1} + \Sigma(\beta_1 \cdot \text{DayOfWeek}_i) + \varepsilon_t$$

How to read the formula:

The coefficient β_1 captures the holiday window effect on BTC’s average daily log returns, when controlling for return autocorrelation and day-of-the-week effects.

How to read the results:

Higher coefficient => Higher effect of the holiday on the returns

p-value >= 0.1 => Low result significance
p-value < 0.1 => Ok result significance
p-value <0.05 => High result significance

Holiday Windows Tested:

- 1. Golden Week (Oct 1-7)
- 2. Chinese New Year (Official holiday dates)
- 3. Chinese New Year Extended (Official holiday dates + 10 days before & after)
- 4. Chinese New Year Marginally Extended (Official holiday dates + 1 day before & after)

Not every holiday is the same!

Period	Coefficient	p-value	Result Significance
Golden Week	+0.00462	0.17	Low
Chinese New Year	+0.00764	0.047	High
Chinese New Year Extended	+0.00738	0.004	High
Chinese New Year Marginally Extended	+0.01035	0.004	High

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