DeAsset
MANAGEMENT

RESEARCH REPORT

The Liquidation Machine

How leverage turns a macro shock into a cascade — and what breaks the loop.

November 2026

deasset.io

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A hot inflation print repriced the December Fed decision in a week. Bitcoin fell about 10% in five sessions, ether broke below $2,000, and $1.64 billion of leveraged positions were liquidated in 24 hours. This report traces the mechanism — not just the move: how a macro shock travels through leverage, why the exit narrowed on both sides of the same liquidity pipe, and what would have to change for the loop to break. All figures are as of Saturday 14 November 2026 unless stated; live prints are labelled with their snapshot time.

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> **About DeAsset Management.** DeAsset Management is a decentralized asset management firm providing global investors with access to real, diverse and sustainable value across digital and tokenized markets. This report is published for informational purposes. See the disclaimer at the end of this document.

01 · EXECUTIVE SUMMARY

A deleveraging week inside a tightening regime

[Fact] Report 12 was the shock. Report 14 is the transmission. In October, US consumer prices rose faster than expected for the third straight month. In November, that repricing ran through the most leveraged corner of the market and came out as forced selling. Bitcoin fell about 10% in the week of 9–13 November, ether fell below $2,000 for the first time since August, and leveraged longs were liquidated at a scale not seen since the summer. The buyer stepped back — and the exit narrowed.

[Fact] Three numbers define the week. Core CPI rose 0.3% month on month in October — the third consecutive month at that pace — while headline CPI rose 0.4%, both above consensus. On 13 November, $1.64 billion of crypto positions were liquidated in 24 hours, 88.7% of them longs. And US spot bitcoin ETFs recorded $1.91 billion of net outflows over the seven trading sessions from 5 to 13 November, the seventh straight session of redemptions.

+0.3%
October core CPI, MoM — third straight +0.3%; headline +0.4%, both above forecast (BLS, 10 Nov 2026)

$1.64bn
Crypto liquidations, 24 hours to 13 Nov — longs 88.7%; BTC $916M, ETH $289M (CoinGlass, via CoinDesk)

−$1.91bn
US spot Bitcoin ETF net outflow, 5–13 Nov — 7 straight outflow sessions (Farside)

[Estimate] What is established is the sequence: leverage had been building into a falling market, the $70,000 level broke, and forced sellers hit bids that were never deep enough. The cascade is a mechanical event. It tells you where leverage was sitting, not where buyers are.

Our view: this is a deleveraging event inside a tightening regime, not a verdict on the asset class. The distinction matters because the two have different clocks: liquidations clear in days; a rate path clears in months. The two conditions are set out in full in Section 5. **[Estimate]** Derivatives liquidations amplified the move; the split between spot selling and forced derivatives selling is not yet fully established. **[Opinion]** This judgement changes only when both are true — spot Bitcoin ETF flows turn from net outflow to net inflow, and the December FOMC signals no hike beyond 25 basis points — and until then, a rebound is a bounce, not a trend.

Key figures: ① BLS, Consumer Price Index — October 2026 (USDL-26-1685), released 10 Nov 2026, 08:30 ET; seasonally adjusted; no 12-month rate published (October 2025 base not collected). ② CoinGlass 24-hour rolling window, snapshot reported by CoinDesk 13 Nov 2026, 06:52 EST; largest single liquidation $31.1M BTC long on Hyperliquid. ③ Farside Investors daily flow table, sum of 7 US trading sessions 5–13 Nov 2026 (−$430.2M, −$411.9M, −$201.0M, −$95.0M, −$299.8M, −$284.1M, −$185.4M = −$1,907.4M); SoSoValue-cited reporting agrees at $1.91B (see Section 4, Table T2). Farside daily figures cross-checked across three independent reports of the table; direct table view pending at freeze. Data freeze 15 Nov 2026, 15:00 KST.

02

The Shock — Inflation Prints Hot Again

[Fact] The October Consumer Price Index, released on 10 November, rose 0.4% month on month against a 0.3% consensus, and core CPI — excluding food and energy — rose 0.3% against a 0.2% consensus. It was the third straight month of core at 0.3%, an annualised three-month pace of about 3.7%. The Bureau of Labor Statistics published no 12-month rate for October: the October 2025 government shutdown meant that month's prices were never collected, so there is no comparable baseline. The last official 12-month core reading, 2.6% in September, remains the benchmark.

[Fact] The producer side confirmed the direction. October PPI rose 0.3% month on month and 6.5% year on year, the most since November 2022 (BLS, 13 Nov 2026). Two-year Treasury yields climbed to roughly 4.74%, on track for their worst week since 2024.

[Fact] The market repriced the December decision within days. CME FedWatch put a 25bp hike at the 8–9 December FOMC at about 88–90% by 13–14 November, up from 76.3% on 6 November, when a hold still carried 23.7%. The probability of a 50bp move, zero a week earlier, rose to about 10–11%. The dollar index traded above 103, its highest since April 2025. Fed Governor Christopher Waller had said publicly that an October core print around 0.3% would put a half-point hike on the table. The print was exactly 0.3%.

[Opinion] Report 12 called this the return of tightening. The October data did not create the tightening; it removed the market's excuse to doubt it. The shock itself was modest — one tenth of a percentage point above consensus on two prints. What made the week violent was not the size of the surprise but what it hit: a market carrying leverage into a decline.

[Fact] The infrastructure kept being built all the same. On 28 October, the Depository Trust Company launched the DTCC Tokenization Service, letting eligible users mint tokenized versions of securities held at DTC — with 20 participants signed at launch, including JPMorgan, Citi, Fidelity, Morgan Stanley and State Street — and on 12 November announced plans to extend the service to Solana, with integration planned for the second half of 2027. No aggregate tokenized balances or trading volumes were published, so the size of actual use remains unquantified. **[Opinion]** Adoption is not a breakwater for price. The two move on different clocks: adoption is slow, negotiated and measured in years; liquidation is fast, automatic and measured in hours. A tokenization service launching in October cannot absorb a margin call in November, and it was never designed to.

Sources: BLS, Consumer Price Index — October 2026 (USDL-26-1685), 10 Nov 2026; BLS, Producer Price Index — October 2026, 13 Nov 2026; CME FedWatch via CoinDesk / Cointelegraph / prediction-market trackers, 13–14 Nov 2026 (25bp ≈88–90%, 50bp ≈10–11%; figures move intraday — read as an observation point, not a key figure); US Dollar Index above 103, CoinDesk, 13 Nov 2026. DTCC Tokenization Service launch: DTCC press release, 28 Oct 2026 (20 participants; launch scope 34 eligible securities; no published tokenized balances/volumes); DTCC Solana announcement, 12 Nov 2026 (integration planned H2 2027); SEC no-action letter, Dec 2025, as cited in the launch coverage.

03

The Transmission — Leverage Was Already Loaded

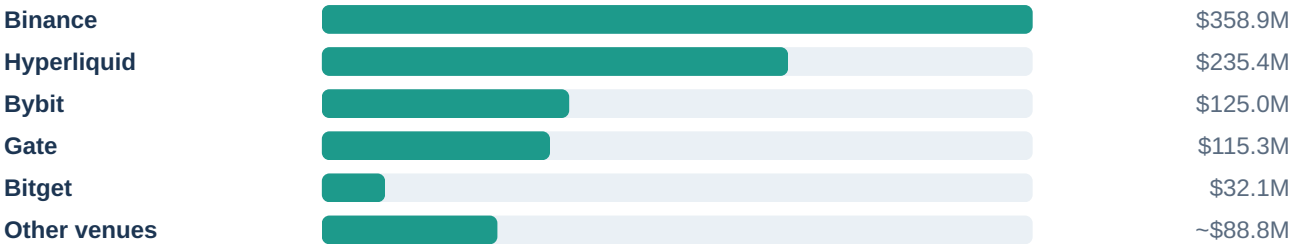
Report 3 described the perpetuals machine running in one direction. This week, it ran in reverse.

[Fact] A liquidation cascade needs fuel before it needs a trigger. Bitfinex's analysis found bitcoin open interest rose 12.1% to about 694,700 BTC over 19 days even as the price fell 5.3% — the highest since late September. Funding rates stayed positive through that stretch. Leverage was not being reduced into the decline. It was being added.

[Fact] The break came on the night of 12–13 November. Bitcoin fell through $70,000, then $69,000, reaching $67,568 on Binance, its lowest since 19 August. Ether fell below $2,000 for the first time since August, with lows around $1,910. CoinGlass counted $1.64 billion of liquidations in 24 hours (snapshot reported by CoinDesk, 13 Nov 06:52 EST), 88.7% of it longs. Bitcoin accounted for $916 million, 95.2% of it longs; ether $289 million, 89.5% longs. The largest single liquidation was a $31.1 million BTC long on Hyperliquid.

[Fact] The derivatives tape confirms the mechanism. Over the same 24 hours, crypto futures trading volume jumped 58.3% to $269.1 billion while open interest fell 4.6% to $120.2 billion. Bitcoin open interest fell 5.4% and ether's 4.1%. On OKX, bitcoin open interest dropped from $3.86 billion to $3.46 billion in nine hours, and the BTC perpetual funding rate settled at −0.0064% at 08:00 UTC — the lowest since early August and the first negative print since 7 November. Funding turned negative across most major coins, meaning shorts were paying longs.

Liquidations in the four heaviest hours, 13 Nov 2026 (US$ millions, CoinGlass)



[Estimate] Two caveats keep this honest. First, bitcoin open interest fell 5.4% against a 5.9% price drop, so much of the notional decline reflects the lower price itself rather than positions closing. Second, liquidation data is imperfect: Binance and OKX still underreport forced closures in incomplete bursts, so totals are likely higher, not lower. The direction of the evidence is consistent; its precision is not.

[Opinion] A leveraged long is a forced seller at a price it did not choose. When enough of them sit below the same level, the level itself becomes the trigger, and the loop runs until the leverage is gone or a buyer steps in. On 13 November, no buyer stepped in.

Sources: CoinGlass via CoinDesk, 13 Nov 2026, 06:52 EST ($1.64B, 88.7% longs; BTC $916M, ETH $289M; volume +58.3% to $269.1B; open interest −4.6% to $120.2B); Bitfinex open-interest analysis via AInvest, 13 Nov 2026 (OI +12.1% over 19 days to ~694,700 BTC); OKX funding −0.0064% at 08:00 UTC 13 Nov, OKX BTC OI $3.86B→$3.46B, via AInvest/CryptoTicker, 13 Nov 2026; Binance/OKX underreporting, The Block, 9 Nov 2026. CoinGlass uses a rolling 24-hour window; this report uses a single stated snapshot. Venue split: CoinGlass four-hour window (total $955.47M; five largest $866.7M; other venues ~$88.8M).

04

The Narrow Exit

[Fact] The exit narrowed on both ends of the same pipe. US spot bitcoin ETFs saw net outflows of $1.91 billion over the seven trading sessions from 5 to 13 November — $430.2M, $411.9M, $201.0M, $95.0M, $299.8M, $284.1M and $185.4M, day by day, with no inflow session since 4 November (+$74.6M). BlackRock's IBIT accounted for $1,416.4M of the streak, 74%, and has now recorded 11 straight outflow sessions since 30 October. The week of 9–13 November alone took $1.07 billion, after $1.28 billion the week before — the heaviest weekly redemptions since late June.

[Fact] The on-chain cash layer shrank at the same time. Glassnode's 11 November report, "Running on Empty", put the 30-day contraction in major stablecoin supply at $14.2 billion — the largest since June 2022, when the decline approached $30 billion after Terra collapsed. The basket covers 11 dollar stablecoins (USDT, USDC, USDS, DAI, USDe, USD1, USDG, PYUSD, RLUSD, USDD, USDF); USDT and USDC together accounted for nearly $11 billion of the drop. Holders were redeeming stablecoins for dollars and taking that cash out of the market. DefiLlama's broader series points the same way (about $14–16 billion over 30 days, depending on the window).

[Fact — window-specific] The weekend before showed the same pattern in miniature, with the assets reversed. In the 24 hours to 9 November, ether liquidations exceeded $500 million against about $309 million for bitcoin (CoinGlass via The Block), with 167,764 traders liquidated and the largest single order a $48.2 million ETH-USDT long on Binance. On 13 November, Bitcoin accounted for about $916 million of liquidations and Ether about $289 million (CoinGlass, via CoinDesk) — Ether fell further in price, but its forced selling was smaller in dollars. The lesson is not that one asset is structurally more leveraged. It is that whichever book is heaviest gets liquidated first — and the book changes by the week.

[Opinion] This is the "narrow exit" in the frame: the door in got wider — ETFs, perpetuals, stablecoin rails — while the door out narrowed to forced sellers meeting thin bids. ETF redemptions remove the marginal buyer; stablecoin redemptions remove the cash that would buy the dip. Neither caused the CPI print. Both decided how much of it reached the price.

> **THE LOOP**
>
> Hot CPI → December repricing → ETF outflows + stablecoin redemptions → thin book → forced long liquidations → lower prices → further liquidations (loop)
> Each link is documented in Sections 2–4; the loop is the mechanism, not a claim that any single link caused the fall.

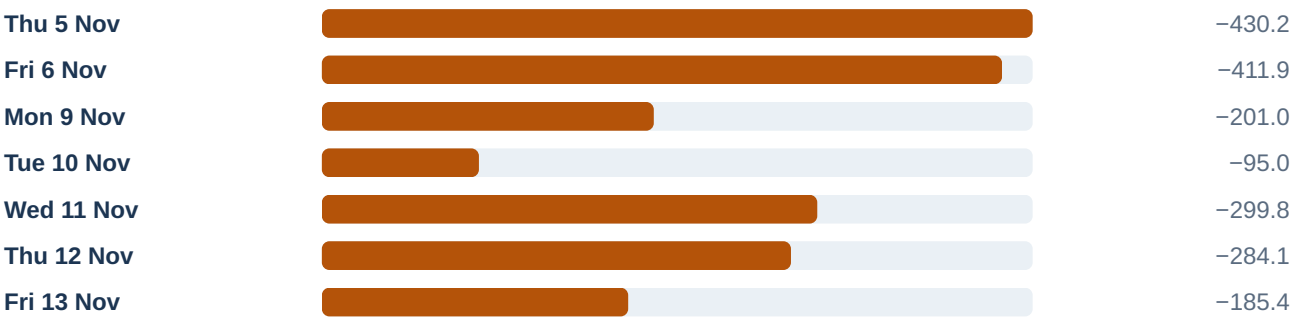
04 · THE NARROW EXIT — DATA

The exit, day by day

T2 · US spot Bitcoin ETF net flows (US$ millions, Farside daily table, summed by DeAsset)

Trading day	All US spot BTC ETFs	BlackRock IBIT
2–4 Nov (3 sessions, incl. one inflow day, +74.6 on 4 Nov)	−439.6	—
Thu 5 Nov	−430.2	−105.0
Fri 6 Nov	−411.9	−403.0
Mon 9 Nov	−201.0	−213.2
Tue 10 Nov	−95.0	−78.2
Wed 11 Nov	−299.8	−269.7
Thu 12 Nov	−284.1	—
Fri 13 Nov	−185.4	−143.5
November to 13 Nov (2–13 Nov)	**−2,347.0**	—
Seven sessions, 5–13 Nov	**−1,907.4**	**−1,416.4 (74%)**

Daily net outflows, seven sessions 5–13 Nov (US$ millions)



Sources: Farside Investors, Bitcoin ETF Flow (all data), daily figures 5–13 Nov 2026, sum −$1,907.4M; SoSoValue via Investing.com, 14 Nov 2026 ($1.91B); Farside daily figures cross-checked across three independent reports of the table (direct table view pending at freeze). Glassnode, "Running on Empty", 11 Nov 2026 (30-day stablecoin supply −$14.2B; data through 9 Nov; 11-token basket); The Block, 11 Nov 2026 (USDT+USDC ≈ −$11B); The Block, 9 Nov 2026 (weekend window: ETH >$500M vs BTC ~$309M, 167,764 traders, largest single $48.2M ETH-USDT long); CoinGlass via CoinDesk, 13 Nov 2026 (Friday window: BTC $916M vs ETH $289M).

05

What Breaks the Loop — The Conditions That Stop a Cascade

[Fact] A cascade stops in one of two ways: the leverage runs out, or a buyer returns. The first condition was partly met on 13 November. Funding turned negative, open interest fell, and the excess leverage was partly flushed. The second was not: ETF flows were still outward on Friday (−$185.4M), and stablecoin supply was still contracting.

[Opinion] That asymmetry is the report's central judgement. A flushed market can still fall — negative funding is also a crowded short, and a short squeeze needs spot demand to cover into. What ends a liquidation loop durably is not the absence of sellers but the presence of buyers with cash. Until ETF flows turn and stablecoin supply stabilises, each bounce is a liquidation pause, not a trend.

What to watch. Monday 16 November brings the first post-weekend ETF print: one day proves nothing; three days of narrowing outflows would. The FOMC minutes arrive 18 November; the December FOMC meets 8–9 December with a Summary of Economic Projections; November CPI is published 10 December — after the FOMC — and November PPI on 15 December. A 24-hour liquidation total back below $500 million, sustained for several days, would mean the forced selling has cleared. A 30-day stablecoin change turning less negative would be the earliest sign that cash is returning on-chain. It lags price; that is why it is useful — it confirms rather than predicts.

Two conditions, and both must hold. First, spot Bitcoin ETF flows must turn from net outflow to net inflow — a single day of inflows does not count; the turn must persist across consecutive sessions. Second, the December FOMC must not signal a hike beyond the 25 basis points the market has already priced in. Liquidation volumes are deliberately not one of the conditions: they fall when the selling is already over, so they describe the move after the fact rather than signal a change in it. Until both conditions are met, a rebound is a bounce, not a trend.

[Opinion] Until both hold together, the operating implication is defensive, not predictive: size positions for further forced selling, treat rallies as liquidity events rather than trend changes, and do not use adoption news as a timing signal — it is a reason to own the plumbing over years, not a reason to buy a liquidation week. That is a statement about risk management, not a recommendation to buy or sell any asset.

Sources: CME FedWatch / Kalshi / Polymarket, 14 Nov 2026 (25bp ≈88–89%, 50bp ≈11%); FOMC calendar: minutes 18 Nov 2026, meeting 8–9 Dec 2026, November CPI 10 Dec 2026, November PPI 15 Dec 2026 (BLS schedule). Conditions ①–②: DeAsset opinion, set out so the judgement in this report is falsifiable. The $500m liquidation level and the stablecoin turn are the report's own operating markers, not market conventions.

06

Outlook — What to Watch Next

[Fact] The week ended lower and afraid. Bitcoin closed the week of 9–13 November down about 9.9% near $68,291, its sixth consecutive weekly decline, and fell below $66,000 on Saturday 14 November (Binance intraday low $66,456 at 04:14 UTC; ether $1,878). The Crypto Fear & Greed Index sat in extreme fear (13–20 across 13–14 November). Bitcoin is down about 11% in November and about 21% so far in 2026.

[Opinion — base case] The base case is not a crash call and not a buying call. It is a mechanics call: the market is deleveraging into a tightening repricing, and deleveraging ends when leverage is gone or buyers return. Both take time. The November 2022 parallel is instructive and limited — the stablecoin contraction then was twice as large (about $30 billion) and bitcoin bottomed five months after the worst month. A parallel is not a forecast.

[Opinion] What would change the view fastest is not a price level but a flow: a single day of ETF inflows after seven outflow sessions, or a stablecoin supply print that stops shrinking. What would confirm the bear case is the opposite: a 50bp December hike, or ETF outflows accelerating into the FOMC. Support levels are zones the market watches, not floors the report guarantees. No bottom is called here.

Sources: CoinGecko via FundedXYZ/CryptoTicker, 13–14 Nov 2026 (BTC week −9.9% to ~$68,291; sixth consecutive weekly decline); Binance price data via CryptoMediaZone, 14 Nov 2026 (BTC low $66,456 at 04:14 UTC; ETH $1,878); Crypto Fear & Greed Index in extreme fear, 13–14 Nov 2026 (Alternative.me, via market reporting); CoinDesk via AITradeReview, 13–14 Nov 2026 (BTC −11% in November, −21% in 2026 to date); June 2022 comparison: Glassnode via The Block, 11 Nov 2026.

07 · KEY RISKS

What could break this thesis

- **Policy risk, both directions.** A 50bp December hike would deepen the tightening shock; a hold would wrong-foot a market that has priced a hike at near-certainty. Either surprise reprices risk assets fast. (Fact: hike priced ≈99% in aggregate on Kalshi, 14 Nov 2026.)
- **Further forced selling.** Open interest has fallen but leverage is not gone; weekend liquidity is thin, and the 8–9 November window showed how fast $1 billion can liquidate when stocks scare crypto overnight. (Fact: 11/8–9 window >$1.15B liquidated.)
- **ETF outflow persistence.** Seven straight outflow sessions, IBIT 11 straight. If redemptions accelerate into the FOMC, the marginal buyer stays absent. (Fact: Farside, 5–13 Nov 2026.)
- **Stablecoin drain continuing.** A further $14 billion-scale contraction would leave still less cash to absorb selling. A shrinking supply is not a depeg or a solvency problem — it is a liquidity fact. (Fact: Glassnode, 11 Nov 2026.)
- **Causation is not established.** This report separates contributors and refuses to apportion them numerically, because the data do not support it. Any reading that converts "CPI, then outflows, then liquidations" into "CPI caused the liquidations" overstates the evidence — including this report's own sequencing, if read carelessly.
- **Numbers age fast — and weekend prices are thin.** Saturday's prices are weekend prints in a thin book. The figures in this report are a Saturday snapshot, not a live quote.
- **Data and source limits.** Liquidation totals are rolling 24-hour snapshots that move during the day; ETF figures are Farside's tables as reported, summed by DeAsset where a total is printed; CME probabilities are snapshots that move intraday. Directions are firm; intraday decimals should be treated as approximate. The State Street institutional survey figure discussed in round 1 was not verified to a primary source and is not used in this report.

Risk framing: DeAsset opinion. Figures as cited in preceding sections.

08 · CONCLUSION

The rate did not move. The leverage did.

No rate was changed this week. The Federal Reserve did not meet, and the next meeting is still three weeks away. Yet the price of money moved, the dollar moved, the flows moved, and $1.64 billion of leveraged positions were closed by force in a single day. That is the week's real information: in a market built on perpetual leverage, tightening no longer needs a decision to bite. It needs only a repricing, and a book thin enough for forced selling to do the rest.

DeAsset's position: treat this as a deleveraging event inside a tightening regime. The regime is dated — December 8–9, with projections — and the deleveraging is measured — in ETF flows, in stablecoin supply, in the liquidation run-rate. Watch those three, in that order, and judge the market by whether they turn together. Adoption kept moving this week, and that matters for the years. Liquidation ends. What remains after it ends is the question this report leaves open.

All figures as cited in preceding sections. Opinion paragraphs are DeAsset's own; facts carry their sources above. Data cutoff: Saturday 14 November 2026, except where a snapshot time is stated.

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