Sharp Bitcoin correction steadies institutional crypto outlook

Heather Ng
12 hours ago

Bitcoin's sharp drop toward $64,000 in early February rattled markets, but institutional voices framed the move as a necessary adjustment rather than a sign of collapse.

In early February 2026, Bitcoin tumbled sharply to its lowest point of the year, briefly dipping below $64,000 amid heavy selling pressure.

The sharp drop has reignited debate about confidence in the asset, though institutional voices suggest the move reflects positioning adjustments rather than a wholesale retreat.

Gracie Lin
OKX

"We are seeing signs of reduced derivatives exposure, a tilt toward spot over leverage, and more selective allocation across portfolios. Long-term allocators remain engaged, with greater focus on liquidity management and downside control after a period of sustained gains," Gracie Lin, CEO of OKX Singapore told *AsianInvestor.*

Market participants said that the correction is closely tied to macro conditions.

"This phase looks more like a macro and market-structure event than a single crypto-specific catalyst," said Hersh Oberoi, global research department director at Balfour Capital.

He pointed to risk sentiment deteriorating after President Trump's nomination of Kevin Warsh as Fed chair, which investors interpreted as a hawkish signal. Thin weekend liquidity then amplified the move, with the break of the $80,000 level triggering cascading stop-outs and liquidations.

Still, Oberoi stressed that institutions are "de-risking at the margin rather than exiting – reducing leverage, tightening risk limits, rotating toward BTC and ETH, and using derivatives to hedge downside."


Hersh Oberoi
Balfour Capital

Others echoed the view that institutional behavior remains orderly.

"Many investors have tightened risk controls, reduced gross exposure, and emphasised liquidity and quality within digital asset allocations," Christopher Jensen, portfolio manager and director of digital asset research at Franklin Templeton told *AsianInvestor.*

"This looks less like a loss of conviction and more like prudent portfolio management in a less accommodative macro environment," he added.

He added that Bitcoin continues to behave like a high-liquidity risk asset in the short term, but "the 'digital gold' thesis should be viewed as a long-term maturation narrative, not a short-term trading identity."


Christopher Jensen
Franklin Templeton

Following the sharp decline, Bitcoin has since rebounded back to around $70,000 and has been moving sideways.

Justin d'Anethan, head of research at Arctic Digital said: "It might be a bitter medicine, but the recent move feels ultimately necessary and healthy."

He described the correction as part of an ongoing cycle rather than the start of a prolonged bear market, noting that buyers have re-emerged around key levels.

"Bitcoin's "digital gold" narrative holds, maybe not short-term but in the long run, and, yes, it bears bigger swings; this is just the volatility premium of a younger asset under similar macro pressures," d'Anethan said.

Institutional allocators appear to be using the episode to reset risk budgets.

Oberoi said that capital is gravitating toward core infrastructure, scalable networks, and projects with real usage, while higher-beta tokens face pressure.

"Drawdowns tend to wash out excess leverage and speculative positioning, strengthening the foundation for the next phase of the cycle," he said.

Justin d'Anethan
Arctic Digital

Jensen agreed, highlighting that downturns often differentiate narrative-driven projects from those delivering measurable utility.

"While capital formation may slow in the near term, the longer-term outcome is often a more resilient and institutionally viable ecosystem," he said.

Regulatory implications are also in focus.

Oberoi suggested that sharp liquidation events typically draw attention to leverage, custody, and disclosure standards, but the trend in Asia and other developed markets remains toward tightening oversight rather than outright bans.

Jensen added that regulators are increasingly focused on integrating digital assets responsibly within financial systems: "The emphasis has shifted from whether digital assets should exist to how they can be integrated responsibly."

ALTERNATIVES **PENSION FUNDS**

#alternatives **#bitcoin** **#crypto** **#digital assets**

RELATED ARTICLES

Market Views: Will China's battered property market recover in 2026?

Heather Ng
Dec 4, 2025