

EQUITY RESEARCH | POST-EARNINGS UPDATE

Circle Internet Group, Inc.

NYSE: CRCL • Stablecoin & Blockchain Financial Infrastructure

RECOMMENDATION	PRICE (5 Aug 2026)	12-MO FAIR VALUE	INVESTMENT SCORE
WATCHLIST	\$63.28	\$70	50/100

Report date: 6 August 2026 • Q2 FY2026 reported 5 August 2026 (pre-market) • Preferred holding horizon: 1–2 years

Scope limitation — call transcript

A full speaker-by-speaker transcript of the 5 August conference call had not been published by any accessible source at the time of writing. MarketBeat's report page for the date remains an unpopulated shell, and Motley Fool, Investing.com, Insider Monkey and StockAnalysis had not posted one; Circle's investor relations site carried the webcast, press release and slide deck but no transcript. Call content in this report is therefore drawn from Quartr's transcript-derived event summary for the quarter, which covers the prepared financial commentary and the guidance update. Management's verbatim answers to analyst questions have **not** been reviewed, and no claim is made about them here. Where the analysis turns on what was said on the call, that is flagged in the text.

Executive Summary

Circle's second quarter did not resolve the question the July review left open, and it introduced a new one. Revenue and reserve income of \$701m rose 7% year-on-year but fell short of the roughly \$717m the street expected. GAAP EPS of \$0.18 came in around consensus. Net income of \$48m swung \$530m from the prior-year loss, but that swing is almost entirely the absence of last year's IPO stock-based compensation rather than operating improvement. Adjusted EBITDA of \$143m grew 8% year-on-year and **fell** from \$151m in the first quarter.

The number that matters most went backwards. USDC in circulation finished the quarter at \$73.3bn against \$77.0bn at the end of March — a 4.8% sequential contraction, even as the year-on-year comparison still reads +19%. On-chain transaction volume, up 151% year-on-year, fell 31% quarter-on-quarter. The reserve return rate dropped a further 66 basis points to roughly 3.5%. Circle's earnings engine is average circulating float multiplied by the yield it keeps on that float, and in the June quarter both terms moved the wrong way.

Against that, the quarter removed the specific risk that dominated the July review. The Coinbase distribution agreement renews on its existing terms — confirmed by Circle and, independently, by Coinbase's own chief financial officer on that company's second-quarter call. The July report ranked a Coinbase renegotiation as a medium-probability, high-severity risk on the reasoning that Circle's largest distributor had co-founded a rival token. That has not happened, at least not through the contract. Several members of the Open USD consortium — BlackRock, Visa, Mastercard, Standard Chartered — simultaneously appear in the founding validator cohort for Circle's Arc blockchain, which suggests the industry is hedging across both rails rather than abandoning one. Circle also secured a full OCC national trust bank charter, the first granted to a stablecoin issuer.

So the verdict is unchanged and the reasoning behind it is not. In July the concern was price: a distributor-led competitor engineered to compress Circle's take rate. Take rate held. What deteriorated instead was volume — the float itself shrank, and the on-chain activity that is supposed to justify a payments multiple shrank faster. That is arguably the harder problem, because pricing can be renegotiated and demand cannot.

What the quarter changed

Issue	July 2026 view	Q2'26 evidence	Direction
Coinbase distribution	Renegotiation risk: medium probability, high severity	Renews on existing terms; confirmed by both parties	Improved
Take rate / RLDC margin	Under structural attack from OUSD yield-sharing	41.2% in Q2; FY26 guided up to 41.7–43.7%	Improved
USDC circulation	Flat sequentially; treated as an amber signal	\$73.3bn vs \$77.0bn — an outright 4.8% decline	Worse
On-chain activity	+263% y/y in Q1; the growth proof point	+151% y/y but –31% q/q	Worse
Reserve return rate	~3.5%, down 66bp y/y — the biggest swing factor	~3.5%, down a further 66bp y/y	Unchanged
Platform / non-reserve revenue	~6% of total; needed 15–20% to re-rate	4.9% of Q2; FY guide doubled but token-inflated	Mixed
Regulatory position	OCC charter a genuine differentiated positive	Charter finalised; NYDFS trust approval added	Improved

Sources: Circle Q2'26 press release (5 Aug 2026); Quartr Q2'26 event summary; prior Beating The Bull report dated 17 July 2026. Sequential comparisons are author calculations.

1. The Reported Quarter

Metric	Q2'26	Q1'26	Q2'25	y/y	q/q	Read
Total revenue & reserve income	\$701m	\$694m	\$658m	+7%	+1%	Missed street ~\$717m
Reserve income	\$668m	\$653m	\$637m	+5%	+2%	Avg float +25% y/y, offset by –66bp rate
Other revenue	\$34m	\$42m	\$24m	+41%	–19%	Still only 4.9% of the total — and down sequentially
Distribution, transaction & other costs	\$412m	—	\$408m	+1%	—	Coinbase terms unchanged
Adjusted operating expenses	\$146m	—	\$119m	+23%	—	Product, infrastructure, AI
Adjusted EBITDA	\$143m	\$151m	\$132m	+8%	–5%	Margin –329bp y/y
Net income (continuing ops)	\$48m	\$55m	–\$482m	n.m.	–13%	Swing is prior-year IPO SBC, not operations
GAAP EPS	\$0.18	\$0.21	–\$4.48	n.m.	–14%	Around consensus; estimates ranged \$0.13–\$0.30
USDC in circulation (period end)	\$73.3bn	\$77.0bn	\$61.6bn	+19%	–4.8%	The quarter's defining datapoint
On-chain transaction volume	\$14.8tn	\$21.5tn	\$5.9tn	+151%	–31%	Activity, not just balances, contracted
Reserve return rate	~3.5%	~3.5%	~4.2%	–66bp	~flat	Rate environment still a headwind
RLDC margin	41.2%	~41%	—	—	~flat	Held — the bear case's first test

Q1'26 figures come from the company's prior release and the previous Beating The Bull report. Q2'25 comparatives are derived by the author from the year-on-year percentages Circle disclosed; Q1'26 other revenue is total revenue less reserve income. Sequential changes are author calculations. Consensus EPS is quoted inconsistently across data vendors (Zacks \$0.16, Benzinga \$0.17, MarketBeat \$0.26), so the reported figure is used rather than a characterisation of the surprise.

Reading past the headline

Two adjustments matter before this quarter is used for valuation. First, the \$530m year-on-year swing in net income is not operating leverage. Circle expensed an extraordinary block of stock-based compensation in the June 2025 quarter as it listed; lapping that produces a spectacular optical improvement and says nothing about the underlying business. On a sequential basis, which strips the distortion, net income fell from \$55m to \$48m and adjusted EBITDA fell from \$151m to \$143m. The direction of travel within 2026 is down, not up.

Second, the revenue line is not what a payments company's revenue line looks like. Reserve income of \$668m is 95% of the total. That is interest earned on Treasuries and cash backing customer balances, and its two inputs are the size of the float and the yield retained on it. Average float grew 25% year-on-year, which is why reserve income still rose. But period-end float fell during the quarter, which means the exit rate is worse than the average the quarter reported. Absent a reversal, the third quarter starts from a lower base than the second quarter averaged.

2. Guidance — And What Is Actually In It

Guidance line	Prior FY26	New FY26	Change	Assessment
Other revenue	\$150–170m	\$310–330m	2.0x	The headline raise — but it explicitly includes recognised revenue from the ARC Token presale, which is a one-off financing event, not recurring platform fees
RLDC margin	not guided	41.7–43.7%	Above Q2	Genuinely constructive: management expects to keep <i>more</i> of gross reserve income than the 41.2% delivered in Q2, which is the opposite of the OUSD compression thesis
Adjusted operating expenses	not guided	\$570–585m	Implies +	Against \$146m in Q2, the full-year figure implies continued investment; operating leverage is being deferred
USDC circulation (multi-year)	~40% CAGR	~40% CAGR	Reaffirmed	Reaffirmed in the same quarter the balance contracted 4.8%. Credible only over a long cycle; it is not a forecast for the next few quarters and should not be read as one

Source: Circle Q2'26 release and Quartr's transcript-derived summary of the 5 August call.

The doubling of other-revenue guidance was the quarter's most-quoted positive and it deserves careful handling. The July review set a specific bar for upgrading Circle: rate-independent platform and fee revenue rising toward 15–20% of the mix, evidencing a re-rating from interest-rate proxy to payments software. A guide of \$310–330m against roughly \$2.8bn of full-year revenue would be about 11% — visible progress toward that bar. But the raise is attributed to Arc, and press coverage of the guidance confirms it incorporates recognised revenue from the ARC Token presale, which raised roughly \$222m at a \$3bn fully diluted network valuation from a syndicate including a16z crypto, BlackRock, ARK Invest, ICE and SBI. Selling a token once is a financing event. It is not the recurring, rate-independent fee stream the re-rating thesis requires, and it will not repeat in 2027. Stripping the token contribution, the underlying subscription and services line grew 41% year-on-year from a \$24m base and remains under 5% of revenue.

3. The Six Levers, Re-Scored

The July report evaluated Circle against six levers that determine shareholder return over a two-year view. Re-running them against the June quarter is the cleanest way to see what actually moved.

Lever	Q2'26 read	Jul	Now
USDC circulation growth	\$73.3bn, +19% y/y but –4.8% q/q. The first outright sequential contraction since listing. Average float still +25% y/y, so the P&L has not yet felt it.	Amber	Red

Lever	Q2'26 read	Jul	Now
Reserve return rate	~3.5%, down a further 66bp y/y. Still the single largest earnings swing factor and still pointing down as policy eases.	Amber/Red	Amber/Red
Yield share / take rate	RLDC margin 41.2% and guided to 41.7–43.7%. Coinbase renews on existing terms. The compression feared in July did not arrive this quarter.	Red	Amber
Platform / non-reserve revenue	4.9% of Q2 revenue. FY guide doubled but is token-sale inflated. CPN annualised volume \$14.7bn, +76% q/q, off a small base; 175 institutions enrolled.	Amber	Amber
Regulatory position	OCC national trust bank charter finalised — first for a stablecoin issuer — plus NYDFS approval for a New York limited-purpose trust.	Green	Green
Competitive share	Arc validator cohort includes BlackRock, DTCC, ICE, Mastercard, Visa, Standard Chartered, Global Payments. Several are also OUSD participants.	Amber	Amber

The composition of the amber and red readings has changed even though the count has not. In July the two most powerful earnings drivers — reserve rate and yield share — both pointed down, and circulation was merely flat. After the second quarter, yield share has improved to amber while circulation has deteriorated to red. Circle traded a pricing problem for a demand problem. On a two-year view that is close to a wash; on a quality-of-business view it is slightly worse, because a company can negotiate its way out of a pricing problem and cannot negotiate its way into demand.

4. Competitive Position After the Print

The July report's central competitive worry was Open USD, the consortium token launched in late June by roughly 140 firms including Visa, Mastercard, Stripe, Coinbase, BlackRock and Ripple, designed to return nearly all reserve yield to distributors. The second quarter supplies the first real evidence on that threat, and it is ambiguous rather than conclusive.

Threat	What Q2 showed	Net effect on the thesis
Open USD (OUSD)	No visible take-rate damage yet: RLDC margin held at 41.2% and is guided higher. Coinbase's contract renewed unchanged. Several OUSD backers joined Arc as validators.	Less acute than feared, but unproven — OUSD is not yet at scale, so one quarter of stable margin is weak evidence either way
Tokenised money market funds	Explicitly cited by Morgan Stanley in its 3 August downgrade as a driver of USDC contraction. Yield-bearing alternatives pull idle balances out of non-yielding USDC.	The more likely explanation for the sequential float decline and, unlike OUSD, already live at scale
Distributor migration	JPMorgan flagged Hyperliquid USDC balances migrating to Coinbase in Q3, which worsens Circle's economics on those specific balances even with the contract unchanged.	A near-term, quantified Q3 headwind that the contract renewal does not neutralise
Tether (USDT)	Unchanged: larger circulation, dominant offshore liquidity, higher retained yield.	Structural, not new; Circle continues to win on regulation and lose on scale
Bank-issued tokenised deposits	Partially converted into partnership: BNY added USDC mint/redeem to its custody platform, Standard Chartered launched integrated mint/redeem access.	Improved — banks are integrating rather than only competing

The most useful reframing from this quarter is that Circle's float shrank while its take rate held. That points the diagnosis away from OUSD, which attacks the take rate, and toward tokenised money market funds and the general crypto slowdown, which attack the float. Circle participates in the former through its own USYC product, but doing so cannibalises the non-yielding balances that generate reserve income. That is an uncomfortable position: the company's hedge against the threat is also a mechanism for the threat.

5. Management — Guidance Accuracy Test

The most testable measure of a management team is what it guided to last quarter against what it delivered this quarter. Circle passes on the discrete commitments and stretches on the framing.

Commitment made	Delivered?	Comment
OCC national trust bank charter	Yes	Final approval received; first stablecoin issuer with a federal bank charter. NYDFS approval added. This was the flagship regulatory promise and it landed.
Arc mainnet launch	On track	Firm date of 16 September 2026 with a named institutional validator set. Moving from ambition to a calendar entry is meaningful.
Coinbase relationship intact	Yes	Renewal on existing terms, corroborated by Coinbase's own CFO on that company's Q2 call — independent confirmation, not just management assertion.
FY26 revenue trajectory	Missed	\$701m against a street figure near \$717m, with adjusted EBITDA down sequentially. The second consecutive quarter of revenue falling short.
~40% USDC CAGR	Reaffirmed	Restated in a quarter when the balance fell 4.8%. Defensible as a through-cycle target; it does, however, deflect from the near-term trend rather than address it.

The pattern is a team that executes reliably on the things within its control — charters, partnerships, product dates — and consistently frames the things outside its control on a horizon long enough that they cannot be falsified this year. Both halves of that are worth knowing. The regulatory and partnership execution is genuinely strong and is the main reason this is a watchlist name rather than an avoid. The framing habit is why the multi-year circulation target should carry limited weight in a two-year valuation.

One governance note carried over from July has not improved: insider selling through the decline was heavy, including a director disposal of more than \$85m in June. Circle also filed an automatic mixed securities shelf in early August. A shelf is routine housekeeping for a recently listed company and does not signal an imminent raise, but it does create equity issuance optionality at a depressed price, and it is worth registering as a dilution pathway rather than ignoring.

6. Valuation

Circle remains mid-transition between two valuation regimes, so no single multiple settles the question. Trailing GAAP earnings are distorted by stock-based compensation and remain negative over four quarters. The honest approach is to triangulate and to be explicit about which figures are derived rather than reported.

Method	Calculation	Read	Interpretation
Implied market cap	266.7m diluted shares (derived: $\$48m \div \$0.18$) $\times$ \$63.28	~\$16.9bn	Enterprise value roughly \$15.4bn assuming ~\$1.5bn net cash
EV / annualised Q2 adj. EBITDA	$\$15.4bn \div (\$143m \times 4)$	~27x	A crude annualisation, and generous — it assumes no further sequential decline
Forward P/E (FY26)	$\$63.28 \div$ consensus \$1.05–\$1.22	52–60x	Bottom-up quarterly estimates sum to \$1.05; the top-down full-year figure is \$1.22
Forward P/E (FY27)	$\$63.28 \div$ consensus \$1.48	~43x	Requires a 2027 acceleration that no line in this quarter evidences
H2'26 implied vs H1 actual	H1 delivered \$0.39; consensus implies \$0.66–\$0.83 in H2	1.7–2.1x	The load-bearing assumption. A near-doubling of half-year EPS that leans materially on one-off ARC Token revenue recognition
Analyst target range	Morgan Stanley \$38 • Mizuho \$45 • Goldman \$96 • JPMorgan \$105 • Bernstein \$140	\$38–\$140	A 3.7x spread. The street has no shared model, which is itself information

Method	Calculation	Read	Interpretation
Scenario-weighted fair value	Probability-weighted across bull/base/bear (page 6)	~\$70	About 11% above spot — inadequate compensation for 8% average daily true range

Share count, market capitalisation, enterprise value, EV/EBITDA and the forward multiples above are author calculations from reported figures, not company-disclosed measures. Consensus estimates per MarketBeat as at 6 August 2026.

The verdict is fairly valued to modestly expensive against the risk. The stock is 76% below its peak and roughly flat against the July review, yet the multiple has quietly become more demanding, because the price held while the earnings base drifted lower. Circle is not a value stock: it trades on a negative trailing GAAP multiple and roughly 52–60x a forward number that itself depends on non-recurring token revenue. Paying 27x EBITDA for a business whose core balance contracted in the most recent quarter requires conviction that the contraction is cyclical. That conviction is not yet available from the data.

7. Market Sentiment

Signal	Reading	Interpretation
Analyst consensus	Aggregators show an average rating of "Hold", with targets spanning \$38 to \$140	Down from the "Moderate Buy" consensus noted in July; the distribution has widened and its centre has fallen
Post-print revisions	Morgan Stanley cut to Underweight, target \$38 from \$106 (3 Aug). Mizuho held Underperform, \$45. Bernstein trimmed \$190 to \$140, keeping Outperform. JPMorgan cut its target to \$105 from \$120 while remaining constructive. TD Cowen reaffirmed Buy.	Bears sharpened faster than bulls softened. The Morgan Stanley cut, at 64%, is the single largest revision and rests on USDC contraction
The bears' core datapoint	Morgan Stanley put agentic payment volume at roughly \$41,900 per day	If accurate, the agentic-economy narrative — 900+ paid services, 99.3% of x402 volume — is a dominant share of an immaterial market. Circle's own disclosures cite share, not absolute volume
Market reaction	Opened up as much as 7% on the charter and guidance, then reversed to close at \$63.28, essentially flat, with an intraday range of \$59.12–\$64.20 and extended-hours trade near \$62	A full round trip on 20.1m shares, well above the 13.2m 20-day average. The market read the release twice and liked it less the second time
Insider & institutional	Heavy insider selling carried over from June; ARK Invest has been an active dip buyer; a mixed securities shelf was filed in early August	Unresolved and two-sided; the shelf adds a dilution pathway at a depressed price

8. Technical Analysis (timing only)

Indicators below are computed from 100 sessions of daily closes to 5 August 2026. A 200-day average is not computed, because the available series is shorter than the window requires.

Indicator	Value	Signal	Comment
Close (5 Aug 2026)	\$63.28	—	Prior close \$63.25; the earnings session was a round trip
SMA 20 / EMA 20	\$63.72 / \$64.93	Neutral	Price sits fractionally below both — a genuine coin-flip zone
SMA 50 / EMA 50	\$74.56 / \$74.28	Bearish	Price is 15% below the 50-day; this is the level a recovery must reclaim
SMA 100	\$91.02	Bearish	31% below — the medium-term downtrend is fully intact
SMA 200	not computed	—	Series too short; a 200-session average cannot be produced from 100 observations

Indicator	Value	Signal	Comment
RSI (14)	45.1	Neutral	Recovered from the oversold readings of June; neither stretched nor supportive
MACD (12,26,9)	−3.16 vs −3.97	Improving	Histogram positive at +0.80 — selling pressure is easing, though the line remains below zero
ATR (14)	\$5.18 (8.2%)	High	An 8% average daily range; position sizing must reflect this
Volume (20d avg)	13.2m	—	Earnings day traded 20.1m, a 52% surge on a flat close — distribution into strength
Range	20d \$57.84–\$72.86	Basing	100-session range \$57.84–\$140.00; the 52-week low near \$49.90 remains untested

The chart is no longer collapsing but has not repaired. A death cross formed in June and remains in place, price is below every computed moving average, and the medium-term trend is unambiguously down. Set against that, the MACD histogram has turned positive, RSI has normalised, and the stock has spent three weeks holding a \$58 floor. That is the shape of a base attempt, not a confirmed base. The levels that matter are \$58 as near-term support, \$49.90 as the 52-week low beneath it, and roughly \$73–\$75 — the 50-day zone where every rebound since June has stalled — as the first genuine resistance.

Investment Scorecard

Category	Jul	Now	Score	Rationale
Business Quality	6	6	6	Strong franchise and brand; revenue mix remains 95% interest income
Financial Strength	7	7	7	Net cash, no meaningful debt, positive EBITDA — still the standout
Competitive Advantage	5	6	6	Up. Coinbase renewed on existing terms; OUSD backers also validate Arc
Management	7	7	7	Delivered the charter and an Arc date; long-horizon framing deflects near-term misses
Growth Potential	6	5	5	Down. Float contracted 4.8% q/q; on-chain volume −31% q/q
Valuation	4	4	4	52–60x forward on estimates that lean on one-off token revenue
Risk (higher = safer)	3	3	3	One risk retired, one added; net unchanged and still elevated
Technical Setup	3	4	4	Up. MACD histogram positive and \$58 floor holding; death cross intact

Weighting used	BQ	Fin	Moat	Mgmt	Growth	Val	Risk	Tech
Weight	12%	10%	14%	8%	13%	20%	18%	5%

OVERALL INVESTMENT
SCORE

50 / 100

was 48

RECOMMENDATION: WATCHLIST

Applying this weighting to the July scorecard reproduces approximately 49 against its published 48, so the two-point improvement to 50 is a like-for-like comparison rather than an artefact of re-weighting. The move is marginal and remains well below any buy threshold. Two categories improved, one deteriorated, and the deterioration is in the category that drives the earnings model.

Scenario Analysis

Scenario	Revenue outlook	Earnings outlook	12-mo FV	Prob.
Bull	Q2 float decline proves cyclical; circulation resumes growth as crypto activity recovers; Arc mainnet converts validator commitments into settled volume; rates hold higher for longer	RLDC margin reaches the top of guidance; recurring platform revenue reaches double digits as a share of the mix; operating leverage finally appears	\$105–135	20%
Base	Circulation roughly flat to modestly lower; reserve rate drifts down with policy; Arc launches on schedule but monetises slowly; other revenue hits guidance largely on token recognition	Flat-to-modest EPS progress; no multiple re-rating because the revenue mix has not changed in substance	\$58–75	55%
Bear	Contraction continues as tokenised money market funds and yield-bearing alternatives keep pulling idle balances; Hyperliquid-style migrations recur; agentic volume stays immaterial	Earnings power impaired as the float base shrinks; the multiple compresses toward a utility rating	\$32–45	25%

Probabilities sum to 100%. Weighting each scenario's midpoint gives a fair value of \$70.20, rounded to \$70 — about 11% above the \$63.28 close and nominally similar to the \$68 published in July. The similarity conceals a changed distribution: the bull case has been trimmed from 25% to 20% and its range lowered, while the bear probability is unchanged but its midpoint now aligns with a live sell-side target rather than a hypothetical. An 11% expected return against an 8% average daily range and a \$38–\$140 analyst spread is not a risk-adjusted edge.

Final Recommendation: WATCHLIST

The rating is unchanged from July. The reasoning behind it is not, and that distinction matters more than the rating itself. The July case rested on a pricing threat: a distributor-led rival token engineered to compress Circle's take rate, with Coinbase — Circle's own largest distribution partner — among its founders. That threat did not materialise in the second quarter. The contract renewed on existing terms, the revenue-less-distribution-cost margin held at 41.2%, and management guided it higher for the full year. On the specific question July worried about, Circle won the quarter.

It lost a different one. The float shrank. USDC in circulation fell 4.8% sequentially, on-chain transaction volume fell 31%, and adjusted EBITDA fell for the first time since listing. Circle keeps a healthy and possibly improving share of each dollar of reserve income, but there were fewer dollars. For a business where 95% of revenue is the product of float and yield, and where yield is separately declining with policy rates, a contracting float is the more fundamental of the two problems.

This is therefore not a reaffirmation by inertia. It is the same conclusion reached along a different route, and the route is worth restating plainly: the company is executing well on everything it controls — a federal bank charter no competitor holds, an Arc mainnet date with BlackRock, DTCC, Visa, Mastercard and ICE as validators, a bank partnership list that grew materially this quarter — while the metric that actually generates its earnings went backwards. Buying it here means paying roughly 52 to 60 times forward earnings, on estimates that lean on non-recurring token revenue, for the proposition that the contraction is cyclical. That proposition may well be right. It is not yet evidenced, and the price does not pay for being wrong.

What would move CRCL to BUY

Trigger	Status after Q2'26	What is still required
Take rate defended vs OUSD	Largely met. Coinbase renewed unchanged; RLDC 41.2% and guided to 41.7–43.7%	One further quarter of stable RLDC margin with OUSD actually live at scale, to confirm this was not simply early

Trigger	Status after Q2'26	What is still required
Circulation stabilises	New trigger. Replaces the July circulation criterion, which the quarter breached	At least one quarter of flat-to-positive sequential USDC circulation and a stabilising on-chain volume trend
Platform revenue inflects	Not met. 4.9% of Q2 revenue; the guidance raise is token-inflated	Recurring, non-token subscription, services and CPN revenue approaching 15% of the mix — visible after Arc mainnet monetises
Valuation reset	Not met. \$63.28 versus the \$40–50 zone identified in July	Price in the \$45–55 area on unchanged fundamentals, or an EBITDA multiple compressing toward 20x
Rate path clarity	Not met. Reserve return rate fell a further 66bp to ~3.5%	A confirmed policy hold or hike and a reserve return rate that stops declining year-on-year
Technical repair	Partial. MACD histogram positive and \$58 holding; below every moving average	A reclaim of the \$73–75 fifty-day zone on rising volume, then \$80 to call the trend repaired

Because the recommendation is not a buy, no entry, stop or target levels are published. For contingency only, and not as a current recommendation: if the circulation and valuation triggers above were both to align, a starter position in the \$45–55 area with a stop below \$40 — a break toward the \$31.90 listing price would confirm the bear thesis — and a first objective around \$80 would be a defensible structure. The 8% average daily range argues for a materially smaller position than the conviction alone would suggest.

Final Verdict — Investment Memo

Would this be a personal investment today? No — and for a different reason than a month ago. The competitive fear that justified caution in July has softened materially: Circle's largest distributor renewed on unchanged terms, the margin it keeps on reserve income held and is guided higher, and several of the firms behind the rival token are now securing Circle's own blockchain. Had that been the only news, this would read as an upgrade. It was not. In the same quarter, the balance of USDC in issue fell for the first time since listing, the on-chain activity that underwrites the payments narrative fell by nearly a third, and profitability declined sequentially. A company can defend its price and still lose its volume.

The single biggest concern

Circle is being asked to grow into a payments-software multiple using an earnings base that is still 95% interest income, and that base is shrinking on both of its inputs at once. The yield on reserves fell another 66 basis points. The float those reserves back fell 4.8% in three months. Management's answer — a reaffirmed 40% multi-year circulation CAGR — is a statement about a horizon well beyond the period any current shareholder is underwriting. Meanwhile the most visible piece of the growth story, agentic payments, was put by one sell-side house at roughly \$41,900 of daily volume. Circle's own disclosure emphasises its 99.3% share of that flow rather than its size, and the distinction is the whole argument.

What would make this call wrong

The second quarter coincided with a broad crypto slowdown that management explicitly identified as an external condition, and stablecoin float is cyclical. If the June contraction proves to be a cycle low rather than the start of a structural drain to tokenised money market funds, the setup reverses quickly: circulation resumes compounding against an improving RLDC margin, Arc launches on 16 September with the most institutionally credible validator set any blockchain has assembled, BlackRock deploys BUIDL and DTCC begins tokenising custodied assets, and the federal trust charter allows Circle to capture more of its own reserve stack. On that path the stock re-rates hard from a low base, and \$63 will look like an obvious entry. That is precisely why this remains a watchlist name with defined triggers rather than an avoid — the objective is to be ready to act on the next print, not to be right about the last one.

Disclaimer. This report is for research and educational purposes only and does not constitute investment, legal, or financial advice. The author is not a licensed financial advisor. Figures are drawn from public sources — Circle's Q2 2026 results release of 5 August 2026, Quartr's transcript-derived event summary, company filings and financial media — as of 6 August 2026, and may contain errors or become stale. **A full verbatim transcript of the 5 August earnings call was not available from any accessible source at the time of writing; management's responses to analyst questions have not been reviewed, and no representation is made about them.** Share count, market capitalisation, enterprise value, EV/EBITDA, forward multiples and all sequential percentage changes are author calculations from reported figures rather than company-disclosed measures. The reference price of \$63.28 (close, 5 August 2026) and all market data should be re-verified before any decision. Do your own research and consult a qualified professional. Stablecoin and crypto-linked equities are highly volatile and can result in substantial loss.