Circle Internet Group, Inc. (CRCL)

Equity research note · Coverage review · NYSE: CRCL · Stablecoin and blockchain financial infrastructure · Prepared 29 August 2026 · Prices as at the close of 28 August 2026

WATCHLIST Reaffirmed — price has passed fair value	Last close (28 Aug 2026)	**$87.14**
	Change since 6 Aug report	**+37.7%**
	Market capitalisation	**$22.1bn**
	EV / annualised Q2 adj. EBITDA	**~36x**
	Probability-weighted fair value	**$83.75**

What Has Changed Since the Last Report

The 6 August report reaffirmed Watchlist at $63.28 against a fair value of $70, and framed the second quarter as a trade of one problem for another. The pricing threat receded — Coinbase renewed on existing terms and the revenue-less-distribution-cost margin held at 41.2% and was guided higher — while a demand problem appeared, with USDC in circulation falling 4.8% sequentially to $73.3bn and on-chain transaction volume falling 31%. Five triggers were published for an upgrade: circulation stabilising, platform revenue inflecting toward 15% of the mix, a valuation reset into $45-55, rate-path clarity, and technical repair through $73-75 and then $80.

One of the five has been met, and it is the weakest of them. The shares closed at $87.14 on 28 August, 37.7% above the level of the last report, having reclaimed $73-75 on 19 August and $80 on 20 August. The technical-repair trigger is satisfied on price. The other four are not, and the valuation trigger has moved substantially further away.

What produced the move matters more than its size, and it is largely not company-specific. The step-change came on 19 and 20 August, when crypto-linked equities rallied in unison — Coinbase, Strategy, Bitmine and Circle all up double digits — after a White House meeting at which the administration reaffirmed support for crypto-friendly legislation. Circle rose 9.6% on 19 August and a further 6.4% on 20 August, in line with the sector rather than ahead of it. Layered on that were reports that USDC is gaining ground on Tether, and confirmation that Arc mainnet launches on 16 September with BlackRock, DTCC, Visa, Mastercard, ICE, Standard Chartered and MoneyGram as founding validators. No financial disclosure has been made since 5 August, and the next one is the third-quarter result in early November.

Development	Date	Assessment
US crypto policy rally	19-20 Aug	White House meeting and reaffirmed support for crypto legislation lifted the whole sector double digits. A genuine macro tailwind for stablecoin float, but sector beta, not evidence about Circle
Reports of share gain against Tether	19 Aug	Directionally supportive of the circulation thesis. No company data confirms it; the next circulation disclosure is the Q3 release
Arc mainnet date confirmed for 16 September	20 Aug	Eighteen days away at the time of writing, with the validator cohort intact. The most credible dated catalyst in the name and the one that converts the platform-revenue argument from promise to test
WSJ reports banks warming to stablecoins	26 Aug	Shares fell 3% on the report. Bank-issued tokenised deposits were already a listed competitive threat; this makes it more topical rather than more severe
Chelsea FC front-of-shirt partnership	28 Aug	One-year deal placing the USDC logo on the shirt. Brand spending, not a revenue event

Development	Date	Assessment
Sell-side targets marked up, ratings held	18-26 Aug	Susquehanna $69 to $92 (Neutral), Goldman $71 to $81 (Neutral), Wolfe $50 to $65 (Underperform), TD Cowen $82 to $87 (Buy), Seaport $145 to $100 (Buy). Susquehanna cited peer multiple expansion
No company financial disclosure	6-28 Aug	Circulation, on-chain volume, reserve return rate and RLDC margin are unchanged since 5 August because nothing new has been reported

Sources: StockAnalysis.com news and ratings history, TheFly and TipRanks rating actions, WSJ and Invezz coverage of the 19-20 August sector move, 6 to 29 August 2026.

Reading the Sell-Side Correctly

The consensus rating on Circle has moved from Hold to Buy since the last report, and the average target across twenty-seven analysts is now $103.29, 18.5% above the current price. Taken at face value that looks like a wave of conviction. The composition of the revisions says otherwise.

Of the five target changes in the period, three came from houses that did not change a non-Buy rating. Susquehanna raised its target 33% to $92 while keeping Neutral, and stated the reason plainly: peer multiple expansion. Goldman Sachs raised 14% to $81 and kept Neutral, leaving its target below the market price. Wolfe Research raised 30% to $65 and kept Underperform. Seaport, which is rated Buy, cut its target from $145 to $100. Only TD Cowen raised a target while holding a Buy, and by six per cent.

That is a sell-side marking its models to a price that moved without it, rather than revising a view of the business. It is a normal and unremarkable thing for analysts to do, and it is worth naming because the resulting consensus figure is being read in the market as a bullish signal. A $103 average target composed substantially of Neutral and Underperform ratings that have been dragged upward is a weaker statement than the same number arrived at through upgrades.

Valuation: The Whole Change in This Report

Nothing in the earnings base has changed since 6 August, so every multiple has moved by the full 37.7% of the price. On 253.88 million shares outstanding the market capitalisation is $22.1bn and, assuming roughly $1.5bn of net cash, enterprise value is approximately $20.6bn. Against the second quarter's adjusted EBITDA annualised at $572m, that is approximately 36 times, against roughly 25 to 26 times three weeks ago.

A correction to the previous report belongs here. That report derived a diluted share count of 266.7 million by dividing $48m of net income by $0.18 of earnings per share, and flagged the figure as an author calculation. The reported share count is 253.88 million, so the derived number was roughly 5% high and the market capitalisation and enterprise value published on 6 August were correspondingly overstated. On the correct count, the $63.28 close implied a $16.1bn capitalisation and an EV/EBITDA multiple of about 25.5 times rather than the 27 times published. The comparison in this report uses the corrected basis throughout, which makes the multiple expansion look larger, not smaller.

One genuine improvement is worth recording. Trailing GAAP earnings are no longer negative. The June 2025 quarter, which carried the extraordinary block of listing-related stock-based compensation, has now rolled out of the trailing twelve-month window, leaving trailing earnings per share of $1.80 on revenue of $2.91bn and a trailing price/earnings ratio of 48.4 times. That is a cleaner number than the previous report could quote, and it is a consequence of the calendar rather than of operating improvement.

Valuation measure	6 Aug 2026	28 Aug 2026	Note
Share price	$63.28	$87.14	+37.7%
Shares outstanding	266.7m derived	253.88m reported	Prior figure was ~5% high; corrected here
Market capitalisation	$16.1bn	$22.1bn	Restated on the correct share count

Valuation measure	6 Aug 2026	28 Aug 2026	Note
Enterprise value	~$14.6bn	~$20.6bn	Assumes ~$1.5bn net cash
EV / annualised Q2 adj. EBITDA	~25.5x	~36.1x	Annualising $143m; generous, assumes no further decline
Forward P/E on FY26 consensus	52-60x	71-83x	Consensus $1.05 bottom-up to $1.22 top-down
Forward P/E, next twelve months	—	65.9x	StockAnalysis.com blended figure
Forward P/E on FY27 consensus $1.48	~43x	~59x	Requires a 2027 acceleration not yet evidenced
Trailing P/E	negative	48.4x	IPO stock compensation quarter has rolled out of the TTM window
Price / trailing revenue $2.91bn	—	7.6x	Revenue +37.2% year on year
Consensus target (27 analysts)	Hold, $38-$140	Buy, $103.29	Composed largely of marked-up Neutral ratings
Probability-weighted fair value	$70.20	$83.75	Price moves from 11% below to 4.0% above

Share count, market capitalisation, trailing figures and consensus from StockAnalysis.com as at 29 August 2026. Enterprise value, EV/EBITDA, forward multiples and all percentage changes are this analysis's own calculations from the cited inputs and are not company-disclosed measures. Adjusted EBITDA of $143m is the Q2 FY2026 reported figure.

The Four Triggers That Have Not Moved

Because Circle has not reported since 5 August, every operating fact in the previous report stands, including the one that caused the downgrade of the growth lever from amber to red. USDC in circulation was $73.3bn at the end of June against $77.0bn at the end of March. On-chain transaction volume was $14.8tn against $21.5tn. The reserve return rate was approximately 3.5%, down 66 basis points year on year. Non-reserve revenue was 4.9% of the quarter's total, and the doubling of full-year other-revenue guidance to $310-330m explicitly incorporates recognised revenue from the ARC Token presale, a financing event that will not repeat.

The macro backdrop has improved, and that is not nothing. A US policy environment moving toward statutory clarity for stablecoins is the single most plausible route by which a contracting float resumes growth, because it broadens the set of institutions willing to hold and settle in USDC. But policy is a condition, not a result. Whether the June contraction was a cycle low or the beginning of a structural drain to tokenised money market funds and bank-issued deposits is a question the third-quarter circulation figure answers and nothing before it does.

Risks

Risk	Probability	Severity	Comment
Valuation compression	High	High	36x annualised EBITDA and 71-83x FY26 consensus earnings that themselves lean on non-recurring token revenue. The multiple expanded 40% on sector flow, not on results
Circulation contraction continues	Medium	High	The float fell 4.8% sequentially in the last reported quarter and no data since. 95% of revenue is the product of float and yield
Reserve return rate decline	High	High	~3.5% and down 66bp year on year. The second of the two inputs to reserve income, and it moves with policy rates rather than with anything management controls
Tokenised money market funds	Medium	High	Yield-bearing alternatives pull idle balances out of non-yielding USDC. Circle's own USYC hedge is also a mechanism for the threat

Risk	Probability	Severity	Comment
Bank-issued tokenised deposits	Medium	Medium	The 26 August WSJ report that banks large and small are warming to stablecoins knocked 3% off the shares. Partly converted into partnership via BNY and Standard Chartered
Arc fails to monetise	Medium	Medium	Mainnet on 16 September with an exceptional validator set. Validator commitments are not settled volume, and the platform-revenue trigger requires the latter
Volatility and dilution	High	Medium	6.9% average true range. Heavy insider selling through the June decline and an August mixed securities shelf create an issuance pathway, now at a considerably better price for the company

Technical Position

The previous report described a base attempt rather than a confirmed base, and named $73-75 as the first genuine resistance and $80 as the level that would call the trend repaired. Both were taken, on 19 and 20 August respectively, and on volume well above average. The price now sits above the 20-, 50- and 100-day averages for the first time since the June collapse, with the MACD histogram at +1.95 and the relative strength index at 60.8, which is firm without being stretched.

Two qualifications keep this from being a clean repair. The moving-average structure itself has not mended: the 50-day at $70.41 remains well below the 100-day at $86.00, so the death cross that formed in June is intact even though price has moved above both. And 28 August was a 7.5% decline from $94.24 to $87.14 that closed near the session low, the second failed attempt at $94-96 in a week. What has been achieved is a price recovery ahead of an average-structure repair, which is the normal order, but it means the trend signal is younger and more fragile than the price alone suggests.

Indicator (28 Aug 2026)	Value	Reading
Close	$87.14	-7.53% on the session; second failure at $94-96
SMA20 / EMA20	$76.04 / $79.46	Price 14.6% above the 20-day
SMA50 / EMA50	$70.41 / $76.92	Price 23.8% above; the June death cross is still in place
SMA100	$86.00	Price 1.3% above — reclaimed only this week
SMA200	not computed	Insufficient history in the 100-session series; not estimated
RSI(14)	60.8	Firm, not overbought; up from 45.1 on 5 Aug
MACD / signal / histogram	6.04 / 4.09 / +1.95	Strongly positive; was -3.16 / -3.97 on 5 Aug
ATR(14)	$6.01	6.9% of price — position sizing must reflect this
Volume, 20-day average	14.7m	Above the 50-day average of 14.0m
100-session range	$57.84 - $140.00	52-week range $49.90 to $159.47

Indicators computed by this analysis from 100 daily OHLCV sessions (8 April to 28 August 2026) supplied by Alpha Vantage. The 200-day average cannot be derived from a 100-session window and has not been estimated. The 52-week range is from StockAnalysis.com.

Scorecard

Two scores move, in opposite directions and by almost the same amount. Technical Setup rises from 4 to 6 because the repair levels the previous report published were taken in full. Valuation falls from 4 to 3 because the same move that repaired the chart expanded the EBITDA multiple by roughly 40% against an unchanged earnings base. The composite barely moves as a result, which is the correct outcome: a price rise on sector flow improves the technical case and damages the valuation case by construction, and neither tells you anything new about the business.

Category	Score	Comment
Business Quality	6/10	Strong franchise; revenue mix remains ~95% interest income. Unchanged
Financial Strength	7/10	Net cash, no meaningful debt, positive EBITDA. Trailing GAAP EPS now positive at $1.80
Competitive Advantage	6/10	Coinbase renewed; Tether share-gain reports offset by the WSJ bank story
Management	7/10	Arc date held at 16 September; charter delivered. Long-horizon framing persists
Growth Potential	5/10	Float fell 4.8% q/q in the last reported quarter; no data since. Policy is a condition, not a result
Valuation	3/10	36x annualised EBITDA and 71-83x FY26 consensus, up from ~25.5x and 52-60x
Risk (10 = lowest risk)	3/10	High risk: two earnings inputs falling, 6.9% daily range, dilution pathway open
Technical Setup	6/10	Reclaimed $73-75 and $80 as required; the 50/100 death cross is still intact

Overall Investment Score: 49 / 100

Scored 1-10, where 10 is always best, including Risk. Weightings: valuation 20, risk 18, competitive advantage 14, growth 13, business quality 12, financial strength 10, management 8, technicals 5 — unchanged from the previous report. The previous report scored 50.1 on these inputs and its Risk score already ran in this direction (3 = high risk), so no restatement was required. The change is 50.1 to 49.1.

Recommendation: Watchlist (reaffirmed)

The rating holds, and for the first time in this coverage the reason is that the shares have become expensive rather than that they have not become cheap. Three weeks ago Circle traded 11% below the probability-weighted fair value in this report. It now trades 4.0% above it. That is a real deterioration in the setup, and it arrived without a single new financial disclosure.

A downgrade to Avoid was considered and rejected, on two grounds. The first is the calendar. Arc mainnet launches on 16 September, eighteen days from the date of this report, with the most institutionally credible validator cohort any blockchain has assembled, and the third-quarter circulation figure follows in early November. Both are dated events that bear directly on the question this coverage has been unable to settle. Taking a negative position on price alone in the eighteen days before the first of them would substitute impatience for analysis. The second is that the policy shift behind the August rally is genuinely relevant to the float, which is the red lever. It is not evidence, but it is not noise either.

The published valuation trigger is deliberately not being reset, and the reasoning should be explicit because the temptation runs the other way. The $45-55 band came from an enterprise value near twenty times annualised second-quarter EBITDA, and that arithmetic is unchanged because the earnings base is unchanged. Moving the level up to keep it within reach of the market would be marking the analysis to the price, which is the criticism this report has just levelled at three sell-side houses. What has changed is the probability of reaching it: $45-55 now sits roughly 40% below the market and would require the bear case to be confirmed rather than a retracement to occur. The realistic route to an upgrade is therefore evidence rather than price, and the two dates on which that evidence arrives are known.

Upgrade trigger	Status after the August move	What is still required
Circulation stabilises	Not met. No data since the 4.8% sequential decline	One quarter of flat-to-positive sequential USDC circulation. Q3 result, early November

Upgrade trigger	Status after the August move	What is still required
Platform revenue inflects	Not met. 4.9% of Q2 revenue; the guidance raise is token-inflated	Recurring non-token subscription, services and CPN revenue toward 15% of the mix, visible after Arc monetises
Take rate defended against Open USD	Largely met and now needs endurance	One further quarter of stable RLDC margin with Open USD actually live at scale
Valuation reset	Further away. $87.14 against the $45-55 zone	Level unchanged at ~20x annualised EBITDA; now requires the bear case, not a retracement
Rate path clarity	Not met. Reserve return rate ~3.5% and falling	A confirmed policy hold and a reserve return rate that stops declining year on year
Technical repair	Met on price. $73-75 and $80 both reclaimed	The 50-day average back above the 100-day to close the June death cross

Scenario Analysis

Scenario	Prob.	Path	12-mo FV	Conditions
Bull	25%	Circulation resumes growth	$130	The June contraction proves cyclical; policy clarity broadens institutional holding; Arc converts validator commitments into settled volume; RLDC margin reaches the top of guidance
Base	50%	Circulation flat, Arc monetises slowly	$80	Float roughly flat, reserve rate drifts down with policy, other revenue hits guidance largely on token recognition; the sector's higher multiple holds but no re-rating on mix
Bear	25%	Contraction continues	$45	Tokenised money market funds and bank-issued deposits keep pulling idle balances; earnings power impaired as the float base shrinks; multiple compresses toward a utility rating

Probabilities sum to 100%. Probability-weighted fair value: $83.75, approximately 4.0% below the 28 August close of $87.14. Fair values are raised across all three cases from the 6 August report ($120, $66.50 and $38.50 midpoints, weighted $70.20) to reflect the sector-wide multiple expansion and the improved policy backdrop, and the bull weighting is restored from 20% to 25%. Even after those upward revisions, the price has outrun the estimate: it moved from 11% below fair value to 4.0% above it. Downside to the bear case is 48%; upside to the bull case is 49%. A symmetric payoff on a share with a 6.9% average daily range is not an edge. These are this analysis's own estimates.

Final Verdict

Would this be a personal investment today? No, and for the third distinct reason in three reports.

In July the objection was competitive: a distributor-led rival token designed to compress Circle's take rate. That threat receded. In August the objection was operational: the float shrank 4.8% in a quarter and on-chain volume fell by nearly a third, which is the harder of the two problems because pricing can be renegotiated and demand cannot. That objection stands entirely unaddressed, because no data bearing on it has been published. Today the objection is simply price. The shares have risen 37.7% in twenty-two sessions, principally in sympathy with a sector rally on US policy news, and the enterprise value has gone from roughly 25 to roughly 36 times an annualised second-quarter EBITDA figure that was itself down sequentially.

What deserves acknowledgement is that the technical call in the last report was right and is now paid. $73-75 was named as first resistance and $80 as trend repair; both were taken within four sessions of each other. An investor who had bought the base attempt would be up 38%. This report did not recommend that, and should not now claim otherwise: the rating was Watchlist, and Watchlist means no position. The correct lesson is that the technical trigger fired well ahead of the fundamental ones, which is what technical triggers do, and that the previous report was right to weight it at five per cent.

The two things worth waiting for are close and dated. Arc goes live on 16 September, and the third quarter reports in early November with the circulation figure that decides whether June was a cycle low or the start of a drain. Buying ahead of both, at 36 times an EBITDA run rate and roughly 4% above a fair value that has already been marked up for the sector re-rating, is paying for an answer that arrives free in ten weeks. The position remains a watchful one, and the triggers remain where the arithmetic put them rather than where the price has moved.

Sources

StockAnalysis.com — Circle Internet Group overview, statistics, forecast and news, as at 29 August 2026 · Alpha Vantage — daily OHLCV series, 8 April to 28 August 2026 · TheFly and TipRanks — Susquehanna, Goldman Sachs, Wolfe Research, TD Cowen and Seaport Research rating actions, 18 to 26 August 2026 · The Wall Street Journal — crypto stocks after the White House meeting (19 Aug) and banks' stablecoin plans (26 Aug) · Invezz and Fast Company — sector coverage of the 19-20 August rally · MarketBeat — Arc mainnet and validator cohort, 20 August 2026 · moomoo news search — Circle Internet Group coverage · Beating The Bull — Circle Internet Group reports of 17 July and 6 August 2026.