INTO THE CRYPTOVERSE

Bitcoin Cycle Memo

The Analog Enters Its Timing Test

Bitcoin breaks and reclaims the 200-week SMA, the 2019 analog passes its timing window without a capitulation event, and the bear case now rests on time rather than a single price level

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Figures 1 to 20 appear throughout. All charts are sourced from the Into The Cryptoverse dashboard at the reference date.

Reference levels (July 15, 2026): Bitcoin ≈ $65,300 | WTI ≈ $79 | Fed funds target 3.50–3.75%

Cycle status: Late-stage crypto markdown, bottom-watch window open

Framework implication: Conditions continue to favor patience over aggressive deployment, with long-term valuation measures improving through the drawdown

Primary risk drivers: Midterm-year seasonality into a fourth-quarter low | Restriction held into cooling inflation prints, with an oil recovery arguing against relief | Contracting ETF holdings and deteriorating breadth | On-chain reset incomplete, with the MVRV Z-Score yet to reset below zero

Scope & Limitations

This memo evaluates directional risk and regime conditions for Bitcoin and major crypto assets. It does not offer point forecasts of price or date, and it does not predict policy decisions. It does project broad historical time and valuation windows, with error bands, and those projections are identified as such where they appear. Its purpose is to assess whether current conditions favor capital preservation or capital deployment based on macro liquidity, market structure, and behavioral signals. A note on terminology: following the convention used across the ITC dashboard and the charts reproduced here, ROI denotes a normalized price ratio, calculated as current price divided by the stated reference price, rather than a conventional percentage return. A reading of 0.520 from the cycle peak therefore corresponds to price trading at 52.0% of that peak, equivalent to a 48.0% decline, and a year-to-date reading of 0.731 corresponds to a 26.9% decline year to date. This memo is for informational purposes only and does not constitute investment advice.

Executive Summary

Thesis. Several developments remain consistent with the framework, though they do not uniquely identify the next directional move. The October 6, 2025 top at roughly $126,000 shares several structural features with the June 2019 top: both peaked on apathy rather than euphoria, both printed shortly before quantitative tightening formally ended, roughly five weeks in 2019 and roughly eight weeks in 2025, and neither produced a durable rotation into higher-risk crypto assets. Roughly nine months on, Bitcoin traded beneath its 200-week SMA at the early-summer low, the level I have long flagged as a date with destiny, and has since reclaimed it, with ROI from the cycle peak at 0.520 after a mid-summer bounce. That reclaim is not a bottom signal; the same break-and-reclaim sequence preceded the 2022 low, as Section 4 sets out. Earlier installments identified these markers as developments to watch, including the seasonal bounce now underway, and the market is moving through them in sequence.

Where we are. Price near $65,300 is roughly 48% below the all-time high, having bounced modestly from an early-summer low in the $57,000 area to the mid $60,000s rather than staging a full recovery. The two ROI-from-peak overlays place the drawdown within the historical cycle markdown range, though toward its shallower edge rather than its middle, and closest to the 2019 path. On-chain risk at 0.188 and social risk at 0.237 describe a low-risk, low-attention regime rather than a euphoric blow-off, which is the same apathy signature that defined the top and continues to define the descent. The percentage of supply in profit and loss crossed at the early-summer low, the signal earlier reports flagged as a precursor to cycle bottoms, which shifts the posture from confirming the markdown to watching for the low even as the shallow bounce has pulled profit back above loss.

The midterm overlay. 2026 is a midterm election year, historically the weakest calendar year of the four-year cycle. The year-to-date ROI has bounced to 0.731 and sits back above the midterm average, consistent with the mid-summer recovery the cadence anticipates rather than a break from the pattern. Carrying each prior midterm's second-half path forward from here tilts the historical risk toward renewed second-half weakness, potentially including a fourth-quarter leg lower. Two of the three prior midterm cycles bottomed within the midterm year itself, in December 2018 and November 2022, while the 2014 cycle low did not arrive until January 2015. The base case therefore sits inside the fourth quarter, with the 2015 precedent as the reason not to rule out a spill into early next year.

Positioning. The structural bias stays lower pending a sustained weekly reclaim of the 50-week SMA, taken here as two consecutive weekly closes above it, which has historically offered stronger confirmation of a bear-market transition than an initial 200-week SMA reclaim of the kind now in hand. The macro backdrop is not helping: June core CPI and PPI both came in below consensus and below their prior readings, yet the Warsh Fed has removed forward guidance and shifted its projections toward hikes, while oil back near $79 after collapsing into early July leaves an energy pass-through that argues against easing later in the year. Restriction held into cooling data keeps real rates elevated with little prospect of relief. The risk and on-chain readings place the market in the low-risk half of the cycle, but the calendar and the macro argue the lows are not yet in, and the four-year comparison in the scorecard shows the valuation reset is less advanced than it was during the distressed July 2022 phase.

> **THE CALL IN ONE PARAGRAPH**
> Bitcoin topped on apathy in October 2025 rather than euphoria, roughly eight weeks before QT ended, with no durable rotation into higher-risk crypto assets. Those are the same structural features the June 2019 top carried. The drawdown has since tracked that analog to 0.520 from peak, and has now moved modestly past the elapsed-time point at which 2019 made its low. Because that low came from an exogenous pandemic shock rather than from the cycle itself, the base case here is a reset completed through time rather than through a comparable flush, which points toward a fourth-quarter bottoming window, where two of the three prior midterm cycles bottomed, with the 2014 cycle's January 2015 low the precedent for a spill into early next year.

Risk Scorecard

A consolidated read across the full indicator suite, each metric expressed on a normalized 0 to 1 risk scale where readings near 0 mark historically low risk and readings near 1 mark froth. The columns compare the current reading to where each metric stood six months, one year, and four years ago. The signal is broadly consistent: current risk is low across most metrics, with the social-follower measures the notable exceptions. Those follower series are noisier than the rest of the suite, and the six-month jump in the exchange-follower reading in particular should be treated as low-conviction rather than as evidence of returning retail interest, since follower counts respond to platform-side changes as well as to genuine attention. Setting them aside, the picture is headlined by total market cap risk at 0.383, Bitcoin risk at 0.311, on-chain risk at 0.188 and fear and greed at 0.024.

Risk metric	Current	6M ago	1Y ago	4Y ago
Headline and composite risk				
Total market cap risk	**0.383**	0.381	0.595	0.201
Bitcoin risk	**0.311**	0.317	0.582	0.197
Total crypto market cap	**0.054**	0.067	0.302	0.271
Running ROI	**0.349**	0.385	0.674	0.329
Valuation and on-chain				
On-chain risk	**0.188**	0.193	0.584	0.119
MVRV (market value to realized)	**0.314**	0.320	0.728	0.157
MVRV Z-Score	**0.200**	0.205	0.530	0.101
Supply profit/loss composite risk	**0.226**	0.165	0.989	0.240
RHODL ratio	**0.290**	0.230	0.427	0.235
Puell multiple	**0.347**	0.308	0.680	0.119
Terminal price	**0.255**	0.255	0.609	0.106
Market cap to thermocap	**0.148**	0.168	0.636	0.096
Miner cap to thermocap	**0.054**	0.068	0.777	0.146
Cowen corridor	**0.199**	0.195	0.470	0.000
Transaction fees	**0.000**	0.000	0.106	0.183
Sentiment and social				
Social risk (composite)	**0.237**	0.293	0.529	0.000
Fear and greed index	**0.024**	0.000	0.617	0.000
Google Trends (Bitcoin)	**0.146**	0.212	0.147	0.278
App ranking (Coinbase)	**0.256**	0.271	0.828	0.536
YouTube views	**0.059**	0.154	0.352	0.547
X followers (analysts)	**0.374**	0.361	0.322	0.492
X followers (exchanges)	**0.429**	0.067	0.424	0.644
X followers (Layer 1s)	**0.404**	0.307	0.392	0.417
Wikipedia page views	**0.154**	0.153	0.353	0.401

Risk values read from the ITC dashboard as of July 15, 2026. Each row reports the normalized risk transformation of the underlying indicator on a 0 to 1 scale, not the indicator's raw value; where a raw reading is quoted elsewhere in this memo it is identified as such. Current values are highlighted.

The time comparison is where the table earns its place. Nearly every metric reads materially lower today than it did one year ago, when the market was near its cycle top: total market cap risk has fallen from 0.595 to 0.383, Bitcoin risk from 0.582 to 0.311, on-chain risk from 0.584 to 0.188, and the MVRV-based measures from the 0.53 to 0.73 range down to 0.20 to 0.31. That broad, one-year de-risking is the quantitative fingerprint of a market that has moved from distribution to markdown, and it is consistent across valuation, on-chain and sentiment groups rather than confined to any single family of metrics.

The four-year column is a comparison against July 2022, when Bitcoin was already deep in the prior bear market rather than at a euphoric top, and it splits along an instructive line. On valuation and on-chain measures, most readings sit above where they stood at that point: on-chain risk at 0.188 against 0.119, MVRV at 0.314 against 0.157, the Puell multiple at 0.347 against 0.119. On attention and social measures, nearly all sit below: YouTube views at 0.059 against 0.547, app ranking at 0.256 against 0.536, Wikipedia page views at 0.154 against 0.401. The honest reading of that split is that this market is not yet as valuation-distressed as the mid-2022 bear-market selloff, while carrying materially less attention than that phase did. That is the apathy signature stated in comparative terms, and it cuts both ways for the thesis. It supports the claim that the crowd never arrived and has not returned. It also indicates that on the valuation side the reset is less advanced than the comparison year, which is consistent with the memo's central argument that the low is not yet in rather than with a case that it has already passed.

1. The 2019 Analog Moves Beyond Its Timing Window

The core thesis has always rested on a structural claim, not a curve fit: that this cycle topped the way 2019 topped. The QT-ending overlay is the cleanest expression of it. Aligning the 2025 drawdown to the 2019 drawdown from their respective QT-peak dates, the two paths show a visually similar sequence over portions of the drawdown, with the current reading just above 0.50 after a summer bounce. The correspondence is in shape rather than in level: the 2025 path has run beneath the 2019 path for most of the overlay. The comparison also runs out of road. The 2019 series ends at its day-261 low, where the pandemic flush carried it from the high 0.60s to roughly 0.29 in a matter of days. The current cycle is at day 282 and still running, so there is no 2019 reading at the equivalent elapsed time to compare against. What can be said is narrower: this cycle has spent its drawdown below the level the analog held, and it has now outlasted the analog’s entire span without producing the event that ended it. The resemblance is descriptive; this memo does not report a formal distance measure, and the alignment dates were chosen from the QT framing rather than fitted to maximize similarity. Measured in elapsed time, the current cycle has moved modestly beyond the point at which the 2019 to 2020 drawdown made its pandemic low, roughly 282 days from the peak against 261 days for the analog. The analog is no longer arriving at its timing window; it is beginning to outlast it, which makes the mechanism of that low the central question rather than its timing. 2019 resolved through price capitulation: a violent, volume-driven flush in March 2020 that carried ROI down to roughly 0.29 and reset every on-chain indicator at once. That was a pandemic shock imposed on the cycle rather than something the cycle produced, which is why it is not carried forward here as the base case.

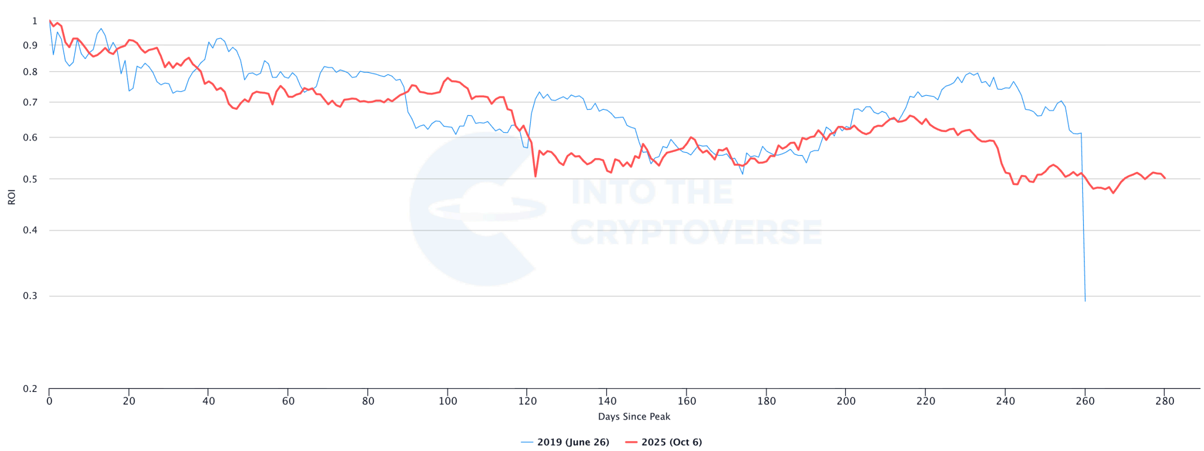

Figure 1: *BTC drawdowns from the QT-peak in 2019 (blue) and 2025 (red), indexed to ROI from peak, now extended to roughly 282 days. The 2025 path shows a visually similar sequence to the 2019 analog in shape, while running beneath it in level for most of the overlay, and sits near 0.520 after a summer bounce. The 2019 path’s terminal drop from the high 0.60s to roughly 0.29 came from the March 2020 pandemic flush, an exogenous shock rather than a cycle mechanism.*

The parallel is not limited to the shape of the drawdown. It extends to the character of the top and the absence of a durable rotation into higher-risk crypto assets, both of which separated this cycle from the euphoric blow-offs of 2017 and 2021. The table below is the structural ledger.

Structural marker	2019 analog	2025-26 (current)
Top character	Apathy, not euphoria	Apathy, not euphoria
Top vs QT end	~5 weeks before	~8 weeks before
Rotation into higher-risk assets	None durable	None durable
ROI from peak, latest	0.29 at its day-261 low	0.520
200-week SMA	Lost in bear	Broke, then reclaimed

The analog is a framework, not a guarantee. The ROI row is not a like-for-like comparison: the 2019 path terminates at its day-261 pandemic low, while the current cycle stands at day 282 and is still running, so no 2019 observation exists at the equivalent elapsed time. The 200-week SMA row is addressed in Section 4; price broke beneath the level at the early-summer low and has since recovered above it.

2. Cycle ROI: Peak and Bottom Frameworks

Two complementary views anchor the drawdown in cycle history. The peak-ROI overlay measures how far each cycle fell from its top. The current cycle (Peak 5 to Bottom 6) now reads 0.520 from peak, and its path deserves an honest description: it has run above the historical average decay for most of the descent, and for long stretches above the upper standard-deviation band. This drawdown has been shallower than the typical cycle markdown at the equivalent elapsed time, not deeper. That evidence cuts against the bear case when considered in isolation, and it is the single most important qualification to the analog. A milder path can mean either that the decline is already further along than the historical average suggests, or that less of the eventual markdown has occurred. The framework favors the latter because valuation and several on-chain measures have not fully reset, even though attention is already deeply compressed. The overlay alone does not settle the question.

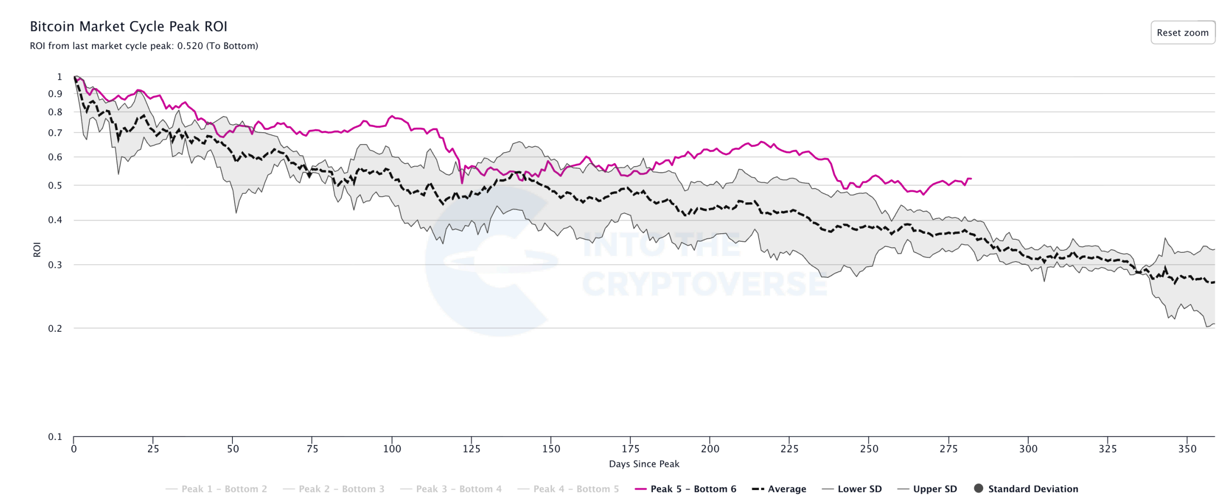

Figure 2: *ROI measured from each cycle's peak. The current cycle (magenta) has run above the historical average decay, and for stretches above the upper standard-deviation band, before converging toward the band's upper edge at 0.520 after a summer bounce. The drawdown has been shallower than the typical cycle markdown at the equivalent elapsed time.*

The bottom-ROI overlay frames the same data from the other side: ROI measured forward from the prior cycle bottom. The current cycle's advance off the last bottom was the most muted of the modern cycles, which is the return-side fingerprint of a flattening four-year structure and of a top that arrived without a euphoric final leg. The horizontal axis carries a second signal. Measured from the November 21, 2022 cycle low, the current cycle sits at day 1,332, while the prior two cycles bottomed at day 1,424 and day 1,432 respectively. Projecting those same durations forward points to roughly ninety to one hundred days out, which lands in October. The month is the defensible unit here, not a fortnight within it: this cycle peaked at day 1,050 against day 1,061 and day 1,068 for the two before it, so the top came modestly earlier in the sequence, and a low that shifts by a similar margin would pull the window toward the earlier part of the month. The anchor matters here: an earlier version of this calculation ran from the November 9, 2022 FTX-collapse low rather than the lower absolute low printed on November 21, which shifted the projection roughly two weeks earlier. The day counts in this section use the November 21 low. That estimate is derived from cycle duration rather than from the seasonal pattern, and it lands in a similar window. These are distinct but partially overlapping lenses, drawn from a small and shared set of historical cycles, so their agreement is suggestive rather than corroboration in a statistical sense.

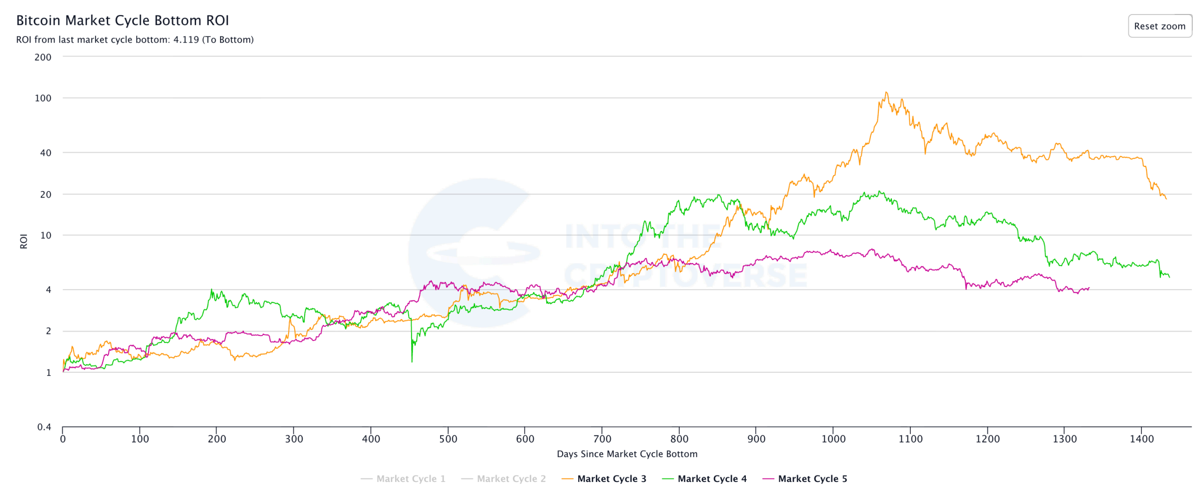

Figure 3: *Normalized price measured forward from each cycle's bottom. At the July 15 reference price, Bitcoin trades at roughly 4.12 times the November 21, 2022 cycle-low price, the most compressed advance of the modern cycles, consistent with the diminishing-returns thesis.*

3. The Midterm-Year Path

2026 is a midterm election year. Across the prior midterms (2014, 2018, 2022), Bitcoin captured the worst calendar-year performance of each four-year cycle, with year-to-date ROI decaying materially through the second half and none of them rallying into year-end. The current year-to-date ROI has bounced to 0.731 and sits back above that midterm average, which is consistent with the mid-summer recovery leg seen in prior midterms rather than a break from the pattern.

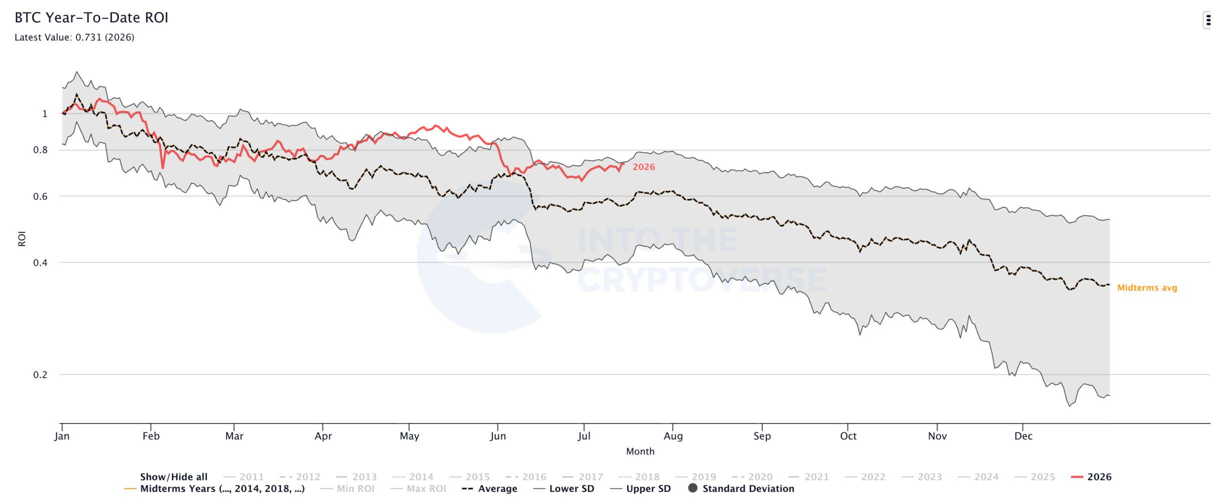

Figure 4: *BTC year-to-date ROI for 2026 (red) against the midterm-year average (dashed) and its standard-deviation band. 2026 has bounced to 0.731, back above the midterm average, the mid-summer recovery leg seen before the prior midterms' second-half decline. Applying the historical average path would place year-end ROI near 0.49, an illustrative projection from three observations rather than a target.*

Applying each prior midterm's second-half decay to the current reading would place year-end ROI near 0.49, a further material step down from where the market trades today. The direction was consistent across all three prior midterms, while the magnitude carries a wide error band given the sample of three. On the question of whether the low lands inside the year, the record is two to one in favor: December 2018 and November 2022 both printed within their midterm years, while the 2014 cycle did not bottom until January 2015. That tilts the base case toward a low inside the fourth quarter, with the 2015 case standing as the precedent for a spill into the following January.

Seasonality and the cadence of midterm bears

The magnitude of the midterm decline is only half the picture. The path it takes through the year has its own rhythm, and that rhythm has played out so far in 2026. Across the three prior midterms, Bitcoin tended to carve a local low early in the summer, bounce into the mid-to-late summer, and then roll over into a final low in the fourth quarter. Three observations are enough to describe a tendency but not to establish a reliable seasonal law, and 2014, 2018 and 2022 differed materially in market structure and catalysts. The summer bounce can be mistaken for the final low because it follows the first material drawdown, when in this small sample it has instead been a lower high inside the larger markdown.

2026 has tracked that template. The early-summer weakness that took price beneath the 200-week SMA fits the first leg of the pattern, the local-low window that precedes the summer bounce. The bounce is now underway and has carried price back above that level. If the limited historical midterm pattern repeats, the historical analog would favor a counter-trend recovery that stalls in the mid-to-late summer, followed by a leg lower into a Q4 low, which is where the prior midterms concentrated their worst losses. This is the seasonal map that sits underneath the framework, and it is why a summer rally would not, on its own, invalidate the thesis.

The monthly return history makes the cadence concrete. Isolating the three prior midterm years alongside 2026 shows where the seasonal pressure has consistently landed.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	9.78%	-27.98%	-20.93%	-1.75%	38.20%	-0.08%	-5.48%	-18.43%	-19.94%	-10.90%	10.26%	-15.59%
2018	-22.94%	5.70%	-36.06%	35.61%	-20.88%	-19.99%	37.81%	-14.86%	-5.52%	-3.68%	-32.41%	-10.11%
2022	-16.70%	12.21%	5.43%	-15.70%	-17.19%	-37.77%	19.55%	-15.34%	-2.77%	5.22%	-15.91%	-4.01%
2026	**-10.14%**	**-14.80%**	**1.78%**	**11.90%**	**-3.58%**	**-20.43%**	**10.23%**					

Monthly returns for Bitcoin in midterm election years. July 2026 is a partial month, through July 15. Green denotes a positive month, red a negative one.

Two features stand out. July has tended to be constructive, green in 2018 and 2022 and only modestly negative in 2014, and 2026 is tracking that tendency with a double-digit gain so far this month. The more striking pattern is what follows: August and September have been negative in all three prior midterms without exception, and August in particular has been severe, printing losses of roughly 18%, 15% and 15%. That two-month window is where the midterm bear did most of its damage in this three-year sample, after the summer bounce ran its course.

This is the seasonal mechanism underneath the fourth-quarter thesis. In each of the three prior midterms the summer strength gave way to a late-summer leg down. The historical sample shows no consistent relief after July, although individual positive months did occur before the ultimate low, including October 2022 and November 2014. A green July is therefore not evidence against the framework; in this limited sample it has preceded the weaker stretch rather than ended it. It is worth noting that the cycle-duration evidence discussed in Section 2 points to a similar destination by a different route: the prior two cycles bottomed roughly ninety to one hundred days beyond the current position, which places the low somewhere in October, with the exact fortnight sensitive to how closely this cycle's compressed timing carries through. Seasonality, cycle length and the presidential term path are distinct but partially overlapping lenses, sharing much of the same underlying calendar history, and each points toward a similar window.

The presidential term framing tells the same story from another angle. Rebasing Bitcoin to 100 at each inauguration and tracking the path forward, the prior term followed the shape this cadence describes: strength through the first year, a summer rally that gave way rather than held, and a window of weakness that reopened after that rally and ran into a low near the midterm elections. The current term has so far followed a broadly comparable path and sits at the equivalent stage of it, ahead of the same window. The point here is the timing rather than the magnitude. This lens overlaps heavily with the midterm seasonality already discussed, since both draw on the same 2018 and 2022 observations, so it should be read as a restatement from another angle rather than as fresh evidence.

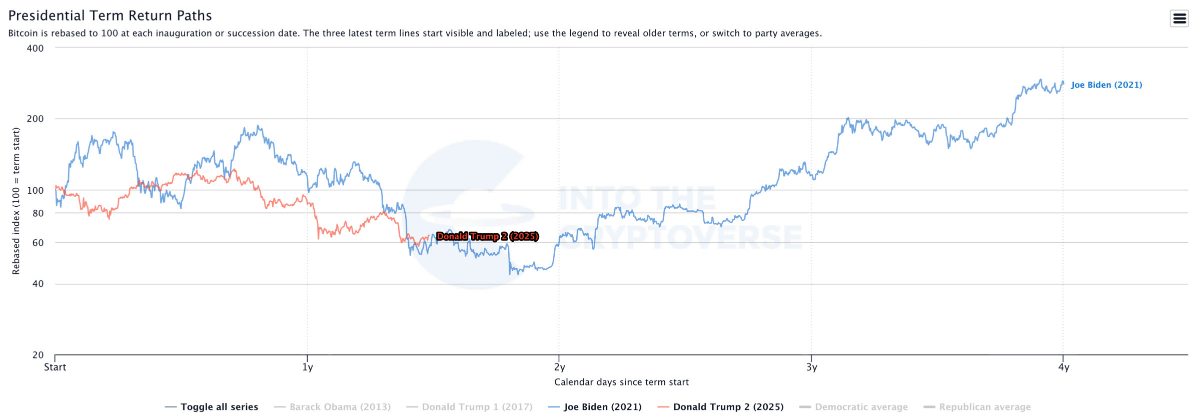

Figure 5: *Presidential term return paths, with Bitcoin rebased to 100 at each inauguration. The prior term's low arrived near the midterm elections, after a summer rally faded and weakness resumed. The current term sits at the equivalent stage, ahead of that window.*

The practical implication is that the calendar argues against treating any near-term strength as the bottom. The historical framework points toward a final low in the fourth quarter, which is where two of the three prior midterm cycles bottomed, and treats a mid-summer bounce as a feature of the midterm path rather than a break from it. The level that would challenge that map is the 50-week SMA, discussed in Section 4.

4. Price Structure: The Date with Destiny Arrives, and What It Did Not Settle

Since Bitcoin accumulated enough trading history for the indicator to be calculated, the 200-week SMA has repeatedly marked a deep-value region, with weekly closes beneath it clustering in the later stages of bear markets rather than in mid-cycle pullbacks. I have referred to this level for years as a date with destiny, and the market has now arrived at it: price traded beneath the 200-week SMA at the early-summer low near $57,000 and has since recovered back above it, closing near $65,300 against a level in the low $60,000s. The reclaim should not be mistaken for a resolution. The 2022 bear market offers the direct precedent: price lost the 200-week SMA, chopped back above it, then broke down a second time and spent months beneath the level before the cycle low was in. A first break followed by a recovery can occur well before the final bear-market low, as it did in 2022. This memo does not tabulate the precise weekly-close dates or false-reclaim instances behind these observations, so they should be read as historical tendencies rather than tested rules.

The levels are worth stating plainly. The 200-week SMA sits near $63,100 against spot of roughly $65,300, so the reclaim is real but the margin is thin. The 50-week SMA, whose sustained reclaim has offered clearer confirmation of a transition out of prior bears than an initial 200-week reclaim, sits far above at roughly $86,500. Price would need to rise on the order of a third from here to reach it, which is a useful measure of how much work a genuine trend change still requires.

Figure 6: *BTC weekly price against the 200-week SMA, near $63,100. Price traded beneath the level at the early-summer low and has since recovered above it. The same break-and-reclaim sequence occurred in 2022 before the cycle low arrived.*

Two valuation-floor models frame how far a deeper flush could extend. Realized price, the aggregate on-chain cost basis, sits near $53,000, roughly $12,300 below current spot. The chart also carries terminal price near $320,000, which belongs to the upside end of the same model family and is not part of the downside argument here. The early-summer low of about $57,000 fell to within a few thousand dollars of this band without breaching it, which is itself telling: durable cycle bottoms have historically involved a test of or move below realized price, and this drawdown has approached that level but not yet reached it. Balanced price, a deeper floor, sits near $37,700. The historical record here is more demanding than a simple range would suggest: at the major cycle lows, price did not settle between these two levels but traded beneath balanced price itself, with the realized-to-balanced zone acting as the corridor the market passed through on the way down rather than the place it stopped. It is worth connecting these measures rather than leaving them as separate observations, because they cohere more tightly than the memo has so far admitted. The year-to-date reading of 0.731 at current spot implies a January 1 anchor near $89,300. Applying the 0.49 year-end reading from the midterm decay path to that anchor gives roughly $43,800, which sits below realized price and inside the realized-to-balanced corridor. That is also what the on-chain condition requires: the MVRV Z-Score cannot reset below zero while price holds above realized price, so a genuine on-chain reset and the seasonal path point to the same region rather than to different ones. This has a consequence the memo should state plainly. A reset completed through time, in the sense of a bear market that simply runs its course into the fourth quarter, is not sufficient on its own to satisfy the on-chain condition. Time delivers the low if price also travels far enough to test realized price, and the seasonal arithmetic above is consistent with that. What separates this from the capitulation branch is the manner of the move rather than the destination: a grinding markdown into the corridor differs from a volume-spike flush through it, even if both end in the same neighborhood. Two honest qualifications follow. The first is that the central case here still implies a shallower floor-relative reset than prior cycles delivered, since those lows printed beneath balanced price rather than merely into the corridor. The ETF-era demand base and the structurally lower volatility of this cycle are the reasons to think the reset need not run as deep, but they are arguments rather than evidence, and they should be weighed as such. The second is that the 0.49 figure is an illustrative projection from a three-observation sample, not a target, and the error band around it is wide enough to reach from above realized price to beneath balanced.

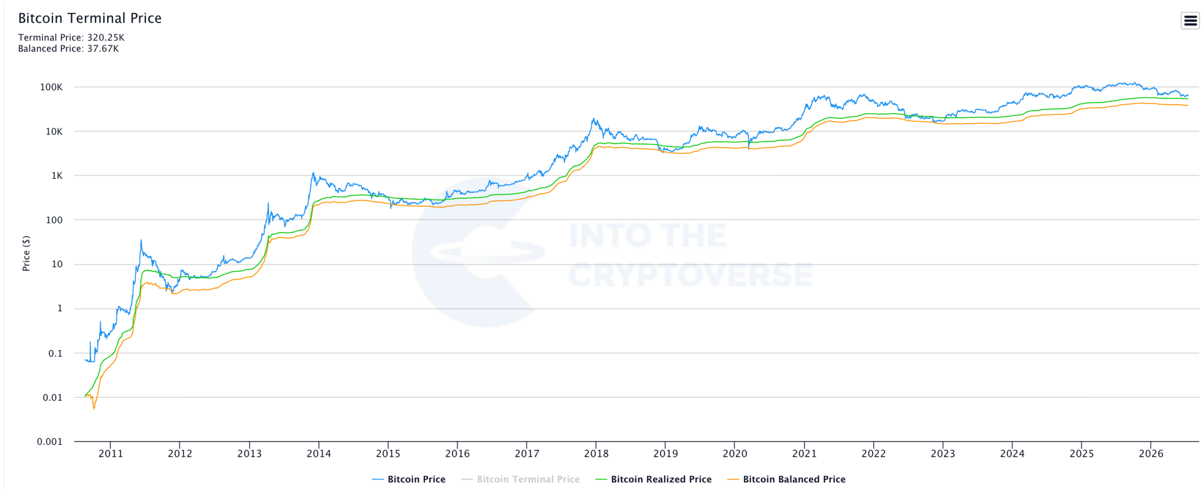

Figure 7: *BTC price against realized price (green), near $53,000, and balanced price (orange), near $37,700. At prior major cycle lows price traded beneath balanced price rather than halting between the two lines, so the band between them marks the corridor the market passed through rather than a floor it held. The early-summer low approached realized price without breaching it.*

A third view of valuation comes from the asymmetric quantile regression framework developed in my working paper on asymmetric tail curvature, which fits Bitcoin's long-run conditional price distribution rather than a single trend line and expresses where price sits within that distribution at any point in time. The bands shown are full-sample fitted quantiles, and they are descriptive summaries of the historical distribution rather than calibrated forward-looking probability intervals. The current reading is notable. With the 1st percentile band sitting at roughly $65,500, price is trading essentially on that band, at the low extreme of the fitted distribution. The median band sits near $116,000 and the 99th percentile near $202,000. This does not mean a bottom is in. The 1% quantile is not an absolute floor. Within the fitted sample, approximately 1% of modeled closing-price observations lie below the estimated 1% quantile, although that coverage clusters in particular historical episodes rather than spreading evenly through time. The paper documents several such episodes, including a 12.2% closing-price undershoot in late 2010 and a 40-day breach during the FTX collapse. The band also continues to rise with time. What the reading does say is that on a long-run distributional basis Bitcoin is no longer expensive by this measure and is priced at the low extreme of its own history.

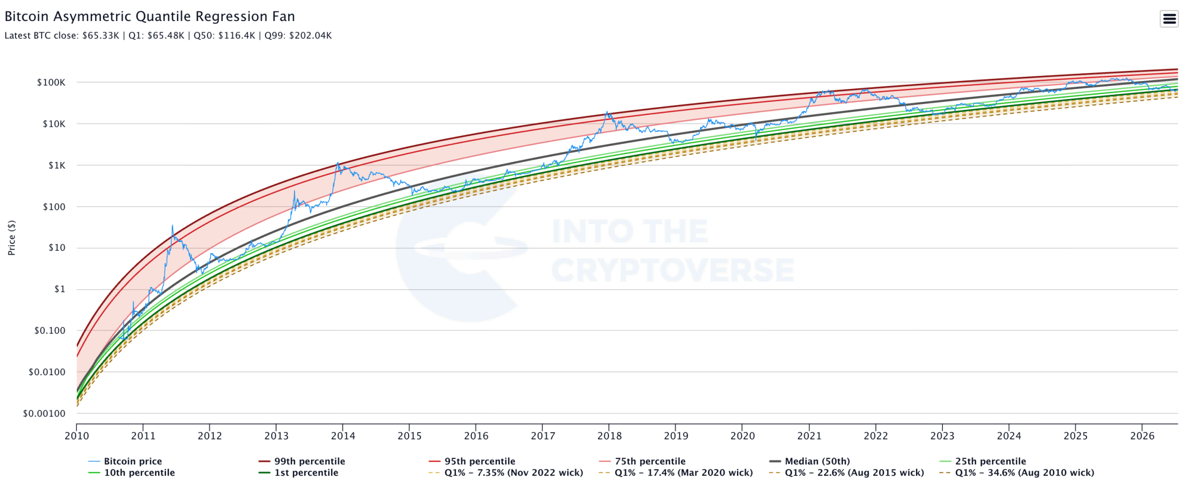

Figure 8: *Bitcoin asymmetric quantile regression fan, full-sample fitted quantiles through May 2026; the band value quoted at the July 15 reference date is a short extrapolation of the fitted curve. Price sits essentially on the 1st percentile band at roughly $65,500, against a median near $116,000 and a 99th percentile near $202,000. The regression is fitted to daily closes; the dashed lines separately illustrate intraday-low dislocations at prior cycle lows and should not be read as quantile coverage. These are descriptive distributional bands, not calibrated forward-looking probability intervals, and the 1% quantile has been breached on a closing basis in prior dislocations.*

5. Risk and Attention: The Apathy Signature

The defining feature of this top was that it arrived on apathy, not euphoria, and the risk and attention metrics continue to confirm that read on the way down. It is worth starting one level beneath the aggregate, with a single constituent of the on-chain risk metric, before turning to the composite itself.

The MVRV Z-Score is one of the inputs to the broader on-chain risk model, and it is instructive in its own right. The raw score currently reads 0.395, having drifted up from the low 0.20s at the early-summer low as price recovered. Note that the Risk Scorecard reports the normalized risk transformation of this metric, 0.200, rather than the raw Z-score quoted here. Historically, market cycle bottoms have formed after this metric resets below 0, into the zone where market value sits at or beneath realized value. At 0.395 the score remains low in absolute terms but has moved further from that reset zone rather than into it, which is consistent with the bounce interpretation: a market late in its markdown that has not yet made the low. The historical framework would look for a further reset, potentially including a move below zero, before treating the on-chain adjustment as complete.

Figure 9: *BTC MVRV Z-Score (red) at 0.395, a constituent of the on-chain risk model, having drifted up from the low 0.20s with the summer bounce. Prior cycle bottoms formed after the score reset below 0; the current reading remains low but has moved away from that zone.*

Rolling those constituents up, total on-chain risk at 0.188 sits in the low zone that has historically marked accumulation rather than distribution, the mirror image of the elevated readings that accompanied prior cycle tops.

Figure 10: *Total on-chain risk (red) at 0.188. The low reading is characteristic of accumulation zones, not the elevated risk that has accompanied prior cycle tops.*

The supply profit/loss cross and the case for a bottom watch

Prior installments of this series flagged the percentage of supply in profit and loss as a bottom-timing tool, noting that the two series cross before market cycle bottoms form. That cross has now occurred. At the early-summer low, supply in loss rose above supply in profit for the first time this cycle. Worth noting is where the earlier calls were made: the Q1 memo was written with Bitcoin near $97,000 in January, the March installment near $71,000, and the Q2 memo near $75,000 in April, each arguing that the reset was incomplete and that further downside remained likely. Price subsequently traded down to roughly $57,000, below every one of those reference levels. Receipts that only run one way are worth little, so the other side belongs here too: those same installments treated the February low near $60,000 as a plausible floor, and price broke it four months later, so the series has been better on direction than on level. The supply cross arrived at that low. With the mid-summer bounce, profit has since recovered back above loss to 56.83% versus 43.15%, and the gap has widened as the rally has extended. That does not undo the signal but illustrates its nature: the cross marks entry into the bottoming window, and the whipsaw around the 50% line is characteristic of that window rather than a clean single event.

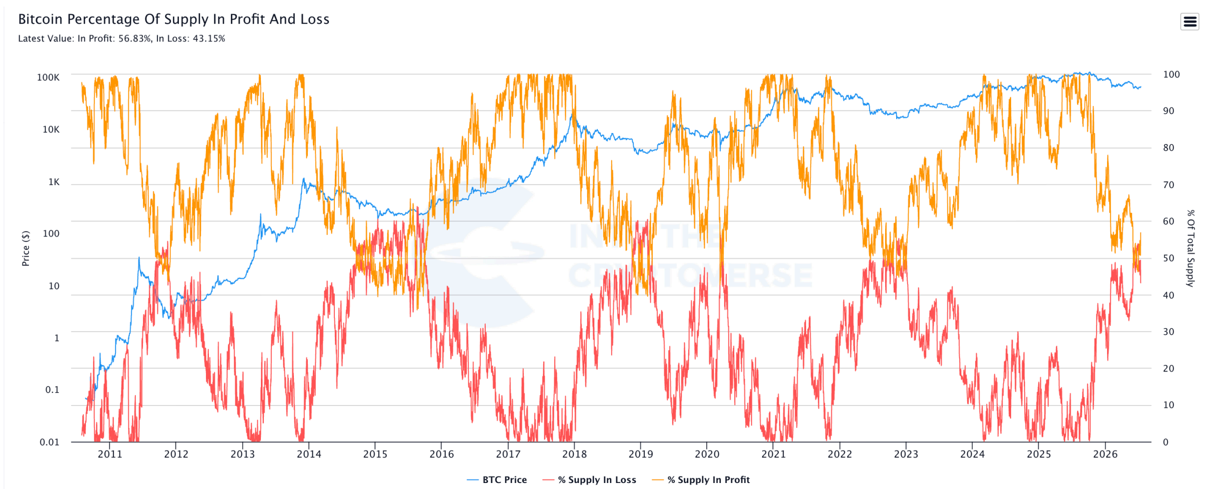

Figure 11: *BTC percentage of supply in profit (orange, 56.83%) versus in loss (red, 43.15%). The two series crossed at the early-summer low, with loss briefly exceeding profit, before the bounce pulled profit back above; the cross is a condition historically associated with entry into prior bottoming windows.*

The interpretation is a shift in posture rather than a signal to act. The cross does not mark the bottom; it marks the window in which bottoms have historically formed. That distinction matters for how the framework is used. It does not identify an exact low, which is not something this or any similar framework has demonstrated it can do. What it describes is a window measured in months with soft edges, and the practical consequence is that the width of that window, rather than any single date within it, is the output. With the MVRV Z-Score still low but bouncing rather than resetting below 0, and on-chain risk compressed in accumulation territory, the weight of the on-chain evidence argues that the focus should now move to watching for a market cycle bottom, while recognizing that the summer bounce and the not-yet-reset MVRV Z-Score both suggest the low is not yet in and, on the seasonal cadence, may not arrive until the fourth quarter or later.

As with the on-chain composite, it is worth looking one level beneath the aggregate on the attention side. The number of new views across the major crypto YouTube channels is one of the inputs to the social risk model, and it captures retail engagement directly. The reading is stark: the visible total sits near 389,000, against a 2021 peak that ran to roughly four million. Retail attention is down about an order of magnitude from the last cycle's euphoria and has not recovered through this cycle's highs, which is the raw behavioral evidence underneath the apathy framing.

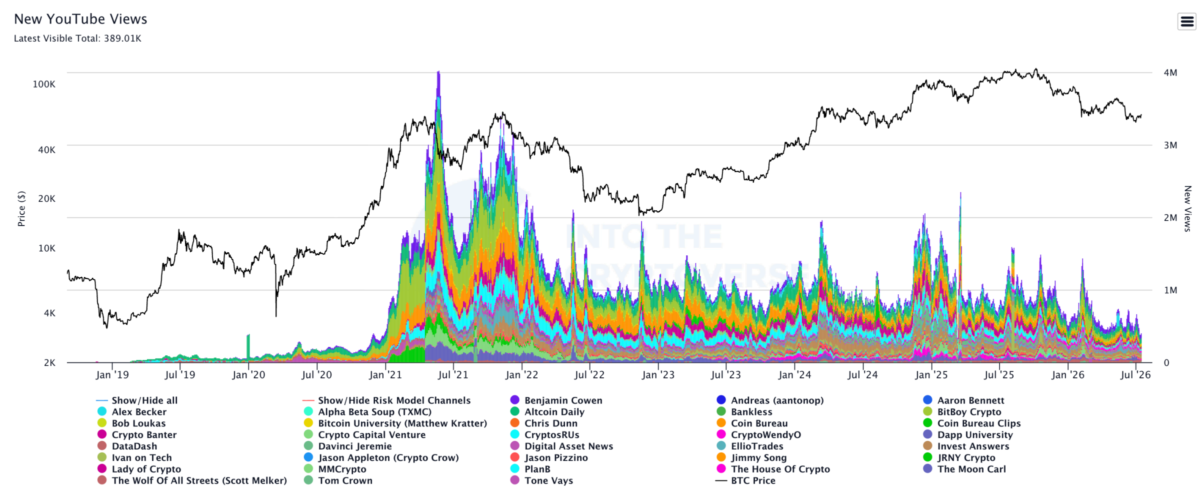

Figure 12: *New views across major crypto YouTube channels, a constituent of the social risk model, with BTC price overlaid (black). The latest visible total near 389,000 is roughly an order of magnitude below the 2021 peak near four million, and engagement never re-approached those levels even as price made new highs in 2025.*

Social risk tells the same story on the attention side. Engagement remains subdued at 0.237, having never reached euphoric levels while price made its high and staying compressed through the drawdown, the quantitative signature of a market that topped without a crowd that distinguished this cycle from 2017 and 2021 and underpins the 2019 analog.

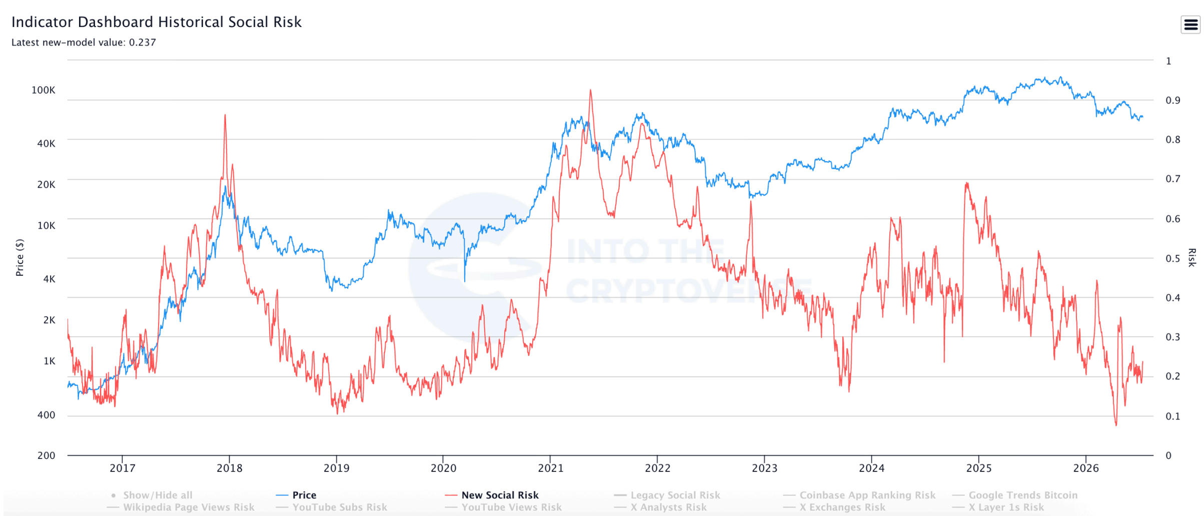

Figure 13: *New social risk (red) at 0.237. Attention never reached euphoric levels at the top and remains subdued, the apathy signature central to the 2019 analog.*

The 365-day running ROI at 0.555 sits below 1.0, confirming the market is underwater on a trailing-year basis, a condition that has historically clustered around cycle markdowns and the approach to bottoms rather than tops.

Figure 14: *BTC 365-day running ROI (red) at 0.555, below the y=1 break-even line. Trailing-year returns are negative, a condition historically associated with markdown phases and bottom formation.*

6. Market Breadth and Structural Demand

Breadth has deteriorated sharply. The advance-decline index, measured across the top 100 cryptocurrencies by market cap, sits near -8.14K, having just printed the lowest readings of its history, while total market cap rolls over. One caveat on construction: a cumulative advance-decline line trends lower by design through a broad decline, so the record low is partly a function of duration rather than intensity alone. The informative part is that it kept extending through the summer bounce rather than stabilizing. That signals the decline is broad rather than concentrated in a handful of names, the breadth profile of a broad markdown rather than a healthy correction within an uptrend. Notably, the index has continued to make new lows through the summer bounce, so the recovery in Bitcoin has not been accompanied by any repair in market breadth.

Figure 15: *Advance-decline index for the top 100 cryptocurrencies by market cap (red) near -8.14K, against total market cap (blue). Breadth has continued making new lows through the summer bounce, confirming the decline is broad-based and consistent with cycle markdown.*

Beneath the breadth and dominance readings sits a common mechanism, and it is a liquidity one. The ITC Liquidity Risk model, which tracks macro liquidity conditions through a composite of policy rates, yields, dollar strength, central bank liquidity and funding stress proxies on a 0 to 1 scale, currently reads 0.809. That is the tight to very tight band, and it has held there throughout this drawdown.

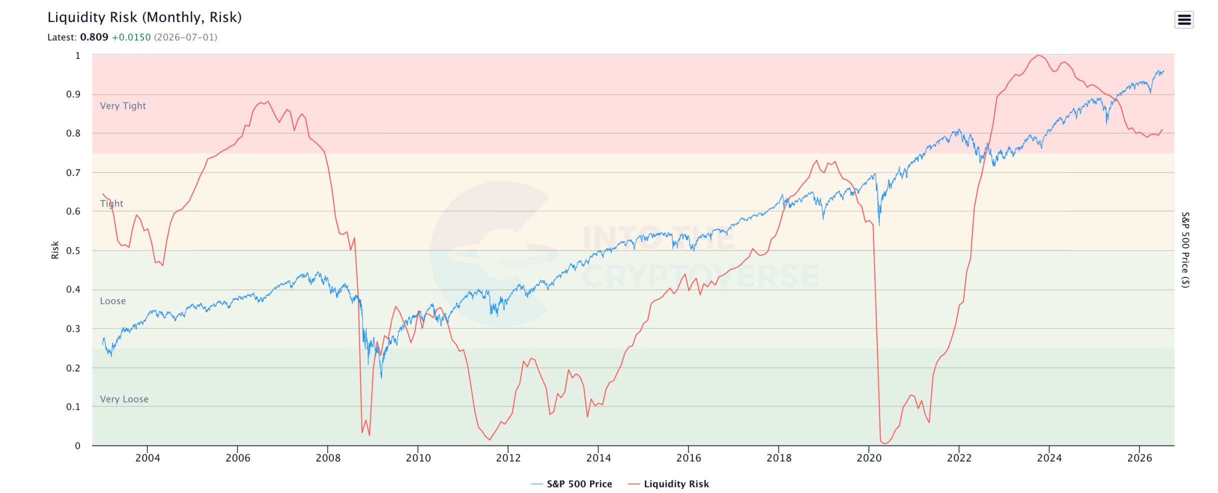

Figure 16: *ITC Liquidity Risk model at 0.809, in the tight to very tight band, with the S&P 500 overlaid. Higher readings indicate tighter conditions that have historically been less supportive of broad speculative expansion.*

The distinction that matters is between liquidity level and liquidity direction. The formal end of quantitative tightening removed one deteriorating policy impulse without making overall liquidity conditions accommodative, and the composite remains restrictive relative to the regimes that supported prior broad advances. Under that configuration capital has historically tended not to stop moving but to move up the quality ladder within each asset class rather than out along the risk curve. Smaller caps bleed to large caps, speculative growth bleeds to durable cash flow, and altcoins bleed to Bitcoin. Advances can occur even while liquidity remains tight, but they have tended to be accompanied by narrowing participation and stronger relative performance from higher-quality assets rather than broad speculative expansion. The dominance trend is consistent with that mechanism, which is one plausible explanation for why the absence of a durable rotation into higher-risk assets looks structural rather than incidental. Co-movement of a tight liquidity reading, narrowing breadth and rising dominance does not by itself establish liquidity as the cause.

Dominance reinforces the absence of a durable rotation into higher-risk assets, with an important measurement nuance. Excluding stablecoins, Bitcoin dominance sits at 66.8%, easing modestly over recent months but holding within the broad uptrend that has carried it up from roughly 40% at the 2021 low. Capital has not rotated out of Bitcoin and into higher-risk crypto assets the way it did in prior cycle tops. The nuance is that this trend is only clearly visible once stablecoins are excluded. Stablecoins now command a far larger market cap than in prior cycles and therefore carry a non-negligible dominance of their own, so an include-stables measure dilutes the reading and obscures the trajectory of Bitcoin's share of the non-stable market. The clean read, on the exclude-stables basis, is that no durable rotation into higher-risk assets has developed.

Figure 17: *BTC dominance (red) at 66.8%, excluding stablecoins. Dominance has eased modestly from its recent high near 70% while remaining well within the multi-year uptrend off the 2021 low. The trend is clearest on this basis; including stablecoins dilutes it because their market cap now carries non-negligible dominance.*

HODL waves show the older cohorts expanding as a share of supply through the drawdown, as existing coins age and remain unspent. That is a pattern consistent with long-term holding and reduced turnover rather than direct evidence of new buying, and it is the supply-side counterpart to the low on-chain risk reading.

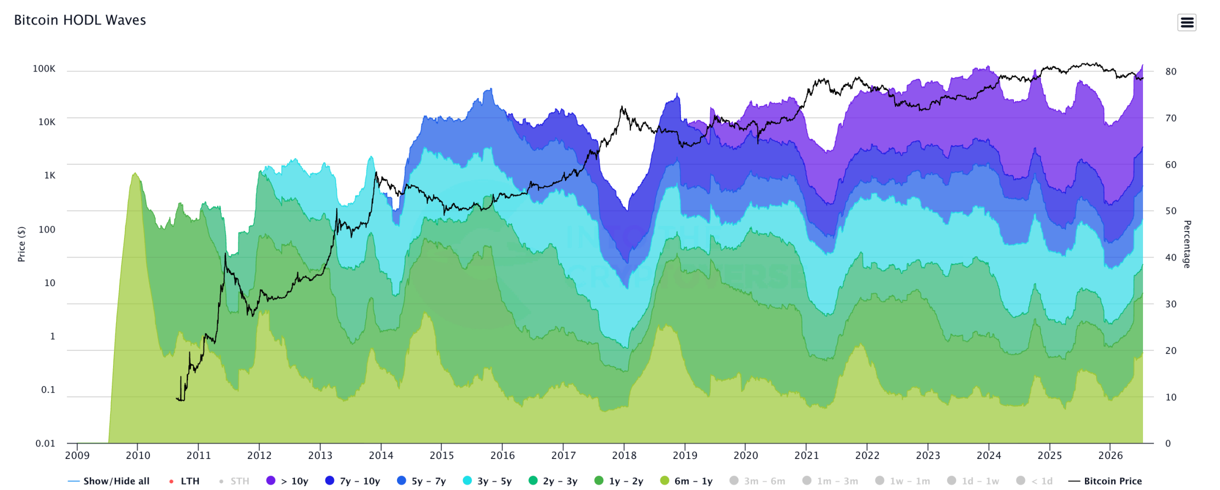

Figure 18: *Bitcoin HODL waves. Older-coin bands expand through the drawdown as existing supply ages and remains unspent, a pattern consistent with reduced turnover that has historically accompanied late-markdown phases.*

On the demand side, the structural story has shifted. ETF holdings, which scaled from roughly 640K to over 1.25M BTC across 2024 and 2025, peaked in late 2025 and have since turned lower, slipping back below 1.25M with the decline steepening in recent weeks. The vehicle that absorbed sell pressure on the way up is no longer a one-way bid. The contraction in holdings is consistent with weaker marginal demand during the period in which price broke beneath the 200-week SMA, though the figure alone does not establish that ETF selling drove the break.

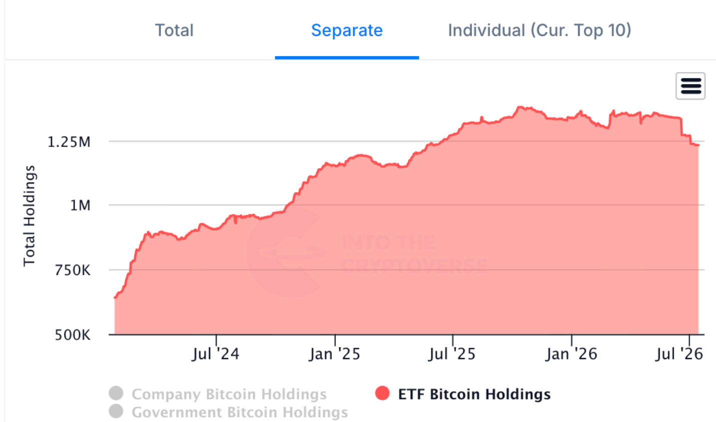

Figure 19: *ETF Bitcoin holdings after scaling from roughly 640K to a late-2025 peak above 1.25M. Holdings have since rolled over and slipped back below that level, with the decline steepening most recently. The marginal ETF bid that absorbed supply on the way up has faded.*

7. Macro Context: Softening Prints, a Hawkish Fed, and an Oil Tail

The macro backdrop reinforces the structural read rather than rescuing it, though the mechanism has shifted over the past month and the picture is genuinely mixed. Realized inflation is cooling, and the June prints undershot consensus on both measures. June core CPI printed 2.6% against 2.8% expected and 2.9% prior, and June PPI printed 5.5% against 6.2% expected and 6.0% prior. The important qualification is what those prints are measuring. Oil ran from the high $50s in December to a spring peak in the region of $113 to $118, depending on the contract and the date taken, then collapsed to the high $60s by early July as the Gulf conflict de-escalated. The decline in the headline series largely reflects that fall in energy prices directly; core softened as well, though through non-energy categories rather than through the oil move itself. WTI has since recovered to roughly $79, which means the disinflationary impulse currently flattering the prints is backward-looking. The recovery is not a technical event and should not be described as one. It follows renewed strikes on Iran and the reinstatement of a naval blockade near the Strait of Hormuz, with tanker attacks in the strait carrying Brent above $86 at the highs. That makes the energy input two-sided and fat-tailed rather than a trend to extrapolate: escalation drives oil into the same fourth-quarter window this framework already identifies, while a renewed ceasefire collapses it again as it did in June. This deserves to be connected to the central uncertainty stated earlier rather than left in the macro section. That box asks whether the cycle resets through time or requires an exogenous capitulation, and notes the framework cannot time the second branch. A live candidate for exactly such an event is in the headlines at this reference date. The framework has no way to price it, which is the point: the geopolitical tail is not a variable the cycle work can absorb, and its presence is the strongest argument for holding the Q4 timing loosely rather than treating it as a schedule. Energy prices affect headline inflation relatively quickly, which is much of why the June print fell, while indirect pass-through into core goods, transportation and services tends to occur with a lag. So if oil holds near current levels or grinds higher, it argues for firmer prints later this year rather than a continuation of the June trend, first through the headline and subsequently through the core. That timing matters, because the window in which the energy pass-through would land is roughly the same window the cycle framework points toward for a low. The tension is what the Fed did while inflation was still elevated: the Warsh Fed held at 3.50 to 3.75%, cut its statement to roughly 130 words, removed the easing bias, and shifted its projections in a hawkish direction, with close to half of the eighteen participants penciling at least one hike before year-end. Futures pricing has moved with the data rather than only with the rhetoric. On market-implied probabilities read from fed funds futures at approximately 10:00 a.m. ET on July 15, 2026, after the June CPI and PPI releases, a hold is close to certain for July at roughly 90%. These probabilities move intraday and the values below reflect that single observation. September is now a coin flip, with a hold at roughly 50% against a cumulative 50% for at least one hike, having leaned toward a hike before the June CPI release came in cooler than expected. By the December meeting roughly seven in ten outcomes carry at least one hike, with about a quarter assigning two or more. The strip still drifts higher through 2027, where a level two hikes above the current target becomes the modal outcome by mid-year.

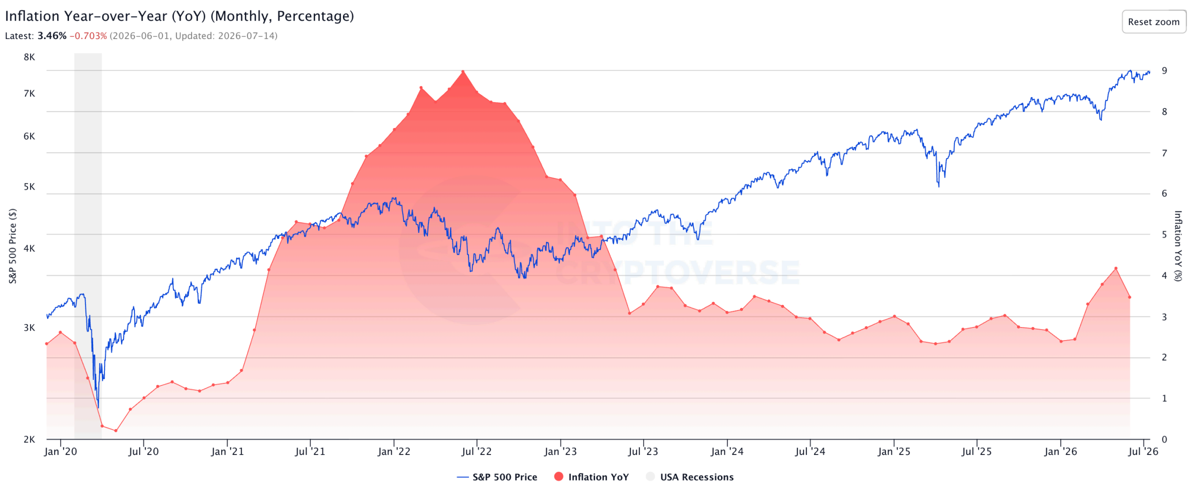

Figure 20: *Headline inflation year over year at 3.46%, easing from the spring, with the S&P 500 overlaid. The recent decline coincides with the collapse in oil from its April high.*

The configuration facing Bitcoin has changed character over the past month. A central bank that has already stripped out its easing bias and tilted its projections toward a hike now faces data that is cooling in the rear-view mirror while the forward energy input turns higher. That is the policy-overshoot configuration this series has flagged since the start of the year, with an added wrinkle: the soft prints give the Fed no reason to hike now, and the oil recovery gives it no reason to ease later. The curve reflects the ambivalence. Cuts carry negligible weight through 2026 and only low single-digit probabilities late in 2027, while the cumulative probability of at least one hike still rises through this year even after the soft prints pulled September back to a coin flip. The question for risk assets is not whether the Fed eases, which the curve barely contemplates, but whether it tightens into a slowdown. Either branch keeps real rates elevated into a tape with no catalyst of its own to lean on. Gold is worth a brief word because it cuts against a simple liquidity reading. Through the first months of this drawdown gold rose while Bitcoin fell, so the two diverged rather than moving together, and the pair have only converged more recently. That divergence is a reminder that the two assets are not interchangeable expressions of the same macro trade, and that a single real-rate or liquidity story does not explain both. A tightening bias held into cooling data, with an oil recovery that argues against relief in the second half, is the macro overlay; the cycle framework is the spine. They point the same direction, and toward the same part of the calendar.

THE BULL CASE IN ITS STRONGEST FORM

Assembled in one place, the evidence against this memo's conclusion is not trivial. The drawdown has run shallower than the average cycle markdown at the equivalent elapsed time, and for stretches above the upper standard-deviation band, which is what a decline that is further along than it looks would also produce. Price sits on the 1st percentile of the fitted quantile distribution, the low extreme of its own history. The supply profit/loss cross has already triggered, which in prior cycles marked entry into the bottoming window rather than the middle of a markdown. Attention is deeply compressed, with several social measures below their July 2022 readings, so the crowd that typically sells the final low is largely absent. The ETF era has added a demand base that did not exist in prior cycles, which is the strongest available argument that the floor-relative reset need not run as deep as history suggests. And the 200-week SMA has been reclaimed rather than lost. A reader who weighted these more heavily than the calendar evidence would conclude the low is closer than this memo argues, and that position is defensible on the same data.

THE CENTRAL UNCERTAINTY

Whether this cycle ultimately requires an exogenous capitulation similar to March 2020, or instead completes its reset primarily through time. The lenses assembled in this memo agree on roughly when a low would be due if the second path holds. They say considerably less about what would happen if the first arrives.

Bottom Line

The framework remains broadly consistent with the observed sequence. The October 2025 top carried the structural features the 2019 top carried, the drawdown has tracked that analog to 0.520 from peak, and the analog has now passed its timing window at 282 days against 261 without producing the flush that ended 2019. That points to a reset completed through time rather than through a comparable capitulation, placing the window in the fourth quarter. The cycle-duration clock, the midterm seasonal path and the presidential term path agree on that window while overlapping substantially in the history they draw on. The supply profit/loss cross flagged in prior reports has now triggered. The framework is in bottom-watch mode, with the low most likely a matter of months rather than weeks away.

CURRENT ASSESSMENT

Bear-market framework	Intact. Valuation and several on-chain measures have not fully reset.
Summer rebound	Consistent with historical midterm behavior; not treated as the low.
2019 analog	Passed its timing window at 282 days without a pandemic-style capitulation.
Primary bottom window	Fourth quarter 2026. Two of three prior midterm cycles bottomed within the year; 2014 spilled to January 2015.
What would weaken this	A sustained weekly reclaim of the 50-week SMA, near $86,500, taken as two consecutive weekly closes above it.
What would accelerate it	A volume-spike capitulation that resets the on-chain indicators.

Prepared July 2026 by Benjamin Cowen, Independent Macro & Crypto Market Research. Research and commentary, not investment advice. Sources and conventions: Bitcoin spot, dominance (excluding stablecoins), on-chain risk and its constituents, social risk and its constituents, supply in profit and loss, realized and balanced price, HODL waves, advance-decline index (top 100 cryptocurrencies by market cap), ETF holdings, cycle ROI overlays and the midterm and presidential-term paths are all read from the Into The Cryptoverse dashboard at the reference date, using its published methodologies and constituent universes. A durable rotation into higher-risk crypto assets is used here to mean a sustained decline in Bitcoin dominance excluding stablecoins, persisting over months rather than weeks, of the kind that accompanied the 2017 and 2021 cycle tops; isolated altcoin rallies that leave the dominance trend intact do not meet that description. WTI is the front-month continuous contract. Fed funds probabilities are market-implied readings derived from fed funds futures, observed at approximately 10:00 a.m. ET on July 15, 2026. Quantile bands are from the author's working paper on asymmetric tail curvature, fitted to daily closes through May 2026. Economic data reflect the vintage available on July 15, 2026 and may be revised; June PPI, for example, carried a downward revision to the prior month in its official release. Dashboard values reflect the data vintage and constituent universe available at the reference date unless otherwise stated. Reference levels are point-in-time and intraday moves are not captured. For ongoing research, models and the full indicator suite, visit benjamincowen.com.