BENJAMIN COWEN RESEARCH

Bitcoin and the Cycle Clock

Into Year End: Midterms, Dislocations and the Levels That Matter

The Q4 decline in Bitcoin is under way. Bitcoin is now in the window where past bear markets bottomed, at a far smaller drawdown. The levels to watch are the 1st percentile of our regression fan near $72,000 and, in a dislocation, a zone of roughly $47,000 to $67,000, with realized price near $54,000 inside it, where several cycle, midterm and on-chain levels cluster. Balanced price near $38,000, where the deepest past bear markets bottomed, remains the tail risk.

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AT A GLANCE

Bitcoin: $77,139 (day range $76,367 to $78,695) | About 13% lower year to date | About 39% below the October 2025 intraday peak near $126,000 | Dominance excluding stablecoins near 67%

Levels: $83,000 September breakout line | $76,700 September hike-day price | $73,000 to $75,000 100-day and 200-day averages | $72,100 regression 1st percentile | $47,000 to $67,000 golden pocket | $57,700 July low | $54,000 realized price | $38,000 balanced price

Key dates: Midterms November 3 | Seven-week mark after the September hike in early November | Possible Anthropic listing, date unconfirmed | FOMC December 8 and 9

Figures are read from our research dashboard at the reference date.

Scope & Limitations

This memo evaluates where Bitcoin stands in its cycle, how the current decline compares with past bear markets, midterm years and rate-hike episodes, and which price levels have historically mattered most. The goal is to map the conditions and levels to watch, and the memo does not attempt to forecast precise turning points or prices.

The historical comparisons rest on small samples: three or four prior Bitcoin cycles, two midterm rate-hike episodes, four presidential terms and a single large IPO. These are analogs and tendencies, and the memo treats them as such. Proprietary model readings, including the regression percentiles and risk scores, describe Bitcoin's position relative to history and should not be read as calibrated probabilities. Market levels are drawn from prints around the reference date and should be refreshed as needed. This memo is for informational purposes only and does not constitute investment advice.

Executive Summary

Bitcoin is about 13% lower on the year and about 39% below its October 2025 intraday peak near $126,000. In September we said a weekly close below roughly $83,000 would materially weaken the breakout. That condition was met on October 18 and confirmed on October 25, and on October 30 Bitcoin broke below its recent range.

We got the Q3 high wrong. Earlier this year we expected Q3 to produce a lower high. Bitcoin instead broke above its May high in August and reached about $87,000 intraday in late September, a higher high. Fakeouts like this happen. One possibility is that bear markets following apathetic tops produce more pronounced countertrend rallies, as positioning may be less extreme; the 2025 peak came without the euphoria of 2017 or 2021. That rally has now given way, and Bitcoin is back below where it started the breakout.

The cycle clock says we are in the window where past bear markets bottomed. Bitcoin is about 390 days past its cycle peak; the last three bear markets bottomed between day 363 and day 406. It is also about 925 days past the April 2024 halving, almost exactly where the 2022 low arrived. This cycle has been far shallower: the deepest drawdown so far, at the early-July low near $57,700, was about 54%, against 77% to 84% in past cycles.

We had a Q1 low, a summer low, and now we are setting up for the Q4 low. Bitcoin made a Q1 low in February and a summer low near $57,700 in early July, and the current decline is setting up the Q4 low. That Q4 low would fall inside the window where past bear markets bottomed, between 52 and 58 weeks after the peak; Bitcoin is now about 56 weeks past its October 2025 high. Every prior bear market traded down to realized price, now near $54,000, which the July low held above, so the Q4 low could come in below July. Changes in Bitcoin's ownership, including ETF and institutional holders, are the main reason this cycle could bottom without reaching realized price. Balanced price near $38,000, where the deepest past bear markets bottomed, is the tail risk.

A dislocation could take Bitcoin into the golden pocket, our term for the zone below the 1st percentile of our quantile regression fan, roughly $47,000 to $67,000. The 1st percentile now sits near $72,100. Bitcoin has broken below that line only during short, forced-selling dislocations such as August 2010, August 2015, March 2020 and November 2022, and the depth of those wicks, applied to today's line, maps to roughly $47,000 to $67,000, with realized price near $54,000 inside the zone. The range also contains a 2022-style midterm drawdown near $65,000 and the July low near $57,700.

The Q4 decline is arriving close to schedule. Bitcoin's weakness came about six weeks after the September rate hike, close to the seven-week timing seen in the 2018 and 2022 midterm years, alongside a correction in equities and tight liquidity. The Q4 low could come before December, and we do not expect a major break to the upside until 2027. A break of the $73,000 to $75,000 area would be the next sign that the move has further to run.

What would change our view: weekly closes back above $83,000 would invalidate the near-term correction call and restore the September breakout signal.

Scorecard: Our Recent Calls

Call	What happened	Grade
Q3 would produce a lower high (our call earlier in 2026)	Bitcoin broke above its May high in August and reached about $87,000 in late September, a higher high, before reversing	Wrong
A Bitcoin weekly close below about $83,000 weakens the breakout	Weekly closes of $82,002 (October 18) and $80,048 (October 25); about $77,100 on October 30	Correct
Bitcoin breaks lower around seven weeks after the September hike, as in 2018 and 2022	Weekly breakdown in mid-October; range broken on October 30, day 44	On track
Equities have not yet paid for the rate shock; a correction in Q3 to Q4	Nasdaq 100 down about 8% into late October and 3.6% more on October 30; S&P 500 down about 2% in two days	Under way
Dollar firming, with the July high near 101.8 the level to watch	DXY near 102.2, its highest since March 2025	Correct

Table 1: Our recent calls most relevant to Bitcoin, and the outcome.

1. Where Bitcoin Stands

Bitcoin spent the summer recovering from its early-July low near $57,700 and broke out above the May high in August, a move we flagged in September as constructive as long as weekly closes held above roughly $83,000. They did not. Weekly closes of $82,002 on October 18 and $80,048 on October 25 broke that level. In between, spot ETFs recorded one-day outflows above $635 million on October 23, and Bitcoin closed below its 50-day moving average on October 24 for the first time in 66 days. On October 30 it broke through the bottom of its five-week range, to a low of about $76,400, its lowest since September 18.

Even after the drop, Bitcoin is about 13% lower on the year, well ahead of the average path for midterm years, which has historically fallen sharply from November into December. That gap leaves room for a midterm-style decline without requiring a repeat of past drawdowns in full.



Figure 1: Bitcoin year-to-date ROI (price divided by the price at the start of the year), 2026 vs prior years, with the midterm-year average and its standard deviation band. The latest value is 0.871.

Within crypto, Bitcoin continues to gain share. Excluding stablecoins, its dominance stands near 67% and keeps making higher lows, with the September dip holding near 65%, above the late-2025 low near 61%. Capital is consolidating into Bitcoin as speculative participation fades, and a broad altcoin rotation remains absent. Rising dominance has accompanied both late bear markets and early recoveries. Its direction depends more on monetary policy and liquidity than on Bitcoin's own cycle, so it could keep rising for some time.



Figure 2: Bitcoin dominance excluding stablecoins, 2021 to 2026, with higher lows since late 2025.

Breadth across the rest of the market tells the same story from the other side. Our crypto advance-decline index has fallen steadily since mid-2025 to new lows below minus 8,000, even as total crypto market capitalization has held far above its 2022 lows. Most tokens keep declining while a narrow group, led by Bitcoin, holds the total up. Collapsing breadth with rising dominance is typical of the later stages of a bear market.



Figure 3: Total crypto market capitalization (left axis, log scale) vs the crypto advance-decline index (right axis), 2016 to 2026.

Bitcoin has struggled to trend because two sets of signals disagree. Traditional technical indicators have turned more constructive: the weekly MACD crossed bullish in mid-October after 44 negative weeks, and the daily RSI has hovered near 50. The macro backdrop points the other way, with liquidity tight, the dollar at its highest since March 2025, a December Fed hike largely priced and heavy equity supply ahead. When the two disagree we give more weight to the macro side, because liquidity and the dollar set the backdrop for the cycle lows in 2018 and 2022.

2. The Cycle Clock

Measured from each cycle peak, the last three bear markets bottomed on a similar schedule: about 406 days after the 2013 peak, 363 days after the 2017 peak and 376 days after the 2021 peak, with drawdowns of roughly 84%, 84% and 77%. Bitcoin is now about 390 days past its October 2025 peak, squarely inside that window, at about 0.62 of the peak price on a closing basis.



Figure 4: Bitcoin price relative to each market cycle peak (peak = 1), by days since the peak. The current cycle (Peak 5 to Peak 6) is at 0.618 on about day 390.

The halving clock tells the same story. The current cycle peaked about 535 days after the April 2024 halving, in line with the prior two cycles, and Bitcoin is now about 925 days past the halving at roughly 1.19 times the halving-day price. The 2022 bear market bottomed almost exactly 925 days after the 2020 halving, and the 2018 low came about 890 days after the 2016 halving. Each cycle has also delivered a smaller multiple than the last, which is consistent with a maturing asset and shallower drawdowns.



Figure 5: Bitcoin price relative to each halving-day price (halving = 1), by days since the halving. The current cycle (Halving Cycle 4) is at 1.189 on about day 925.

Presidential terms offer a third lens. Rebased to each inauguration, the four terms since 2013 fall into two pairs. Obama's second term and Trump's first both delivered explosive first-year gains, then a long decline into the second year and a strong finish. Biden's term and Trump's second have been far more muted, drifting below their starting level by the middle of the term. Trump's second term now sits near 75, not far

from where Biden's stood at the same point, a few weeks before that term made its late-2022 low near 45. We attribute the weaker recent returns partly to diminishing returns as Bitcoin matures and partly to greater macro uncertainty in recent years, with inflation and a softening labor market weighing on risk appetite.

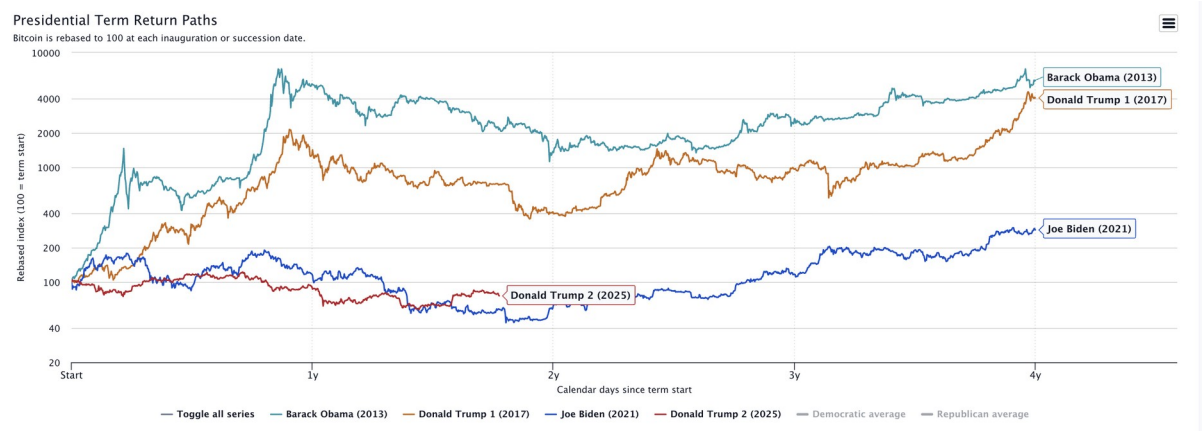


Figure 6: Bitcoin rebased to 100 at each inauguration: Obama (2013), Trump (2017), Biden (2021) and Trump (2025), by time since term start.

Read together, the two clocks say Bitcoin has reached the point where past bear markets ended, at a far smaller drawdown. The window runs from about 52 weeks after the peak, in 2018, to about 58 weeks, in 2015, and Bitcoin is about 56 weeks past its peak, so the Q4 weakness now under way is arriving inside it. These are related views of the same limited cycle history, and they do not count as independent confirmations of a bottom. The next sections set out where support should be if the decline extends.

3. The Quantile Fan and the Golden Pocket

Our asymmetric quantile regression fan places Bitcoin within the distribution of its long-run trend. The percentile lines describe Bitcoin's historical position relative to our fitted long-term regression model, and they should not be read as forward-looking probabilities. At $77,139, Bitcoin sits about 7% above the 1st percentile line, now near $72,100, and about 39% below the median near $127,100. In late June and early July it fell to the 1st percentile, which held as support and marked the July low. The lines rise over time, so the 1st percentile will keep moving higher even if price does not.

Historically, Bitcoin has broken below the 1st percentile only during dislocation events, short and violent moves driven by forced selling. In November 2022, during the FTX collapse, it wicked 7.35% below the line. In March 2020, during the COVID crash, the wick reached 17.4%, and in August 2015, 22.6%. In August 2010 it reached 34.6%. Applied to today's 1st percentile, those wicks map to roughly $66,800, $59,600, $55,800 and $47,200. We call the zone from about $67,000 down to about $47,000 the golden pocket, our own term. In hindsight those wicks have been among the strongest long-term entries of each cycle. Historically, these dislocations have been relatively brief, although a more prolonged period below regression support cannot be ruled out.

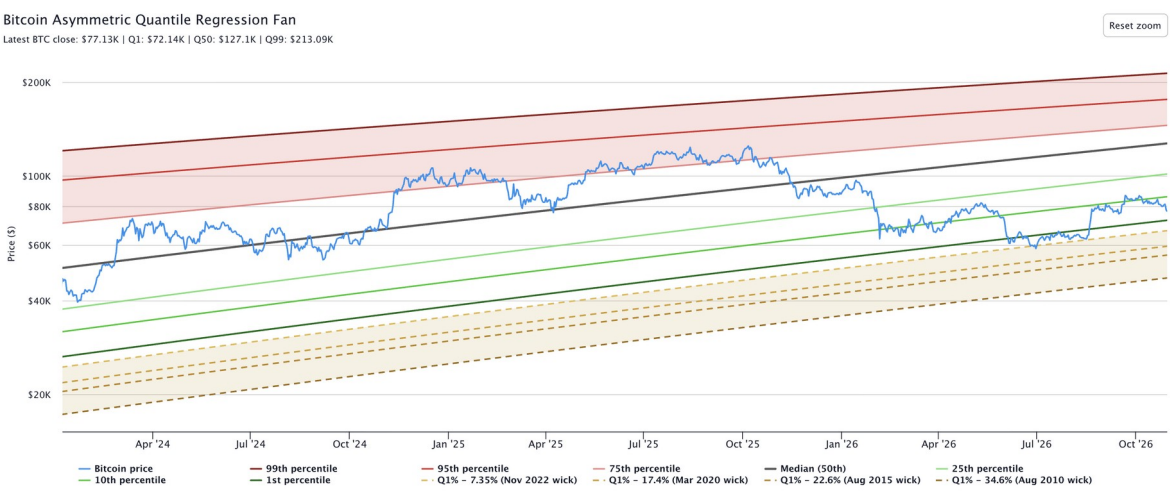


Figure 7: Bitcoin asymmetric quantile regression fan, 2024 to 2026, with the 1st to 99th percentile lines and the depth of past wicks below the 1st percentile (dashed). Latest price $77,139; 1st percentile $72,140; median $127,100; 99th percentile $213,090.

A dislocation does not need a reason in advance, and we are not predicting one. What stands out is how many of our levels cluster in the same zone: a 2022-style midterm drawdown near $65,200, a 2022-style wick near $66,800, a 2020-style wick near $59,600 and the July low near $57,700, with realized price near $54,000 and a 2010-style wick near $47,200 below them. If a dislocation comes, the $47,000 to $67,000 area is where we would expect the strongest support.

4. On-Chain and Sentiment

Our risk models show sentiment closer to a bottom than on-chain positioning. Total on-chain risk, a composite of valuation and holder-behavior metrics, stands at 0.28. It fell to about 0.15 near the July low but remains above the readings below 0.1 seen at the 2015, 2018 and 2022 lows. Social risk, which tracks search, app, video and social-media interest in Bitcoin, has fallen to 0.10, near the lowest levels in its history and comparable to late 2018. Interest has collapsed faster than holders have capitulated. The 2025 top was itself apathetic: social risk peaked well below the euphoric readings above 0.9 at the 2017 and 2021 tops. One possibility is that the absence of widespread euphoria at the 2025 peak has contributed to a choppier decline, with positioning less extreme and countertrend rallies, like the one to about $87,000, able to run further than expected.



Figure 8: Total on-chain risk (right axis, 0 to 1) vs Bitcoin price (left axis, log scale), 2010 to 2026. The latest value is 0.280.



Figure 9: Social risk (right axis, 0 to 1) vs Bitcoin price (left axis, log scale), 2016 to 2026. The latest value is 0.100.

The share of bitcoin supply held at a profit is a useful gauge of how much pain holders have absorbed. At past cycle lows it fell to roughly 40% to 50%, with 50% to 60% of supply underwater. In 2026 it dipped toward that zone around the July low and has since recovered to roughly 60% to 65%, with about 35% of supply in loss. That is consistent with a market under stress but short of the broad capitulation seen at prior bottoms.

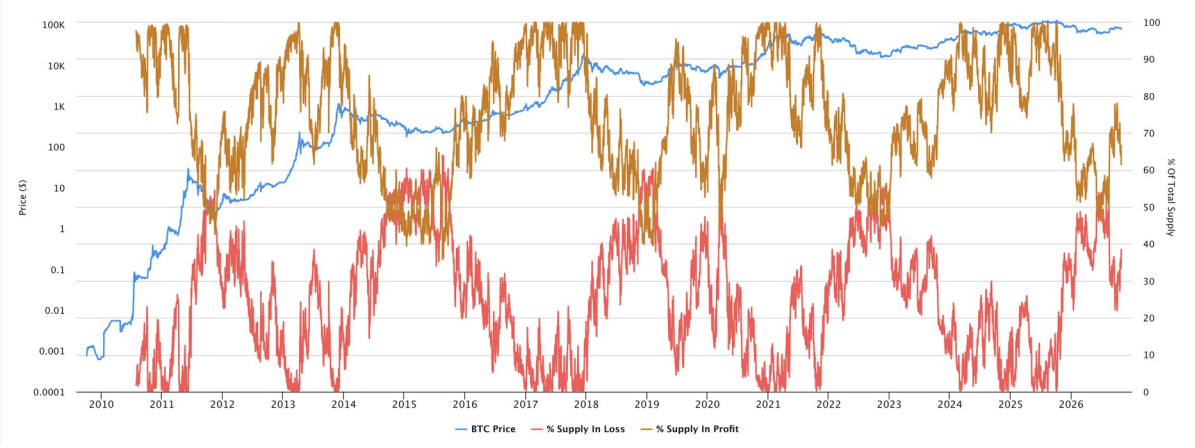


Figure 10: Bitcoin price (left axis, log scale) with the percentage of supply in profit and in loss (right axis), 2010 to 2026.

Two on-chain levels frame the longer-term downside. Realized price, the average price at which each bitcoin last moved, is about $54,000. Balanced price, a measure derived from realized price that has sat near prior cycle lows, is about $38,000. Every prior bear market traded down to realized price, and the deepest ones reached balanced price. The July low held above realized price, so this cycle has not yet touched it. Changes in Bitcoin's ownership structure and market maturity could allow the current cycle to bottom without repeating that pattern. The Q4 low could stop well above these levels, or it could reach them. Over one to two years, a test of realized price, and possibly balanced price, remains a real possibility.

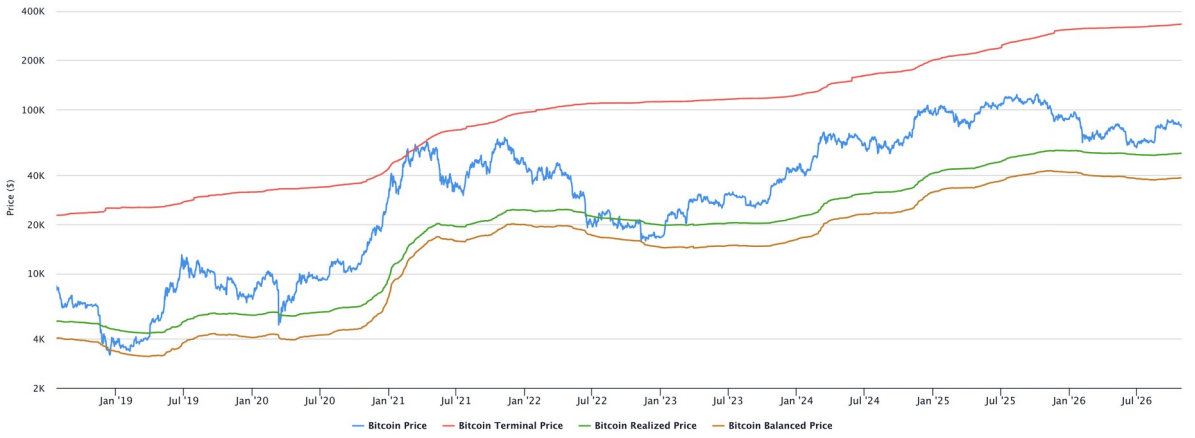


Figure 11: Bitcoin price vs realized price (about $54,000) and balanced price (about $38,000), log scale, 2018 to 2026. Terminal price, the upper line, has historically marked the area of cycle tops and is shown for reference only.

5. Into Year End: Midterms, Rate Hikes and Equities

In both 2018 and 2022, Bitcoin weakened roughly seven weeks after a September rate hike in a midterm year, which in this cycle falls in early November. The timing of Bitcoin's recent weakness is consistent with those analogues: it was back at its hike-day price of about $76,700 on October 30, day 44. Two observations are insufficient to establish a dependable pattern, but the similarity warrants attention given the broader

deterioration in liquidity and risk appetite. A repeat of 2022's drawdown, about 15% below the hike-day price, would put Bitcoin near $65,200, and a repeat of 2018's roughly 50% drawdown would put it near $38,350, almost exactly at balanced price.

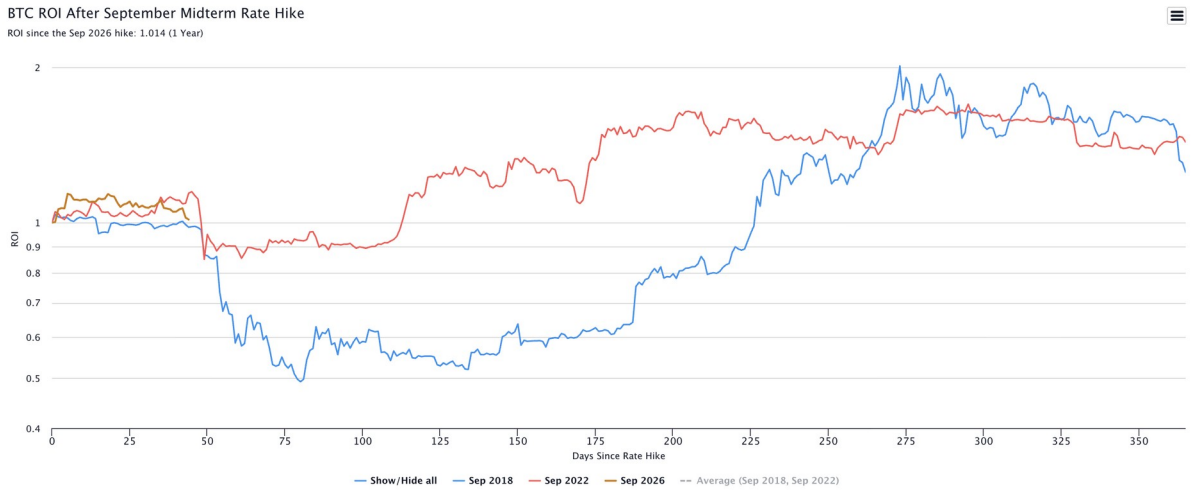


Figure 12: Bitcoin price indexed to 1.0 on the September FOMC hike date in each midterm year (September 26, 2018; September 21, 2022; September 16, 2026). The 2026 series is incomplete, at about 1.01 on day 44.

Figure 13 uses a different framework. It compares first hikes of entirely new tightening cycles, while the September 2026 hike renewed an existing tightening phase after a partial easing. On that basis 2026 has tracked March 2022 closely, a path that broke down after about seven weeks, while December 2015 dipped about 20% in the first month and then recovered. We treat it as a secondary comparison.

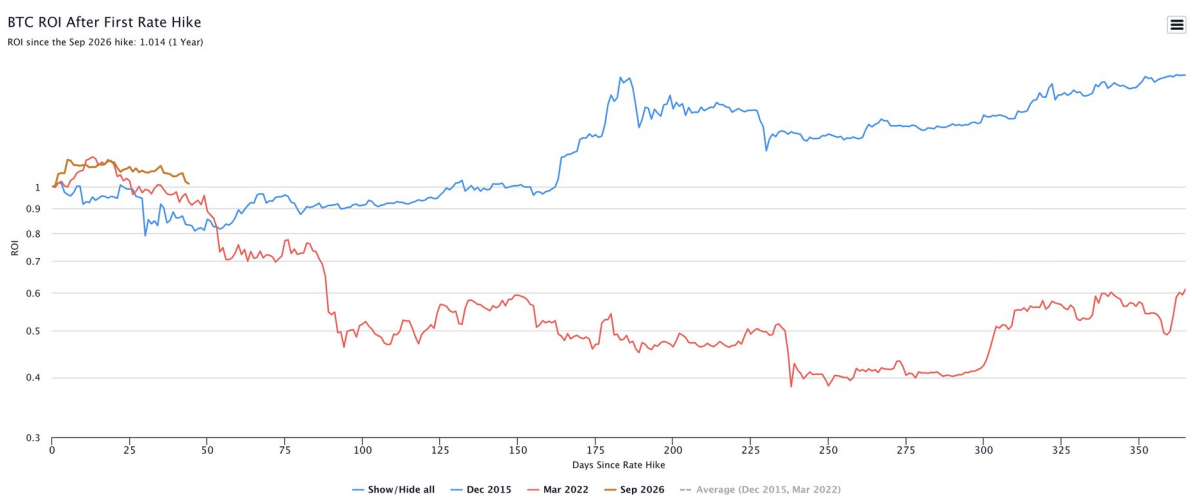


Figure 13: Bitcoin price indexed to 1.0 around selected tightening episodes: December 2015, March 2022 and September 2026. The 2026 episode followed a partial easing and is not directly equivalent to the first hikes of new tightening cycles.

The equity correction we expected for Q3 to Q4 is under way. The Nasdaq 100 fell about 8% from its early-October high into late October and another 3.6% on October 30, as investors questioned AI spending after results from Alphabet, Amazon and Intel. The S&P 500 is down about 2% in two sessions and sits below its

all-time high. Valuations leave little cushion. The ICE BofA CCC and lower option-adjusted spread stood at 13.07% on October 28 after reaching 13.56% on October 23, a sign of substantial stress in the lowest-rated corporate credit. In 2018 the S&P 500 fell nearly 20% from its September high into Christmas Eve before recovering by the following spring. Bitcoin has tended to fall alongside technology stocks in risk-off episodes, so further equity weakness into December would likely add to the pressure.

A possible Anthropic listing adds another event to monitor, although the SpaceX comparison is illustrative only. Bitcoin fell about 20% in the 30 days before the SpaceX listing in June, a period that also included an oil shock and a hawkish Fed, and the Anthropic date of November 19 used in the chart is an assumption.

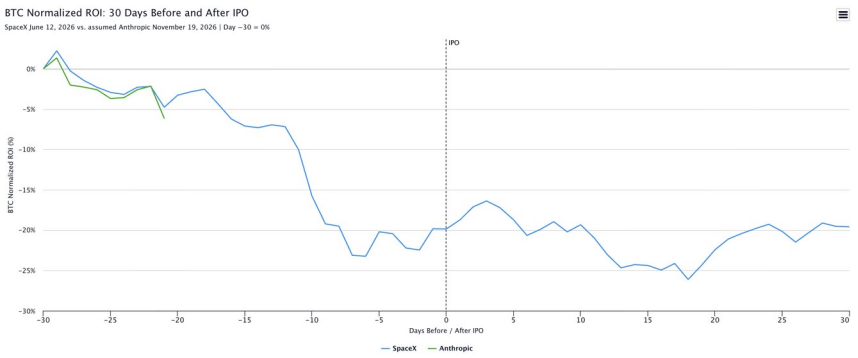


Figure 14: Bitcoin normalized ROI, 30 days before and after an IPO: SpaceX (June 12, 2026) vs an assumed Anthropic listing date of November 19, 2026, for illustration.

6. Scenarios and What to Watch

The Q4 low could come at any point in the coming weeks, before December or during it, and its level remains uncertain. What we do not expect, as a discretionary judgment, is a major break to the upside before 2027.

Scenario	Defining behavior	Key levels
Decline and recovery	Selling into a Q4 low, with no major upside break until 2027	Break of $73,000 to $75,000; 1st percentile near $72,100
Range reclaimed	Selling fades and Bitcoin reclaims its five-week range	Weekly closes back above $83,000 invalidate the call
Forced-selling acceleration	A dislocation pushes Bitcoin below the 1st percentile into the golden pocket; past dislocations were brief, though a longer stay is possible	Roughly $47,000 to $67,000, including a 2022-style move near $65,000
Full on-chain reset	Bitcoin fully resets its on-chain indicators, making a lower low below the July low	July low near $57,700; realized price near $54,000; balanced price near $38,000

Table 2: Bitcoin scenarios into the first half of 2027.

What Would Change Our View

- **The near-term correction call fails** on weekly closes back above $83,000, which would also restore the September breakout signal.

- **A lower low becomes less likely** if Bitcoin holds above the July low through the first half of 2027 while supply in profit climbs back above 75%.

Dates to Watch

- **November 3:** US midterm elections.
- **Early November:** the seven-week mark after the September hike that preceded Bitcoin weakness in 2018 and 2022.
- **Early to mid November:** October jobs and CPI.
- **Mid to late November:** a possible Anthropic listing.
- **December 8 and 9:** FOMC with new projections; a hawkish December FOMC in 2018 came within days of the final Bitcoin low that cycle.