Bravado® Trading

The Bitcoin Bottom Analysis

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Bitcoin(BTC)

Dear Bravado Members,

Today is February 25th, and I believe we are about to see the largest emotional rollercoaster since bitcoin's all-time-high and massive decline. Throughout many days and nights, I've carefully developed this detailed market narrative to illustrate where I envision the market moving in the next 6 to 9 months. Am I bullish? The answer is a resounding yes. The purpose of this narrative, however, is to make you aware of how the market will try to shake you out, make a fool out of you, and why patience is your most important asset.

The days and weeks put into this analysis border being countless — and it was all done to bring you, the Bravado subscriber, a leading edge in market intelligence. Having said that, please refrain from sharing this document; it's best kept within the Bravado circle.

Lastly, be aware that the information in this document is highly speculative and in no way financial or legal advice. I am not a financial advisor. Anything I share in this document is meant to inform, educate and entertain. For more information in this regard, mind the disclaimer at the end of the document.

With that said, let's dive into the details!

This article is brought to you by:

@BTC_JackSparrow: Main author
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An analysis starts with a directional bias built with technical and fundamental elements, or, at times, the odd gut feeling. In November of 2018, I predicted a correction back to $5500-6000 from the bottom that was forming around $3100. The “relief bounce” in that specific prediction would be followed by the last leg down towards another, potentially new, low.

You can find the prediction and ensuing thread here: https://twitter.com/BTC_JackSparrow/status/1066705885353918464

I based this idea on a fractal from the 2014 BTC bear market that looks roughly like this:

What you see in the image above is:

A break of $6k that led to $3k support.
A bounce back to $6k (support turned resistance), eventually printing a final low around June/July 2017 consolidation levels between $2100-$2600.

We're now three months after the fact and price has had time to develop. It's revealing in finer detail where the market wants to go. Fractals we anticipated are playing out exactly as predicted, and new fractals are lending themselves to analysis.

Over time, I've become firmer in my conviction that charts can tell you that news is coming and when. That is why it is just as important for me to have a fundamental support story that enables me to trust my own bias completely — and trade off of it. Therefore, after going through different fractals and the TA that supports them, we'll dive into the story behind the fundamentals so that we paint a complete picture.

Contents

1. Consolidation Market Structure & Patterns

It's important to notice that after the current $3120 bottom, a sharp increase in price printed to $4240. High velocity price action almost wiped 16 days of downwards movement in a matter of days. The literal definition of Price Action here is that the action was heavy, the big guys showed up to fill their bags, and they pushed the market higher as they did so.

What followed was a slow retrace in a channel. At first, it looked like a possible bull flag. As time progressed, however, it looked less and less like a classic bull flag. The bottom line is, there was a sharp move up that slowly retraced — the kind of move you often want to buy the bottom of.

Several patterns indicated that the $4100-4200 level was going to be reached. It led me to believe that the current market structure was set-up for whales to build a net-long position:

The chart above shows:

1. Short, on increasing volume, bursts upwards that sometimes reclaimed nearly 90% of the move from prior swing high to swing low, with the most recent retrace completing 100%.
2. Slower, low volume downward movements, reclaiming typically 60% to 80% of their swing to swing moves.

This showed a bullish market structure where it's highly unlikely the big guys are not net long. We had a bull flag/channel/falling wedge/small iHS and now a larger iHS right shoulder is forming — by applying TA and finding patterns, we can start to support our assumption that many fractals are at play.

To get there, however, it's good to just look at local PA without the fractal bias and calculate where distribution would typically take place (if this is indeed accumulation).

In the first image, we see the yellow target. This would be the pip-based target calculation of a bull flag pole added to the breakout — concerning which, we've already concluded it's not a textbook bull flag. Nonetheless, we'll keep it in mind because it's an interesting level that targets $4900.

The green and purple targeted $4100-$4200, with some horizontal and diagonal levels now providing support in the range of $3500-$3800. Here, we might see a right shoulder form an iHS. If it plays out, its pip based (conservative) target is at $4900:
More patterns surface when looking at price action, like a potential Adam & Eve pattern, and the Gartley pattern which has 70% reliability, making it a great ally.

The Adam & Eve, if upward breakout occurs, targets $4900-$5000:

The Gartley has an expectancy of around 50% to move higher than the level marked at A:

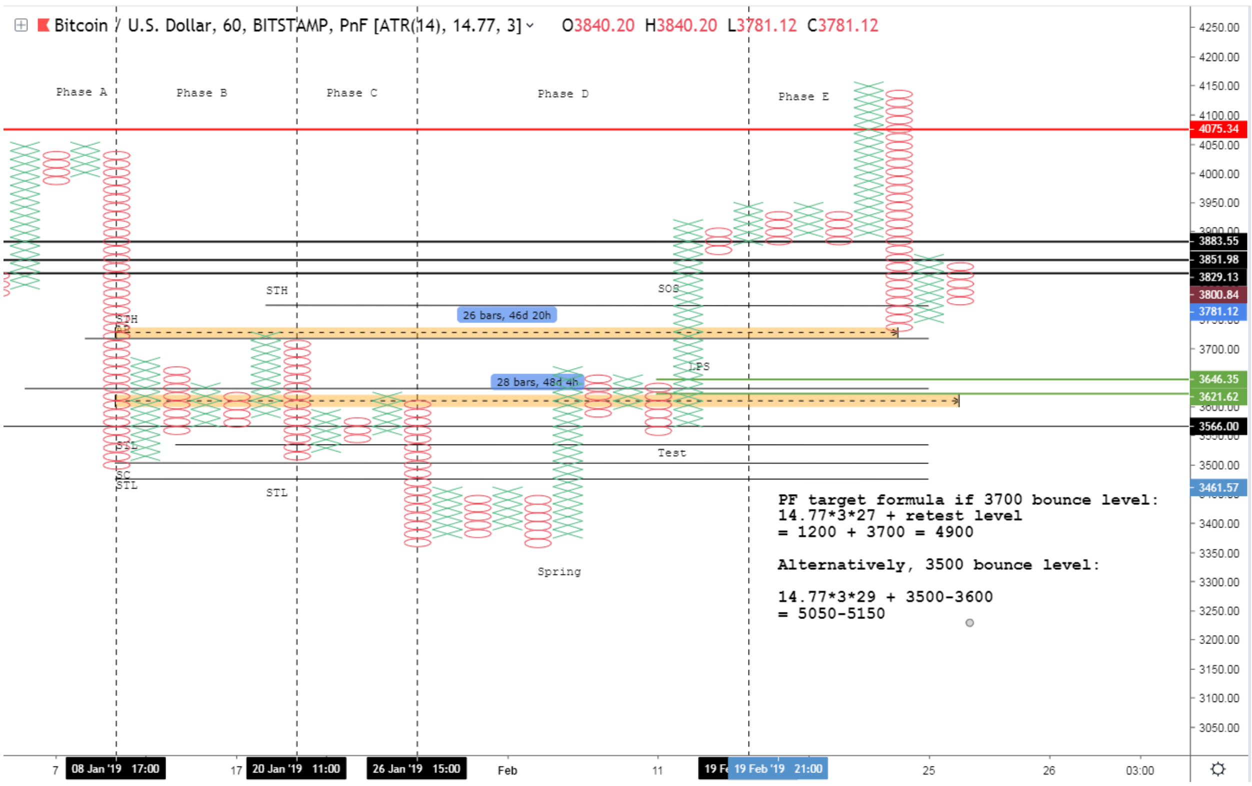
Using Elliot Wave theory, one could argue that in the grand scheme of things we completed a Wave 3 from $17200 to the lower $3000 range and are now producing Wave 4. We'll zoom out to the larger flow, but first I want to share with you that, if we are printing an ABC correction that represents Wave 4 on the bigger cycle, this is where the statistically sound targets of this move would be:


IV
1.618(5125.55)
0.00%(4238.43)
78.60%(3361.14)
100.00%(3122.28)
III
5600.00
5400.00
5200.00
5000.00
4800.00
4600.00
4400.00
4200.00
4000.00
3800.07
3600.00
3400.00
3200.00
3000.00
2800.00
3.443K
Nov
Dec
2019
Feb
Mar
Apr
May
Jun

Projection of C is the most common target, but this is highly predictive. There are many other projections possible, but the most common correctional move would be the above pattern.

Zooming out, the EQ cycle looks like this, with a most common target of Wave 4 at $5182, which has confluence with projections of Wave C in the previous image:

Another chart I want to share with you is a little Wyckoff accumulation fractal that can be found:



The above chart has identified a Wyckoff accumulation range that completed its Signal of Strength and is not retesting its breakout. From this level, we can make a prediction about the target of expected distribution. For this, a so-called Point & Figure chart is used with a formula that utilizes time, box size, and a "reversal amount." The formula has been used since the early 20th century and was invented by Richard Wyckoff, one of the godfathers of technical analysis. As an aside, if you wish to learn more about the Wyckoff Method, I highly suggest familiarizing yourself with it using one of the many great resources found online.

The conclusion of what we have seen above is that we have a lot of confluence going into the high $4000, or even $5000 levels, from various patterns. Beyond that, the market structure of the current consolidation makes me believe that the larger players are net long. There are fundamental reasons to assume there is accumulation happening when you look at movement in the BTC blockchain, which we will discuss later on.

It could be as simple as this:

However, we are not done with the technical analysis here. We simply outlined the local market structure and found confluence for upside, but I want more, if possible, to build a narrative.

Let's not rest here — we have more fractals to explain in detail, the dynamics and reasoning behind alt-season, and much more. Grab a drink and some popcorn 'cause we're slowly digging deeper into this abyss of expectations.

2. Descending Triangle Fractal

Possibly the least impressive and completely unconfirmed fractal is one making the rounds online: The inverted descending triangle meme fractal. By itself, it's nothing I would be impressed by, would pay too much attention to — and, I certainly wouldn't trade it out of the blue. But, when fitting it into the other fractals that we'll discuss in the next chapters, it's a perfect fit. Therefore, it is worth including in this analysis:

Descending triangles, while breaking out, have a target that is consistent with the percentage of price decline from their genesis to their bottom multiplied by the breakout price. The descending triangle with the $6000 bottom, therefore, had a target of $3000. There is a possibility we'll see an ascending triangle (inverted descending triangle) with a confluence resistance, and a target just under $6K.

It's worth repeating that this fractal is not so much a fractal as much as it's a rather simple price pattern. It's a very reliable one nonetheless, being 70% and slightly higher when counter to the macro trend. Please keep in mind that a breakout needs to happen to confirm the pattern, and for that to happen, we'll have to see a series of higher lows respecting an uptrend towards a breakout of $4400-$4500.

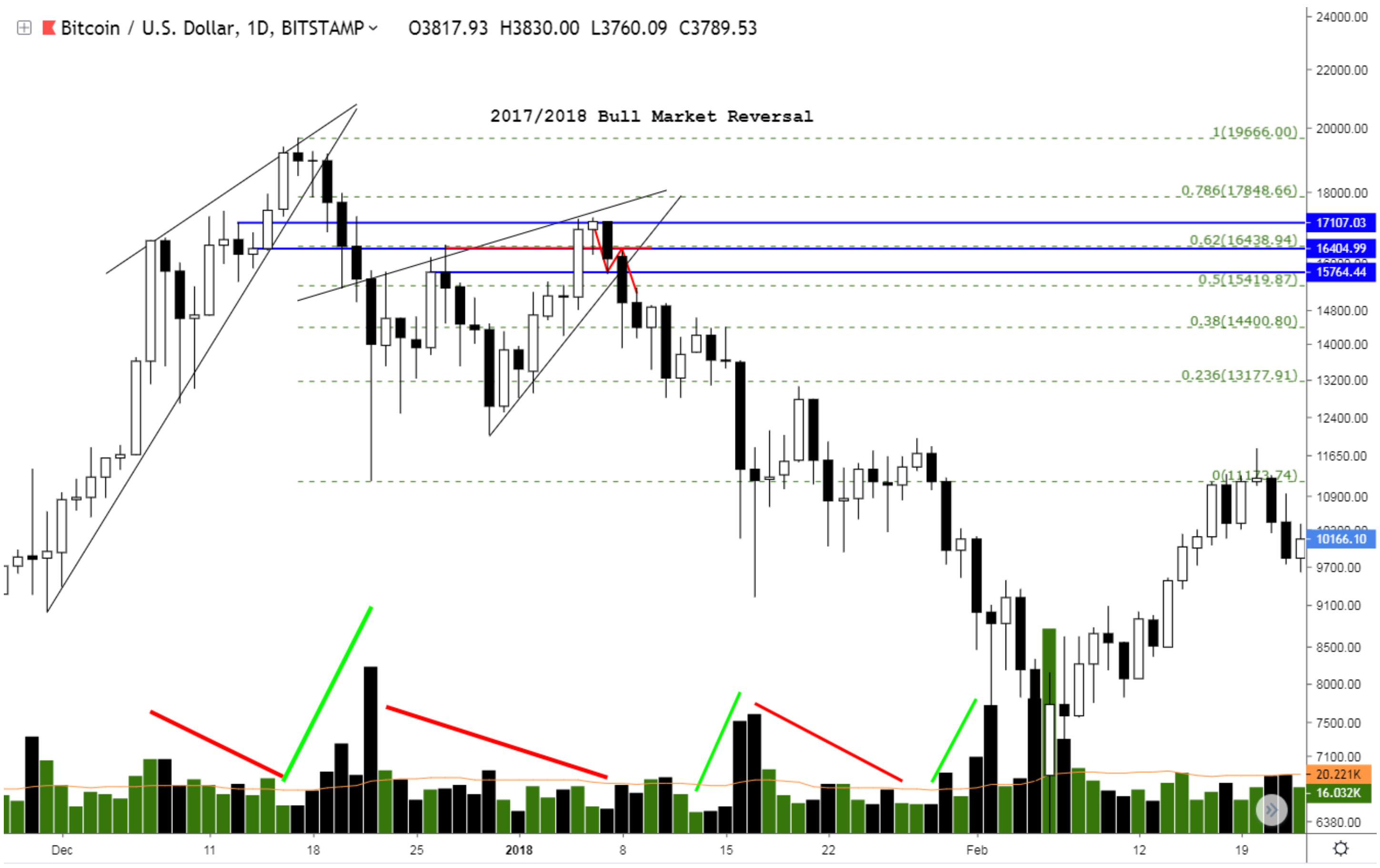
3. $20K Reversal & $3K Bottom Fractal

By the end of January, I tweeted about the current $3K bottom looking very similar to the $20K top. I even tweeted about how this is not a bitcoin-specific reversal pattern, and how similar reversal structures can be found across other asset classes.

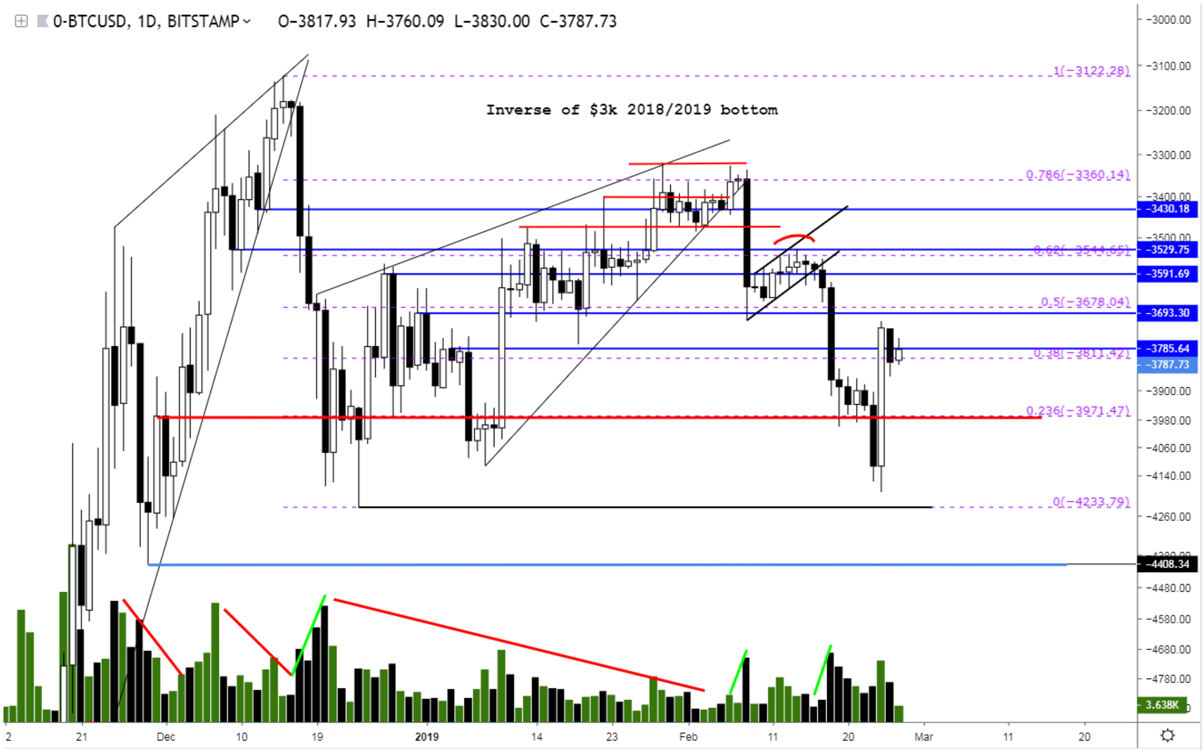
I created an inverted chart of the $3K bottom to visualize this and kill bias. It was liked by a great many number of bears (with little chart reading skills) who interpreted it as a bearish chart — something they loved because, after a $17000 decline, they finally accepted the bear market and sold to wait for $1000.

You can check out the tweet here: https://twitter.com/BTC_JackSparrow/status/1090262706513309696

The $20K top looked like this:



The inverted $3K bottom looks like this:



Can you spot the similarities? There are more narratives and TA that go into why and how these reversal structures form, but that's a whole educational series of its own and beyond the scope of this document.

The major difference between the two formations is time. The current bottom reversal structure is happening much slower than the top — something that is very common in accumulation. Adding to that, the descending triangle was a distribution structure that lasted very long, which is in favor of the argument that we are far away from the end of this bear market, as we have only been in accumulation for the past 2-3 months.

However, those are all telltales about how the psychology and order flow in this market are moving! We are more likely entering a bottom phase into macro accumulation range for the next 6 to 9 months. As in 2014/2015, these macro accumulation ranges can be wide and tall, occasionally offering over 100% price swings from bottom to top.

4. MA Fractal


880.00
800.00
720.00
670.00
620.00
560.00
520.00
480.00
438.07
400.00
378.92
340.00
316.74
284.42
260.00
240.00
220.00
204.00
189.00
175.00
161.00
149.00
Mar
May
Jul
Sep
Nov
2015
Mar
May
Jul
Sep
Nov


Projection MA
3955.02 (50.41%) 395502
-1906.83 (-24.38%) -190683
1215.75 (24.97%) 121575
-3044.28 (-50.04%) -304428
23000.00
21000.00
19000.00
17000.00
15000.00
13500.00
12000.00
10800.00
9600.00
8400.00
7650.00
6900.00
6300.00
5700.00
5116.85
4500.00
4100.00
3786.61
3715.93
3621.91
3020.00
2740.00
2500.00
Nov
2018
Mar
May
Jul
Sep
Nov
2019
Mar
May

There is a giant gap above price, between $4400 and $5200, and arguably higher. There is no established macro accumulation range yet. A fake-out of the 200 MA, similar to what happened in 2014, and a semi-mirror fractal of the price interaction with the 200 MA in earlier 2018, are both are in line with the price projections and predictions of revisiting range lows or visiting new lows mentioned in our first chapter.

This is a speculative one, but that shouldn't stop us. With possible targets of Elliot Wave 4, which could go all the way to $6250, and being a 23.6% retrace of Wave 3 AND the consolidation pivot of the $6000 consolidation:

5. Ze Mother of All Bull Traps

The following scenario is unlikely to play out, but imagine the insanity of a bull trap above $6000! Technically, price could go above $6K, and the bear market would not be over yet. Price could hit $6400, and we would still be in a bear market. This is not how most see it, though. Most see $6K as a psychological level where the bear market ends. It'll be the level of FOMO. It will be a level full of stop losses and liquidations. A level of dreams — dreams of receiving the keys to your Lambo.

It could all be shattered in a matter of seconds. $6250 could be the ultimate bull trap, defining macro accumulation high. Unlikely, but I want to be prepared for the scenario if it happens and make myself aware that this level is NOT the end of the bear market until I can see confirmed closes on a weekly/monthly time frame.

Imagine the liquidity at those levels, only to then be dumped on and propel price to macro accumulation range low, wherever that may be. Everyone would capitulate, whales would get even larger bags, and the hate and salt would reach levels not seen before — until everyone FOMOs back in after the disbelief to occur once $7K-$10K is breached.

It's a scenario that entertains me, and if I had the money to move markets, exactly how I would double my stacks in a sideways accumulation market. But let's be reasonable, even a move to $4900-5400 would likely trap a lot of FOMO longs and provide plenty of distribution opportunities for whales.

Again, I will repeat: this is going to be a very difficult play for whales to pull off, but if they managed to acquire enough bitcoin at these levels and the institutional influx does not increase sharply, it's a play that technically would still leave us in a bear/neutral market.

"Load ze Pump, and then ze Dump."

6. Distribution & Alt-Season

How do we define "alt-season?" More importantly, how can alt-season be used as a weapon? Alt-season happens when altcoins have retraced a significant percentage in price, but this is merely an observation that could be invalidated if alts were to increase in price multi-fold after consolidation at a high.

Altcoins, especially the smaller caps, are very illiquid and can increase in price with relatively low effort and capital if pushed by wealthy market participants. Currently, bitcoin represents slightly over 50% of the market capitalization and, therefore, alts as a whole are not insignificant. Now, try to think like a wealthy market participant who needs liquidity to enter and exit large market positions.

What could help you to distribute a great number of BTC? The answer is simple — demand for BTC. There are various avenues one could think of to create this demand.

- Positive sentiment and strong price action
- Demand for other assets, which require bitcoin to be bought
- Alt-season to create demand for bitcoin

Like a magician who tricks you and makes you look the wrong way, alt-season can be used to draw our attention in one direction, while it goes unnoticed that major market participants are quietly offloading their bitcoins under our noses.

As BTC goes through high velocity price drops and surges, altcoins often bleed heavily. But if you look past the curtains, you'll notice that most alt-seasons happen during bitcoin distribution phases. In the reverse context, when distribution has climaxed and the demand for bitcoin is satisfied (meaning that bitcoins were swapped for altcoins), a high supply of bitcoin results in cheaper bitcoin prices for the same people who distributed them.
So, aside from market cycles in alts, sometimes altcoin price action is a weapon used to create demand and subsequent supply of bitcoin at favorable rates to whomever is interested in accumulating and distributing it.

On a side note, let's make one thing clear. The goal of a whale is to accumulate large positions and distribute them later on. There are myriad tools used by whales, including a psychological framework that you've no doubt experienced called FUD — Fear, Uncertainty, and Doubt. Market bottoms see FUD while market tops will see euphoria. During FUD, there will be negative news predicting death spirals, and during euphoria, news outlets will promise you the moon. Keep these things in mind as they have loads of relevance to the way people react to changing market conditions.

Altcoins are more easily moved in price than BTC because of their smaller market caps and can create a demand for bitcoin. Besides this, they're often used as a distraction when bitcoin's price is dropping. There are a few scenarios that play out when whales use altcoins as weapons, but I've identified one cycle in particular:

1. Whales accumulate large bitcoin positions at a bottom while influencing sentiment through media outlets. The more FUD, the better.

2. They then pump altcoins. As market participants start to FOMO, they will have to buy bitcoin, which the whale is deliberately, and slowly, selling to them. Scarcity of BTC drives its price.

3. As FOMO increases and BTC is reaching its highs, BTC enters its distribution phase. Euphoria-laden gold diggers keep flocking to alts — and those very alts require bitcoin to be bought.

4. Alts hold value versus USD and BTC, and it goes unnoticed that the whales are exiting the market at increasing speed. The reaction of the alt dump is slowed.

5. Bitcoin finds a bottom and this is where whales re-enter their bitcoin positions. Alts lose their momentum and start dropping, converting alts back to BTC, thus creating demand for BTC that is already in accumulation by the whales.

6. Bitcoin goes on a rally and participants realize the gains are to be made on it. Alts drop further.

7. Whales start accumulating these alts and prepare the next distribution cycle for bitcoin.

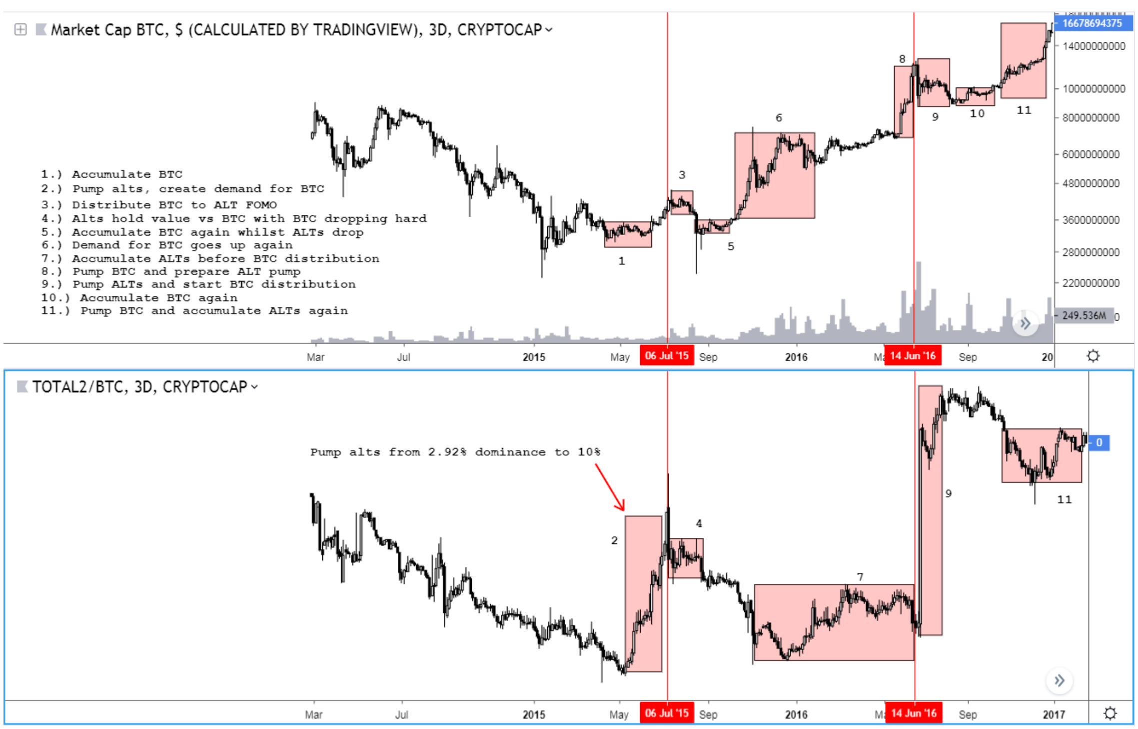
8. A new massive pump for bitcoin occurs and alt-season is nearly underway so the whales can distribute that bitcoin again.

9. The alt-season pump occurs just before the high of bitcoin is reached, and distribution of bitcoins happen.

10. Bitcoin gets accumulated again on a bottom and is then pumped as altcoin holders exit their alts as they start dropping in value.

11. This is where the whale starts accumulating the alts again to prepare a pump for the next bitcoin distribution.

For the sake of clarity, note that every image in this section will have a top and bottom chart. The top chart represents bitcoins market cap in USD. The bottom chart represents the ALT market cap divided by bitcoin's market cap.
Again, let me emphasize the fact that this is NOT necessarily the reason for alt-season, but it does create an extra set of tools that can be used to create an added layer of supply & demand for bitcoin to sustain a longer period of distribution — resulting in higher profits. The steps above are fluid, but the bottom line is that if you

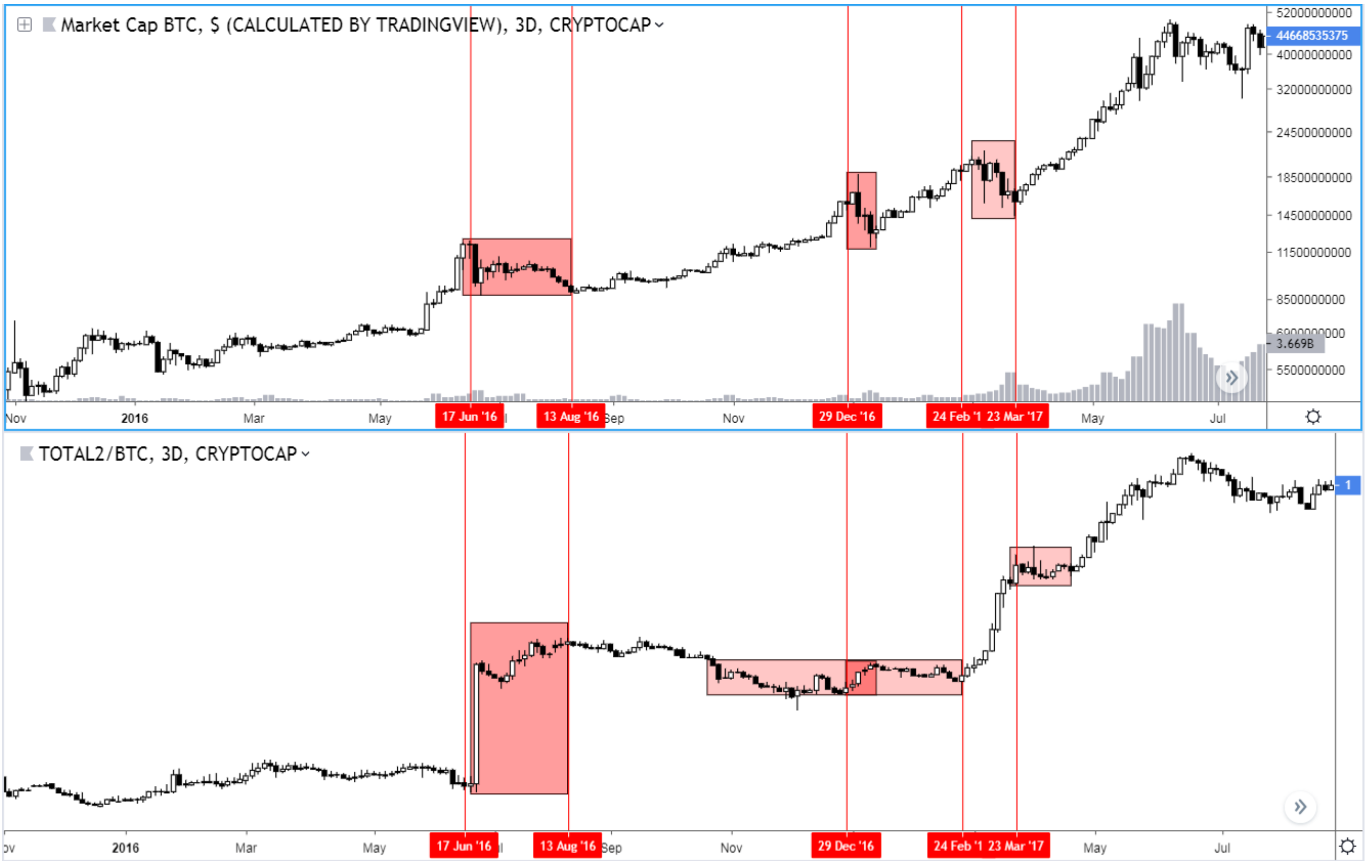


see accumulation of bitcoin and accumulation or down-trend for altcoins, it's time to start paying attention to what will happen next.

We can see the correlation of bitcoin distribution and alt-season very clearly over time. There are other moments in the market where we see alts pump that can be labeled alt-season too, but I am mainly looking for the periods where alts were accumulated before and during a bitcoin pump, only to later be pumped before and during bitcoin distribution. It's the hand of the market maker magicians — and a very important piece of analysis to predict alt-seasons. Moreover, it helps us figure out big pocket playbooks.

If you look closely, it can help determine market tops & bottoms on both altcoins and bitcoin. We can clearly see the whales at play, and this is probably a huge indicator to be used for our current bottom.

In the next image, observe that in June to August 2016, bitcoin distributed while alts pumped. As alts started to trend down again and bitcoin started to rise, alts hit an accumulation range into the end of 2016 and the start of 2017. Prior to both bitcoin tops in December 2016 and Feb/March 2017, alts started to pump, which continued into the entire distribution of bitcoin. This time alts did not see a downtrend afterward because the market heavily trended up.
The chart below is a more recent alt-season that many of you remember. As bitcoin went on a parabolic run towards its all time high in 2017, alts hit a range accumulation structure. Before the exact top of bitcoin, this structure broke upwards.


Market Cap BTC, $ (CALCULATED BY TRADINGVIEW), 3D, CRYPTOCAP
52000000000
44668535375
40000000000
32000000000
24500000000
18500000000
14500000000
11500000000
8500000000
5500000000
3.669B
Nov
2016
Mar
May
17 Jun '16
13 Aug '16
Sep
Nov
29 Dec '16
24 Feb '1
23 Mar '17
May
Jul
TOTAL2/BTC, 3D, CRYPTOCAP
1
2016
Mar
May
17 Jun '16
13 Aug '16
Sep
Nov
29 Dec '16
24 Feb '1
23 Mar '17
May
Jul

It signaled bitcoin's top and many, if not all, altcoins rose to new all-time highs in terms of both USD and BTC value. As this euphoria remained and wishful thinking reigned, the demand for BTC to buy alts stayed high, and bitcoin had a massive distribution period. Mission accomplished.

The truth is, we see similar market plays occurring as we speak. Alts have found a bottom since July/August 2018 versus BTC and are far deeper into their accumulation cycle. Bitcoin has started its first accumulation

phase and is likely to create a larger range towards the end of 2019.

If bitcoin were to move to fill the gap towards $5000-6000, it's very likely we could see alts start exploding before the BTC top is in — and before a major correction occurs. Alts will distribute/consolidate and provide demand for BTC to distribute. As alts start to lose value, they will sell into bitcoin, which the whales are already accumulating.

In the image below, we can see alts have found an accumulation range between the two red horizontal lines. After the drop below $6K, bitcoin is now in a red accumulation range too. If bitcoin were to fill the gap above the red box all the way to $5000-6000, it would likely enter a distribution phase.

It is then likely that just before bitcoin hits its local high somewhere in the $5000-6000 range, that we will see alts break out of their accumulation box. The alt-season pump and ensuing consolidation will likely occur with a large BTC distribution.

As alts pump versus BTC, many will not notice they're getting left behind with diminishing BTC value. Once they do, they'll start selling their alts for BTC again. Bitcoin will have reached an accumulation bottom again by that time, and the alt-selling for BTC will slowly propel it from its bottom. The result is the whale-generated demand for bitcoin at the top and its supply at its next bottom.

Market Cap BTC, $ (CALCULATED BY TRADINGVIEW), 3D, CRYPTOCAP
BTC distribution with ALTSEASON distraction
Dump BTC to lows, accumulate again and wait for alt holders to sell for BTC again
Rinse _repeat in to new bull run
TOTAL2/BTC, 3D, CRYPTOCAP
07 Apr '19
13 Apr '19
09 Jun '19

7. 2014/2015 Fractal

The bear market of 2014 is often compared to the current one. Some say it is ridiculous to compare them, while others think there is value to be found. I could try and find many fitting fractals, but to be fair, they are all made to fit here, and I would not count on them too much. First up is the 2014/2015 chart, second only to the current bear market:

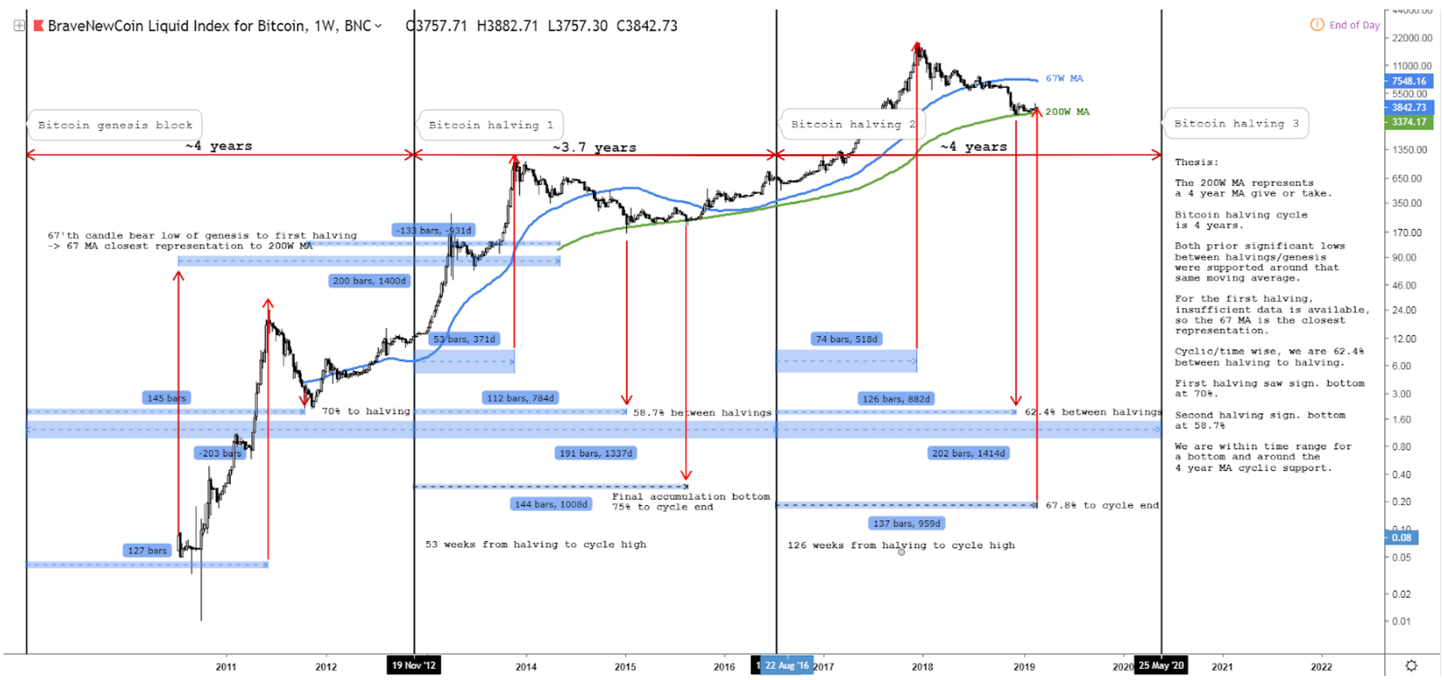
We could be at 8 of the 2014 chart. We could be at 10 of the 2014 chart — it's too difficult to say.

8. Four Year Bitcoin Halving Cycle Fractal

Markets move in cycles. They often move in cycle partitions of 4 years, due to the nature of how the 200 Weekly MA is often a center oscillator of trend — 200 weeks equals almost 4 years. That said, bitcoin has a driving cycle programmed into its fundamentals called the halving. Every halving, the number of BTC that are awarded to miners per block is halved. Bitcoin has seen 2 halvings — in 2012 and 2016. Bitcoin mines a block every 10 minutes on average, with currently each reward 12.50 BTC. The next bitcoin halving is estimated to occur around May 2020. From that moment on, every block will reward 6.25 BTC.

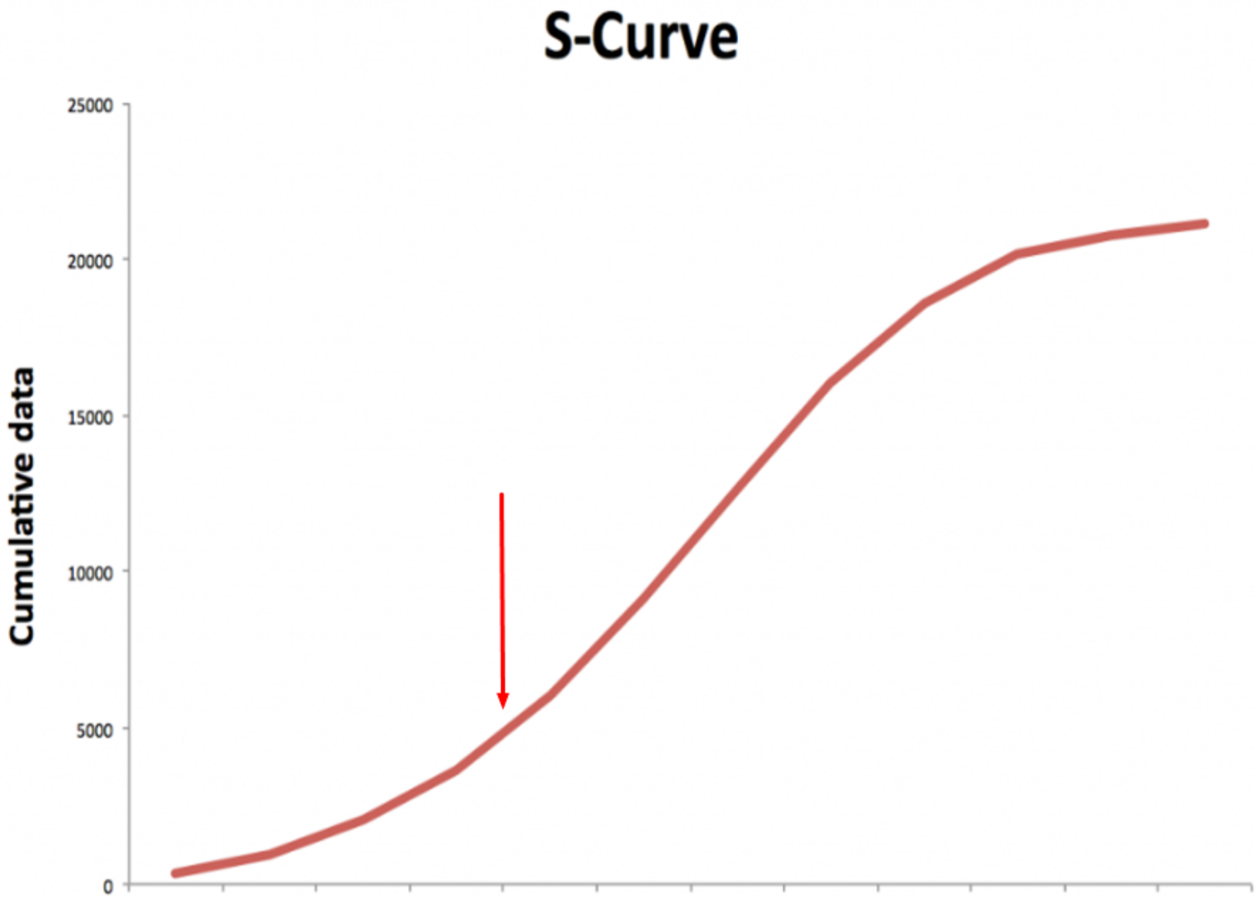
This means that bitcoin has an emission rate cut at the same cycle of 4 years. This makes for an interesting though possibly unreliable cycle because of bitcoin's relatively young age.

To take a closer look at the following high resolution image using your PDF reader's zoom function:



The above chart shows synergy between the 200W MA in 2014/2015. Some argue that as bitcoin matures, the cycle bottom support will trend below the 200W MA. I would agree with this analysis, as with time the bitcoin halving becomes less significant. The reduction in emission rate becomes less every halving cycle, having less impact.

However, as bitcoin adoption is still very low, I do believe there is a chance we will see an S-Curve, both in adoption and price metrics, sitting in front of the major velocity increase.



What we can conclude from the bitcoin halving cycle chart is that it took slightly longer to reach cycle high, and that our recent low happened 62.4% into the current halving cycle, whereas the previous cycle's low happened 58.7% into the cycle.

If the halving cycle is to be the catalyst to propel bitcoin into a new bull run towards an all-time high, then time-wise, bitcoin has likely entered the end of the bear market and the start of the accumulation phase. This does not mean new lows are not to be expected, but it means that the months to come should behave as the accumulation range that will serve as the "get your bags filled" era for what is to come.

In its cycle towards the first halving event, bitcoin printed its lowest low after 70% of the cycle towards halving. In the previous cycle, this was at 58.7% into the cycle, and the last low that was made before the bull run started was 75% into the cycle.

We are currently at 67.8% towards the next halving. The low made in December was at 62.4%. If the 200W MA cycle and the bitcoin halving cycle were to provide any support, we should see the accumulation forming as we speak.

On a final note, I want to draw your attention to something monumental. The next halving will drop bitcoin's inflation rate below that of the US dollar and gold for the first time in history. The FED aims for a 2% annual inflation of the dollar supply while the current gold supply inflation — the rate at which gold is mined — is also 2% per annum. The bitcoin halving will bring its inflation rate below 1.69% per annum, decreasing each subsequent year as the supply continues to grow, before dropping again by an even more significant sum at the fourth halving.

Dropping below the inflation rates of both the dollar and gold is an event that may sway investors to increase their allocation to a higher percentage of their portfolios. Just think of the qualities BTC has going forward:

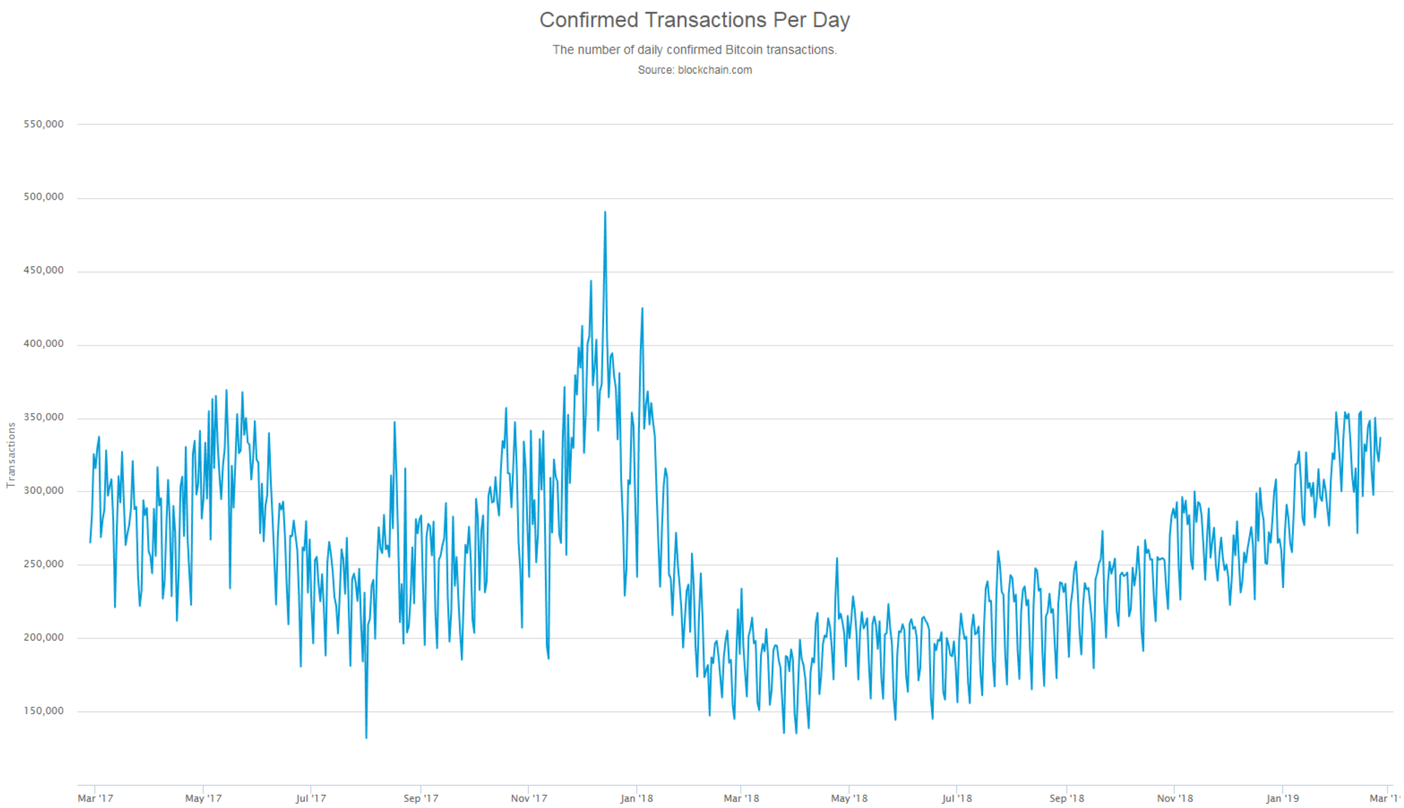
- A scarce store of value
- Can be used as the native currency of the internet
- Lower inflation than gold and USD
- Ownership and provenance can be proven at any time

Mark my words, once people lose fear and start to understand BTC's power, a lower inflation rate than other global commodities just may be what ignites the thrusters again.

9. Volume Surge & State of Bitcoin Blockchain

The recent volume surge across exchanges at a key support level, combined with lows in sentiment in December and January, is an opportunity to believe that we have reached a level of big pocket interest:

As exchanges listed on CoinMarketCap have been proven to not consist entirely of organic volume, there is reason to look past centralized exchange metrics and into the transparency of blockchain. The Bitcoin blockchain is an incredible resource to back up any reasoning of activity since there is no possible way to hide transaction volume there.



We can clearly see how the number of transactions has been increasing since April 2018. The number of transactions does not tell us how much BTC is moving, but our recent highs in transactions per day only need another 40% increase to reach all-time highs. Price does not reflect this adoption metric at all.

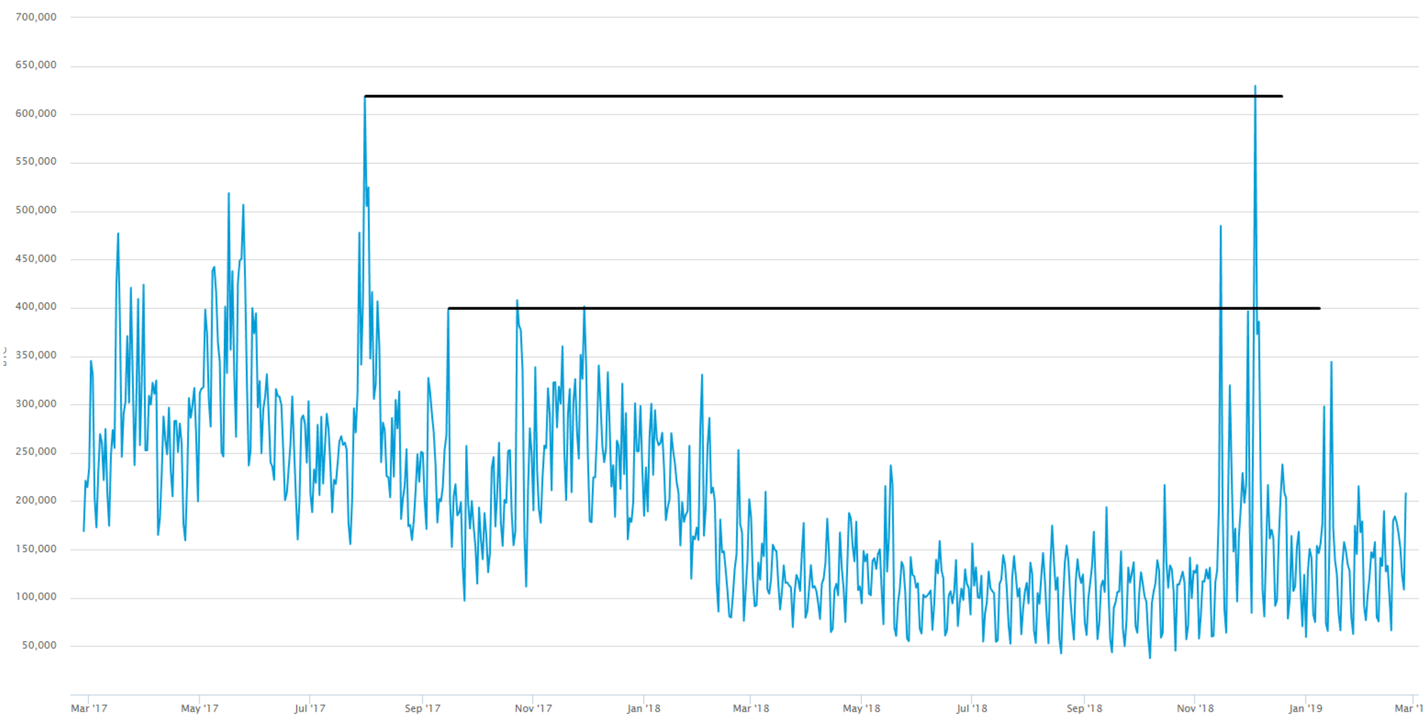
Let's have a look at how many BTC are actually transferred — by identifying large volumes, we can spot likely OTC trading that is invisible to most retail traders.

In terms of BTC moved around the blockchain, we've seen large spikes occur in the last couple of months, and new 2-year highs were recorded:

Estimated Transaction Value

The total estimated value of transactions on the Bitcoin blockchain (does not include coins returned to sender as change).

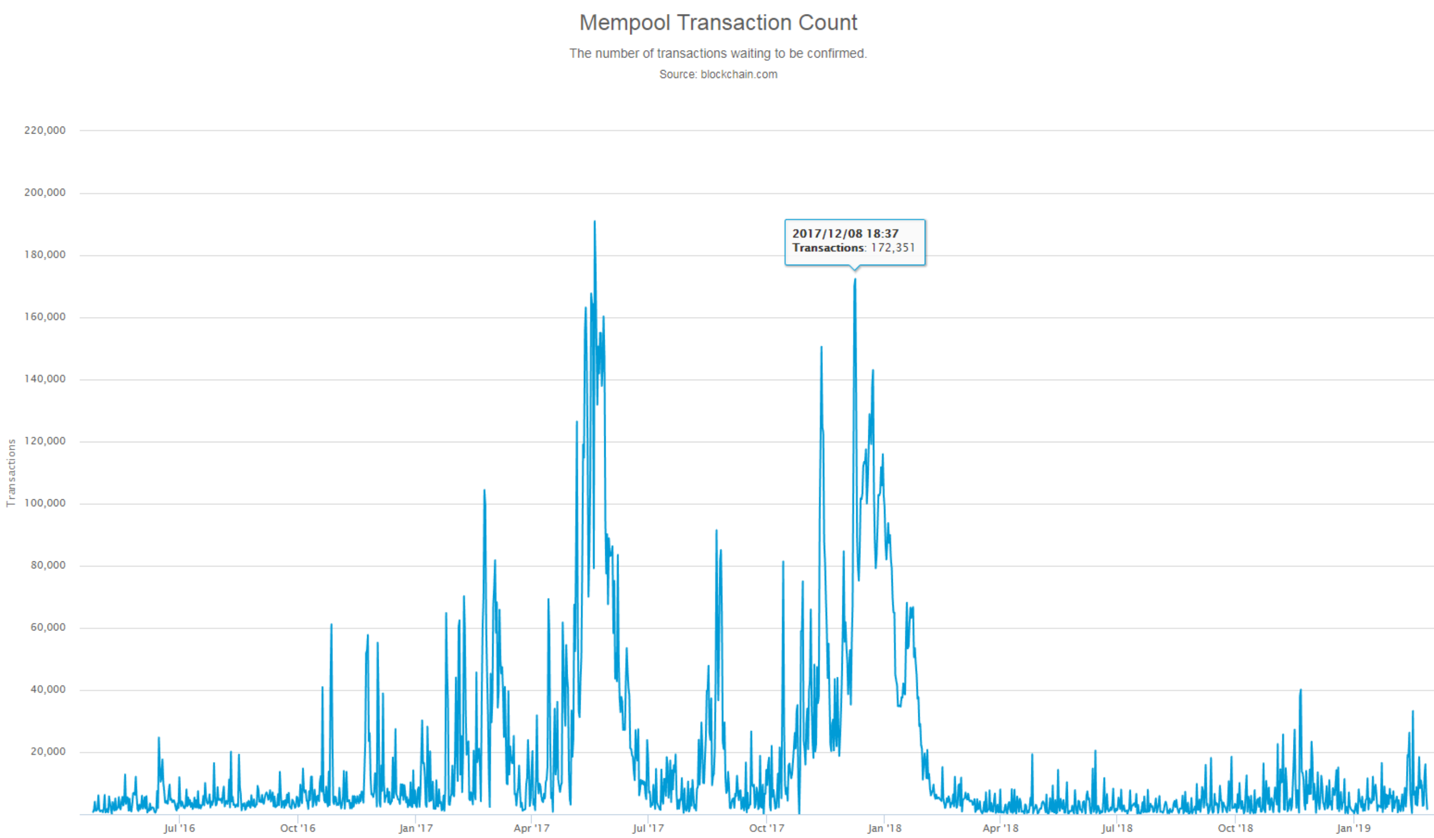
Source: blockchain.com



The largest spike on the chart occurred December 4th which totaled 630,000 BTC transferred in a single day. So that you can visualize the timeline and relationship of BTC transaction volume spikes and price, I've drawn horizontal lines on a chart for every day that saw over 200,000 BTC transacted since November. Any day over 300,000 BTC is highlighted in red:

Note that most of these transactions happened at the consolidation bottom or after. An assumption could be made that this was, in fact, capitulation — and that the volume was bought by OTC dealers who were looking to fill orders for their institutional clients. That ties into our next chapter on BTC derivative products and institutional infrastructure being deployed in 2019.

Meanwhile, with the number of transactions at only 40% of growth away from their 2017 bull market high, the blockchain shows far less stress. This is the result of fundamental upgrades to its protocol over last year, with SegWit adoption increasing and Lightning Network slowly becoming available. The load on the Bitcoin network is nowhere near stress levels it experienced at previous highs.



This chart clearly shows that the Bitcoin network is ready for usage expansion, something that will be required to reach new price highs.

The increase in both on-chain and off-chain volume and increased number of transactions are a beautiful segway into our next chapter that deals with the birth of bitcoin derivatives and institutional grade infrastructure.

10. Ecosystem Expansion and Growth

If you have been around in the last year, without a doubt you've seen the immense progress the space has seen both technically and fundamentally. With ETFs and a broad range of other financial instruments for institutional players, BTC infrastructure is being built at insanely high speeds. To name a few big (US-based) players entering the space:

- Intercontinental Exchange (ICE)
- Fidelity
- JP Morgan
- Goldman Sachs
- CBOE, CME, NYSE
- ErisX
- Nasdaq

The International Monetary Fund advised against ignoring cryptocurrencies, and the Institute of International Finance has given out a report that blockchain and cryptocurrencies are a technology to stay. Meanwhile, over the years, many countries facing sanctions on their trade freedom or that are otherwise poor-performing, highly inflationary economies, have shown that BTC can be used to bring back economic freedom.

Several internet giants like Rakuten along many fintech companies are starting to accept cryptocurrencies, create stablecoins, and open new avenues of research.

Countries all over the world are creating legislation and regulation around cryptocurrencies and are starting to recognize them as commodities and/or currencies.

One could produce another 50-page report that outlines all the news that is floating around, but suffice to say there is no doubt in my mind that a storm is brewing, and that all the world's leading companies are afraid to miss out. The ecosystem is maturing, products are launching, and technology is improving.

11. Conclusion

As infrastructure and technology improve by leaps and bounds, Bitcoin is looking more ready than ever to support its next major expansion, attracting a new pool of believers, speculators, and gold fever. If we look deeper on a fundamental level, we see volume surging toward old highs, both on-chain (bitcoin transactions) and off-chain (exchange trades). This has further strengthened our fundamental belief in Bitcoin and its ecosystem.

However, bear markets do not end overnight. Markets take time to let seller volume completely dry out, and deep-pocketed whales will not make any effort to push price too high before they are satisfied with their positions. It is, therefore, a logical belief that we will see a macro accumulation range emerge for the rest of 2019.

Various high overview cyclic patterns, or fractals, indicate similar expectations. The Bitcoin halving cycle will be of importance going into May 2020, which could signal the final exit of the bear market. Zooming in, we see smaller fractals and patterns suggest there is going to be increased interest in the market over the next three to four months, which would establish our macro range high.

We also see the possibility, without knowing for certain until it happens, that bitcoin is leaning towards a bullish push towards old support levels around the $5000-6000 mark, with possibilities of a bull trap above $6000.

The patterns found around previous accumulation and distribution cycles of bitcoin and alt-coins look very similar to what we are seeing in the current market. These patterns suggest a strong BTC relief-rally towards the mentioned range, accompanied by a wide-scale alt-season to distract everyone caught up with greedily pumping shitcoins to the moon. The market magicians never fail to distract, and the next time they start distributing their BTC, it's not likely to be any different.

With that said, it's doubtful such a push will end this bear market. The alt-season will function as a distraction to the bitcoin distribution phase, and before we know it, it's likely that the accumulation range low will be established. The question is, will this be below or above $3000? There is no reason to believe it won't be below, however we can't move without waiting for the market to give more details over time.

We believe that bitcoin, after establishing an accumulation range high, has to come down to test demand at least one more time before final attempts to exit the bear market can be considered reliable to trade.

We will go up, down, sideways. As always, patience will be rewarded while fear and greed will be punished. This accumulation period is one many of us will remember for the rest of our lives. Let us make it worth our time, friends!