CryptX Deep Dives — 11/23/25

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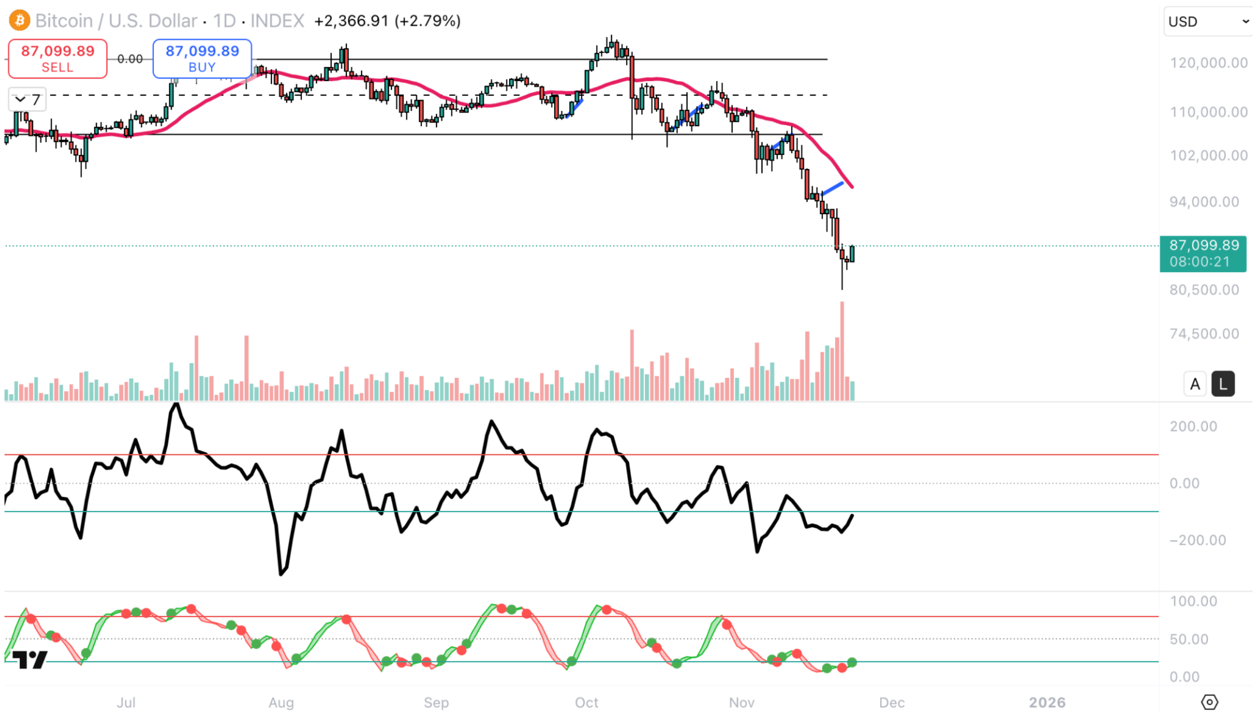
Brief:

- Bitcoin is fulfilling the criteria for a long trade based on the 7pt trading checklist.
- QQQ and major indices are testing breakdown levels on a bearish head and shoulders pattern.
- NVDA sold off despite reporting solid earnings. This is a news failure and a warning sign after the same thing happened to PLTR a week earlier.
- The Dollar Currency Index is starting to outperform SPY. This is notable and usually starts during risk-off periods in the stock market.

Bitcoin's Technical Highlights



BTC 1D

Bitcoin is now fulfilling the criteria for a long trade based on the 7pt trading checklist:

- Wide divergence from 20d SMA.
- Bullish engulfing candle at the bottom of a downtrend.
- Declining bearish volume after a selling climax.
- 80k support is holding for now.
- IBIT has gaps to the upside.
- Oscillators turning up from oversold territory:

  -CCI
  -Stoch

Technicals suggest a dead cat bounce is likely in the short term after a week of rough long liquidations.

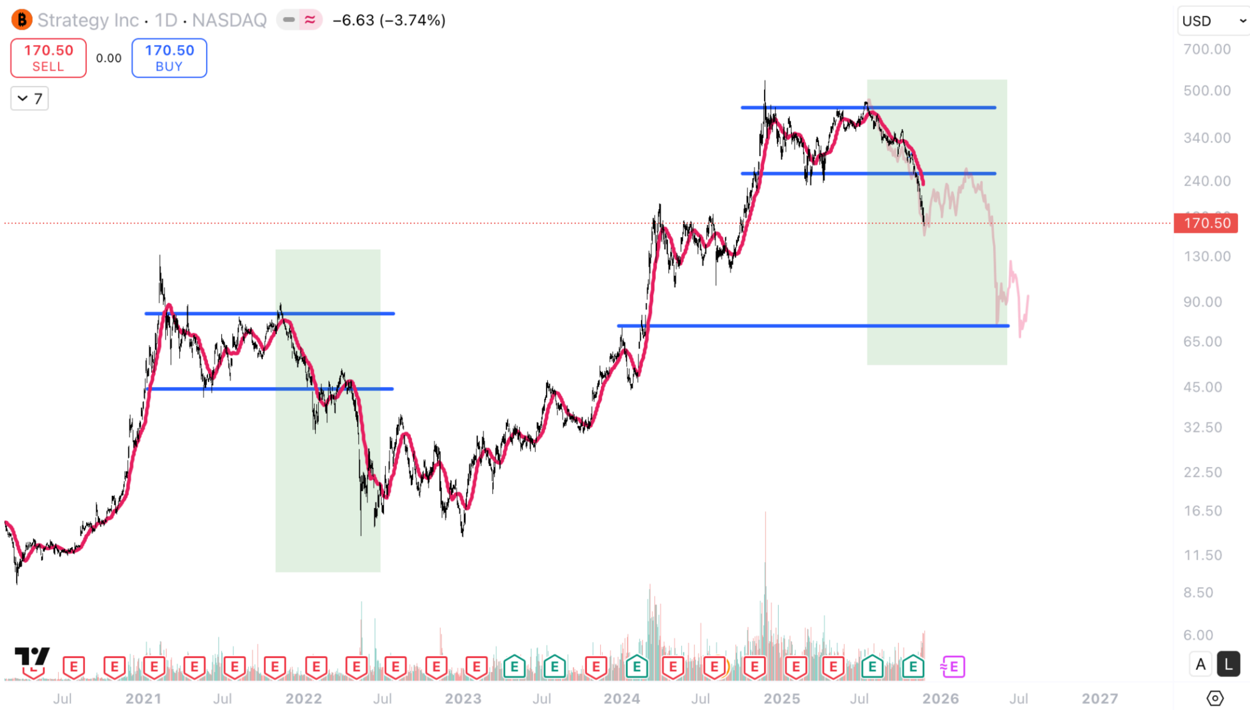
BTC 1D 2022

Oftentimes, I look for additional historical context when doing technical analysis. If there's any historical period I'd compare the current BTC chart to, it would be **December 2021 through February 2022**. This aligns with both the macro cycle perspective and the shorter-term structure. During that time, Bitcoin led the risk-off move and began declining before stocks and the broader equity market. The dollar was rising as well, and the only thing missing from our current environment is a rally in crude oil that would signal inflation risk.

If price action follows the 2022 framework, we should expect a rally toward the **200d moving average** now that a death cross has formed. This type of post–death-cross rally also occurred in 2019. Still, I expect choppy conditions and limited upside before another leg down, especially given the similar patterns appearing in assets like MSTR.

We can never know the future, but when historical patterns and economic conditions line up this closely, it gives us a reasonable basis to extrapolate a forecast.

MSTR as a High Beta Indicator



MSTR 1D

MicroStrategy and other digital-asset treasury companies function as a **levered bet on Bitcoin** or whichever cryptoasset they hold. It was a pretty ominous signal for the crypto market when MSTR topped in early 2025. Over the past year, investors essentially decided the equity risk wasn't worth it and likely rotated into actual Bitcoin instead. After all, MSTR went from 13 to 500 in one cycle — an incredible move. Now that investors are derisking, MSTR may once again be acting as a leading indicator for Bitcoin.

If you look closely, the **macro bear-flag pattern** MSTR experienced in 2022 appears to be forming again almost identically. If this continues to mirror the past, we should expect a few months of chop before a deeper decline — the second leg of the bear market. Under that framework, I see Bitcoin potentially taking out new lows and bottoming somewhere in the **65–75k** range, with MSTR bottoming near **70**, which aligns with critical historical levels.

I can't predict the future, and I understand why some believe the four-year cycle is dead due to institutionalization. I'm not even saying that idea is wrong. It's just that the cycle continues to play out almost perfectly — so we might as well acknowledge it instead of fighting it.

QQQ Head and Shoulders Pattern

QQQ 1D

A bearish **head-and-shoulders pattern** has formed on the Qs and most major indices. The failure of a technical pattern can often tell us just as much as the pattern itself — a failed breakdown here could easily resolve in a move to new highs. It's notable that both the S&P and QQQ have produced several failed head-and-shoulders patterns this year, each time rallying afterward.

That said, I'm not convinced it will play out the same way this time. Conditions still look weak, especially given how aggressively risk assets sold off into Friday's close.

NVDA and the Concept of News Failure

I learned the concept of **news failure** from Jason Shapiro. The idea is simple: markets tend to top on good news and bottom on bad news. When price action moves opposite of what the fundamentals suggest, pay attention — it often signals a turning point.

Over the last few weeks, we've seen two major examples of news failure. The first came after Palantir reported strong earnings. The stock should've rallied, yet the Nasdaq actually topped on that good news.

Then last Wednesday, NVDA beat earnings and supposedly eased "AI bubble" concerns. The stock opened up 4% but closed red. The fact that the market couldn't rally despite back-to-back earnings beats from two leaders is notable — especially with how overextended this rally already is.

Dollar Currency Index vs S&P 500

DXY/SPY 1w

If you read last week's report, you know the Dollar Index has been bullish during midterm election years. That said, from a purely technical standpoint, things are starting to look a bit overextended. I took some profit on Friday since the yen looks like it may be ready to bounce. I'll look to add to my portfolio holdings of UUP once we get another technical buy setup.

Still, the recent **outperformance of DXY relative to SPY** is worth highlighting. It's extremely rare to see the U.S. Dollar Index outperform the S&P 500, and when it does happen, it typically occurs ahead of risk-off periods in equities. Historically, this has been followed by extended strength in the dollar.

Spot FX might not look volatile on the surface, but it can still serve as an effective hedge against long risk-asset exposure. In 2022, the DXY outperformed the S&P by **63%**, which is a reminder of how powerful that hedge can be when markets shift.

Conclusion / Open Positions

From a short-term perspective, Bitcoin is hitting the criteria in the 7-point trading checklist for a long setup. I would place my stop at **Friday's low**, take a partial exit if price reaches the **20d SMA**, and fully exit if it reaches the **200d SMA**.

If price action continues to mirror 2022, we should see a bounce after the death cross into the 200d moving average. That sets up a viable short-term long trade, but the **risk–reward on the long side still isn't great** from an investment standpoint. It may work as a tactical swing, but I'm staying nimble with upside targets and prepared for chop and difficult market conditions through the end of Q4.

I remain cautious with any upside expectations and focused on **capital preservation** into Q4. Remember: bull markets make you money, but bear markets are what make you rich — and they're not something to fear. The cheaper prices get, the more potential upside we'll have when conditions improve. There are no guarantees, but over long time horizons, this framework has consistently worked.

No short-term positions currently. Stay tuned this week for updates.
