



CryptX Deep Dives — 11/30/25

From CJ Reichel

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Brief:

- ❖ Bitcoin is rallying on low volume and is testing the 20d SMA.
 - ❖ As 2026 approaches, the average drawdown during midterm election years is -18.2%.
 - ❖ The average return in the S&P 500 post midterm election year is 14.2% (since 1926).
 - ❖ The market continues to rally as the chances of a 25bp rate cut increase to 88%.
 - ❖ FXV weekly chart is fulfilling the criteria for a long trade based on the 7pt trading checklist.
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Bitcoin's Technical Highlights



BTC 1D

In last week's report, I noted that Bitcoin was meeting the conditions for a long trade based on the seven-point checklist. Since then, that setup has played out, with BTC rallying back to its 20-day moving average. The move higher came on relatively light volume, and other hard assets, including silver, continue to outperform it.

Bitcoin now appears to be grinding its way toward the 200-day moving average. At this point, I don't have strong conviction about the short-term direction. The oscillators are neutral, and BTC still hasn't closed convincingly above the 20-day moving average. The technicals haven't given us a new entry signal, so I'm content to sit out this leg of the rally. It actually feels good not to be in a position here. If I were long from last week's entry, I would raise my stop to breakeven and let the trade work, looking for a potential continuation toward the 200-day moving average. We saw a similar pattern in 2022 when BTC was in a comparable phase of its macro cycle and when the network's Average Net Unrealized Profit and Loss looked the same.

Drawdowns In Midterm Election Years

Table 1: S&P500 performance before and after US midterm elections**

	Date of midterm election	Largest drawdown in the 12 months before the midterms	S&P500 price performance post midterms (%)		
			3m	6m	12m
1	02/11/1926	-9.4%	3.6%	11.4%	29.3%
2	04/11/1930	-34.8%	-5.4%	-16.0%	-38.6%
3	06/11/1934	-29.3%	0.7%	2.7%	36.9%
4	08/11/1938	-28.9%	-7.7%	-15.2%	-1.8%
5	03/11/1942	-20.5%	10.5%	21.5%	25.3%
6	05/11/1946	-26.6%	2.6%	-4.5%	2.9%
7	07/11/1950	-14.0%	12.2%	15.6%	17.3%
8	02/11/1954	-4.4%	13.8%	19.9%	34.0%
9	04/11/1958	-5.6%	7.5%	11.9%	8.6%
10	06/11/1962	-28.0%	13.6%	19.9%	25.6%
11	08/11/1966	-22.2%	8.2%	16.3%	17.6%
12	03/11/1970	-29.5%	14.5%	23.2%	10.2%
13	05/11/1974	-41.8%	5.1%	18.6%	17.8%
14	07/11/1978	-12.9%	3.5%	6.0%	7.8%
15	02/11/1982	-18.9%	4.0%	18.1%	19.0%
16	04/11/1986	-9.4%	13.6%	20.0%	1.9%
17	06/11/1990	-19.9%	14.9%	21.5%	24.7%
18	08/11/1994	-8.9%	3.3%	12.6%	25.9%
19	03/11/1998	-19.3%	12.4%	19.9%	22.0%
20	05/11/2002	-33.8%	-8.4%	0.5%	14.9%
21	07/11/2006	-7.7%	4.0%	8.9%	6.6%
22	02/11/2010	-16.0%	9.3%	12.9%	2.1%
23	04/11/2014	-7.4%	2.5%	3.8%	4.5%
24	06/11/2018	-10.2%	-1.7%	4.6%	12.0%
25	08/11/2022	-25.4%	6.6%	7.9%	13.6%
Average % return**		-18.2%	5.8%	10.5%	14.8%

Source: Longview Economics. The 2001 recession ended in November 2001 (as per NBER dating). That's one year before the 2002 midterms, so it is included here.

Ever since our first report, we've been highlighting the performance of various assets during midterm election years since 2026 will be another midterm election year. I cannot predict the future, all I can really do is look for trades which have optimal risk-to-reward and hopefully a 3:1 return-to-risk.

Some notable takeaways of historic midterm year data:

- ❖ The sample size includes 25 midterm election years since 1926.
 - ❖ The average drawdown during midterm election years is -18.2%.
 - ❖ The average return in the S&P 500 post midterm election year is +14.2%.
 - ❖ This data fits well with our previous forecast that 2026 will be a bearish year for risk assets and a bullish year for the US Dollar.
 - ❖ My interpretation of this data might be prone to recency bias since 2022 was one of the worst midterm years on record, so maybe this version of the midterm election year won't be as bad. Either way, I am going to play to the historic data and adjust with the technicals accordingly.
 - ❖ If history repeats, we should expect roughly a -18.2% drawdown sometime in 2026 and a +14.2% return in 2027.
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ZCash Short Position



So far, the ZEC short has worked, although I suspect it might make another lower high above 500 before falling lower. We will see. Either way, the current entry point is 485 with a stop at 770.

FXY (Japanese Yen Trust) Long Position



FX1 1W

Based on the weekly chart, FX1 is fulfilling the criteria for a long trade based on the 7pt trading checklist. Currently we have:

- ❖ Wide divergence from the 20w SMA.
- ❖ Declining bearish volume since October and likely crowded positioning to the short side.
- ❖ Bullish weekly candle close, following a hammer candle last week.
- ❖ Both the CCI and Stoch are turning up from deeply oversold levels.
- ❖ Upside gap at 61.82
- ❖ Previous support from last year is holding so far.

The worst thing about this JPY trade is that other major currencies such as the Pound, Canadian Dollar, and Swiss Franc have outperformed JPY since the DXY began struggling last week. Either way, the fundamentals, technicals, and positioning data is pointing to a long in the Yen. Even if this trade doesn't work, I think this is a quality setup which will do well if I continue to be consistent and repeat it over time. The mental battle of trading is difficult. So I only want to focus on making the right decisions over and over again. I will let the public chase every

opportunity while I focus on missing most trades and only waiting for the best possible setups. I'm going to miss a lot of trades and that is okay as long as I follow my process.

% Chance of a 25bps Rate Cut in December



Looking Ahead: What's Driving the Rally

The stock market and risk assets struggled earlier in the month, but once the chances of a rate cut started increasing drastically the market and risk assets followed suit. The outperformance of DJI and IWM is also indicative of this since they are the indices which are most sensitive to rate cuts.

Conclusion / Open Positions

Risk assets continue to do well as the chances of a December 25bp rate cut now hover at 88%. If the December rate cut is what has been driving the recent rally one must ask, 'what happens once the catalyst of the rate cut actually does occur?'

