



CryptX Deep Dives — 1/18/26

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Brief:

- ❖ BTC has broken out and is continuing toward the 200d moving average.
 - ❖ A retest of the 50w moving average is a critical resistance level.
 - ❖ Bitcoin has been rejected by the 50w moving average and created new lows in each midterm election year since inception.
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Bitcoin's Technical Highlights



BTC 1D

Last week, Bitcoin had a nice breakout. Oscillators are overextended and price is beginning to diverge from the 20d moving average. I'm comfortable taking profit now and selling everything into a retest of 100k or the 200d moving average. If this is the start of a new bull market in Bitcoin, then there should be plenty of long opportunities to catch in the future. There's no need to feel bad about missing out. The goal is to extract value from the market over time, it's impossible to do that if we're going all in and trying to perfectly time every move. We win over time by surviving and keeping risk down in the short term.

7pt Trading Algo Beginning to Turn Bearish

7-Point Technical Checklist			
TECHNICAL INDICATOR	BULLISH	BEARISH	ANALYSIS DETAILS
Pattern Recognition		✓	Spinning Top
Volume Analysis		✓	Volume Dropping
SMA Deviation		✓	Price is extended above 20-SMA
Gap Analysis	✓		Unfilled gap above current price
Stochastics		✓	Stochastics Overbought with Pivot
CCI		✓	CCI Crossed Below 100
Support/Resistance Interaction			

Bitcoin's Higher Timeframe: The Bigger Picture



BTC 1W Chart. 50w SMA (white), 100w SMA (teal), 200w SMA (orange)

I like to add context to the daily chart by presenting a long term understanding of the higher timeframe trend. Since 2014, Bitcoin cycles have all peaked in Q4 of the pre-midterm year. 2025 was no different. In the previous three cycles, Bitcoin found temporary support at the 100w after closing below the 50w. This is where the bear market rally to the 200d moving average has

occurred historically. On average, Bitcoin spends about 10-12 weeks in this bear market rally/consolidation before topping out and heading lower. We are currently on week 9 of the bear market rally.

Once Bitcoin retests the 50w sma or 200d sma, price usually fails at resistance and falls to the 200w sma months later - completing the cycle from complacency to capitulation. Once capitulation is obvious from horrendous sentiment and massive unrealized losses, I like to start scaling in from an investment perspective. Historically, this has been optimal around the 200w moving average, but based on the diminishing returns this cycle, it could be lower.

DXY Performance in Midterm Years



DX 1w

The US Dollar Index has averaged a 15% rally during the previous three midterm election years. So far the trend is continuing.

Conclusion: Bringing it all together

When analyzing Bitcoin from a four year cycle perspective, crypto markets are in a late-cycle, risk-off regime following Bitcoin's Q4 2025 peak. Unlike prior cycles that ended in euphoria, this cycle topped on apathy: Bitcoin reached new highs without strong retail participation, speculative breadth, or social engagement. This structure closely resembles mid-2019, which led to a choppy, extended digestion phase rather than a sharp bear-market capitulation.



On-chain indicators confirm demand exhaustion rather than overheating. Long-term Bitcoin holders are distributing into rallies instead of accumulating, a pattern historically associated with post-cycle peaks and deteriorating risk-adjusted returns. The on-chain risk model never entered euphoric territory, reinforcing the view that upside is structurally constrained through diminishing returns.

Market internals are weak. Most crypto assets failed to participate in the 2025 rally, advance–decline metrics deteriorated, and Bitcoin dominance rose, signaling a defensive concentration of capital. Volatility has compressed, which historically reflects fragility and stagnation, not the start of a new bull market.

Macro conditions reinforce caution. While quantitative tightening has ended, real monetary conditions remain restrictive. The economy is cooling but not weak enough to force aggressive liquidity expansion. **Historically, crypto bull markets emerge when liquidity expands in response to economic or financial stress, a catalyst that is currently absent.**

Cross-asset behavior shows capital favoring equities and metals over speculative digital assets, indicating constrained risk appetite rather than broad risk-on conditions. Bitcoin's relative resilience reflects defensive positioning, not renewed crypto expansion.

Overall, Rallies are likely to be tactical, not structural. Until participation broadens, on-chain accumulation resumes, volatility re-expands constructively, and macro liquidity turns decisively supportive, capital preservation, selectivity, and patience remain the prudent approach.

Current Positions:

- ❖ Long BTC from 92.8k. Stop at 81,000 (75bps risk).
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