



## CryptX Deep Dives — 1/25/26

From CJ Reichel

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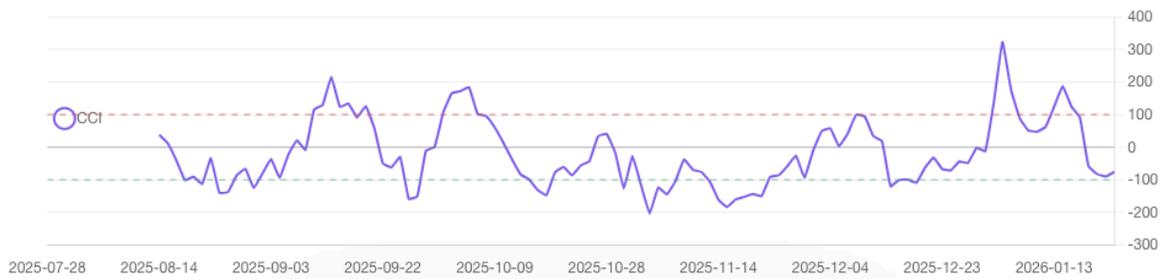
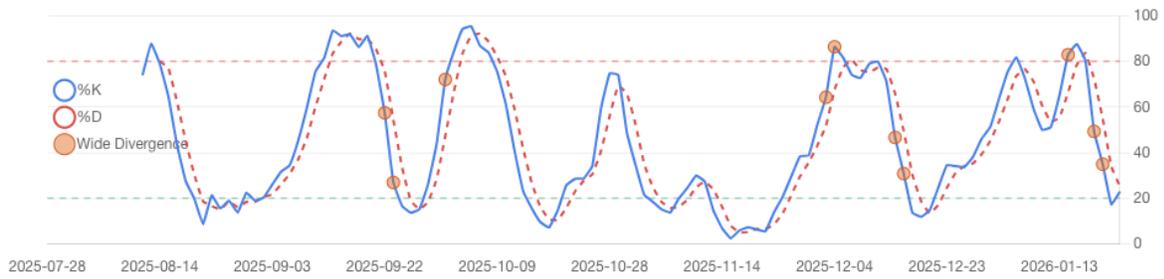
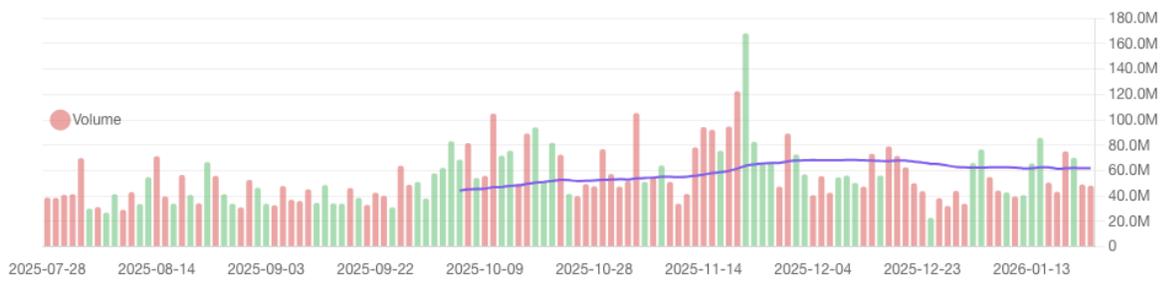
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### Brief:

- ❖ BTC failed at 97.5k and is in danger of closing below the 100w SMA at 87.2k.
  - ❖ Each time BTC has closed below the 100w SMA during the 4th year of the four year cycle, a crash to the 200w SMA occurred almost immediately.
  - ❖ IWM and major indices show large speculators crowded long.
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# Bitcoin's Technical Highlights



## 7-Point Technical Checklist

Technical Indicator	Bullish	Bearish	Analysis Details
1 Pattern Recognition	✓		Spinning Top
2 Volume Analysis	✓		Volume Dropping
3 SMA Deviation			—
4 Gap Analysis	✓		Unfilled gap above current price
5 Stochastics	✓		Stochastics Crossed Above 20
6 CCI			—
7 Support/Resistance	✓		Low dropped below \$50.56 support level, but closed above

### BTC 1D - 7pt Trading Algo

Last week Bitcoin failed to break above 100k while silver, gold and many stocks went on to make new highs. Relative weakness for Bitcoin is continuing for now. Currently, the 7pt trading checklist is 5/7 bullish technical readings for IBIT. In the short term, Bitcoin is oversold with gap fill targets higher. However, I am skeptical of the short term trend because the longer term macro trend is reaching critical breakdown levels.

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## Bitcoin's Higher Timeframe: The Bigger Picture

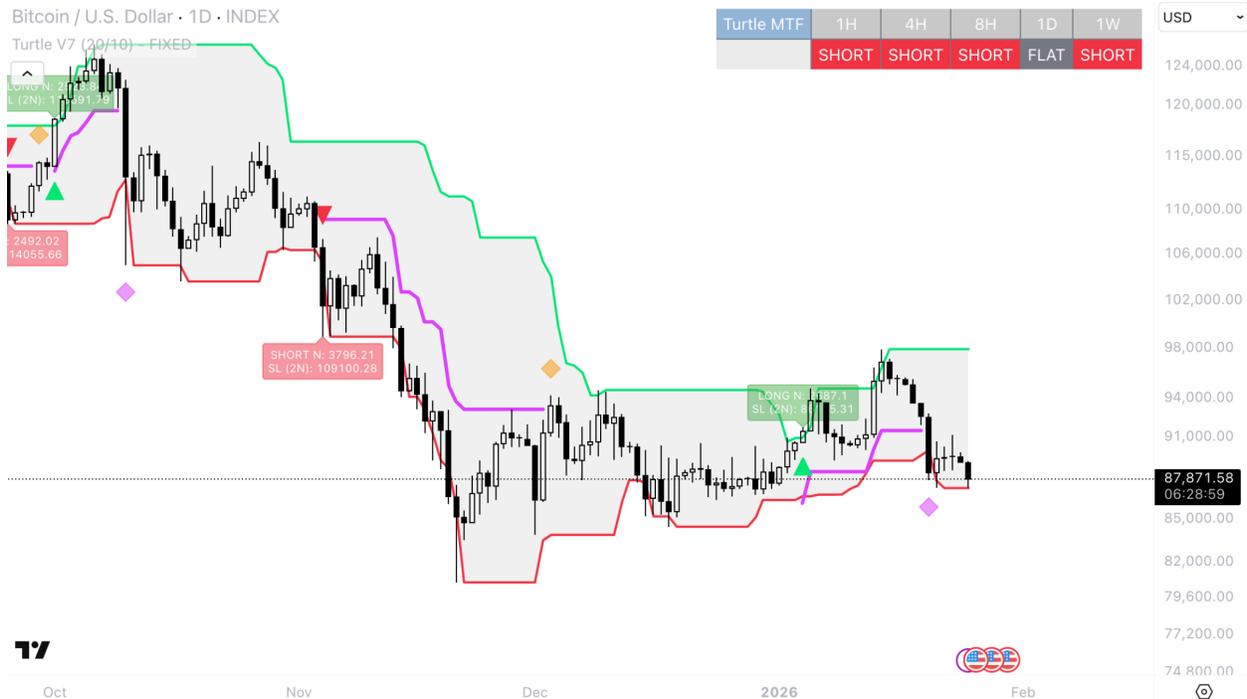


### BTC 1W Chart. 50w SMA (red), 100w SMA (blue), 200w SMA (orange)

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 50w 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 in week 10 of the bear market rally.

In the previous three cycles when Bitcoin closed below the 100w SMA. Price capitulated to the 200w SMA over the next month. If price closes below the 100w SMA (87.2k), Bitcoin's trend could be very vulnerable given the historical context of the macro trend. I will close any remaining long positions and look to short if the price closes below the 100w SMA (87.2k).

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## BTC 1d - Turtle Trader Trend Followers

In the 1980s, commodity futures trader Richard Dennis made a name for himself by turning a few thousand dollars into a fortune of over 200m. He did this through trend-following. Dennis debated with his partner William Eckhardt whether anyone could be taught to become a trader or whether it was innate skill. Dennis believed anyone could be taught to be a profitable trader if they used a ruled-based trend-following system. Dennis decided to put this theory to the test by hiring random people from all walks of life. They were called 'the turtles'. The results were astounding. The turtles made over 120m USD for Dennis and many went on to start their own hedge funds.

The Turtle Trading Strategy is a famous trend-following system designed to catch large market moves using Donchian channel breakout rules. It relies on strict discipline: buying 20-55 day highs and selling 20-55 day lows, with strict 1% risk-per-trade management and trailing stops, focusing on trading high-volatility, liquid, and diversified markets.

TradingView has a [turtle trader trend-following indicator](#) which is the basis of most modern CTA trend-following funds. In the image above you can see the most recent 20 day low in red. If price closes below the 20 day low at 87.2k, many trend following funds will be forced to sell bitcoin, or at the very least, reduce long positions.

Since this level is also in confluence with the 100w moving average, a close below 87.2k could be a significant breakdown level for Bitcoin's macro trend. Therefore, I would close any long position on a close below 87.2k. Even though Bitcoin might be oversold based on the daily CCI, I am not going to be taking long positions given the recent heaviness of the tape and the critical 87.2k level.

## DXY Performance in Midterm Years



### DXY 1w

The US Dollar Index has averaged a 15% rally during the previous three midterm election years. However, this trend is failing in the midst of geopolitical uncertainty and dedollarization on a global scale. Positioning is not supportive of a rally in the dollar either. Overall, this is a very ominous sign for the US Dollar. The best currencies to hedge the US Dollar from a positioning and technical perspective are the Japanese Yen and Swiss Franc.

## IWM Positioning and Equity Risk



### IWM 1w

Over the last month and a half, we've seen all the major indices become crowded with large speculator longs. We determine whether a market is crowded by indexing futures positioning data provided by the CFTC. Currently, the Russell 2k and S&P 500 are both 'crowded long' with large speculators. Once a market is crowded, I look for a technical reversal combined with a news failure to initiate a position opposite of the large speculators. A market can remain crowded for very long periods of time, and it's important to understand positioning is not a predictor of direction, rather it's a predictor of potential return to risk. Based on current positioning data, optimal return to risk is pointing to the downside for both IWM and SPY.

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## **Conclusion: Bringing it all together**

Things aren't looking good for Bitcoin based on the things I look at. While BTC is oversold on a daily timeframe, the weekly timeframe is in grave danger of moving from complacency into capitulation. A capitulation event to the 200w moving average would take BTC to a price of 57k. This is the greatest risk to any Bitcoin investor or short term bullish speculator.

## **Current Positions:**

- ❖ Long BTC from 92.8k. Stop at a close below 87.2k.
  - ❖ BTC is set up short on a close below the 100w SMA at 87.2k.
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