



CryptX Deep Dives — 4/5/26

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Contents:

- ❖ BTC Technical Highlights
 - ❖ BTC Macro Trend Charting
 - ❖ SPY + DXY + Oil + Macro Assets
 - ❖ Conclusion
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Brief:

- ❖ Conflict in the Middle East remains on-going with Oil closing at 111 Friday.
 - ❖ The Dollar and Crude Oil remain the two critical assets pressuring stocks.
 - ❖ Stocks bounced back to close the week on low volume at critical resistance.
 - ❖ The Druckenmiller Recession Cocktail continues - higher rates, higher Oil, higher DXY. When all three are trending higher, it puts immense stress on corporate margins, earnings, and overall valuations.
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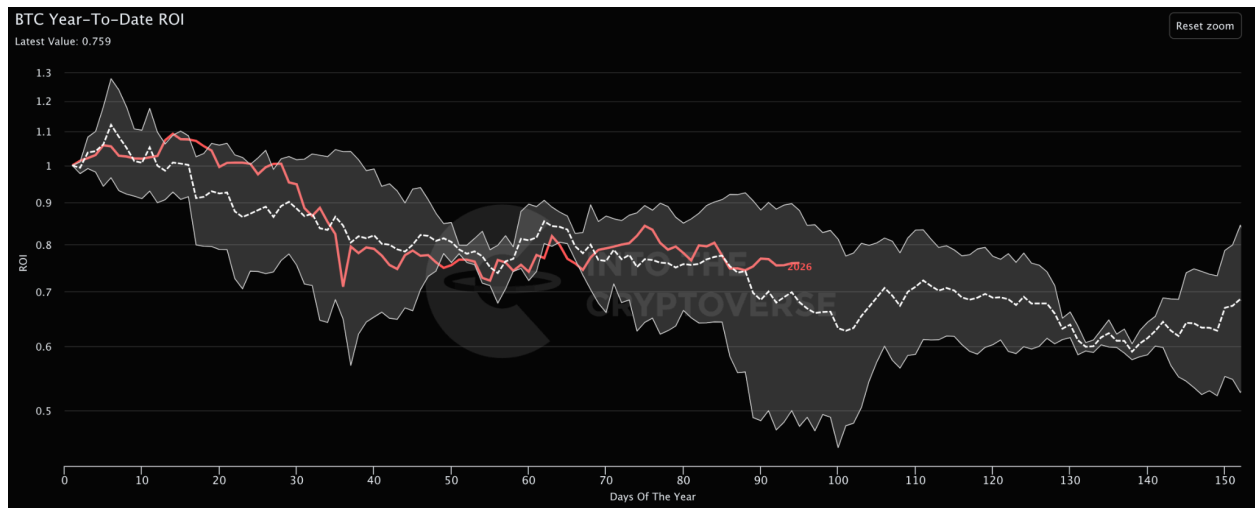
Bitcoin's Technical Highlights



BTC 1D - 7pt Trading Checklist

Bitcoin is still in a tight range with little upside momentum. It's notable Bitcoin underperformed major stock indices to the upside this week and lagged the overall market. This is a bad sign to me, and we already know April is a horrible seasonal month for Bitcoin in midterm years. We will expand on this concept below.

BTC With Average Midterm Performance in White, with Bollinger Bands.



The red line is Bitcoin in 2026, while the white line represents the average performance in midterm years with a 1 standard deviation bollinger band.

Bitcoin continues to follow average midterm year performance consistently. I am currently preparing for the next leg down in Bitcoin. If history repeats like the last three cycles, we should expect lower lows sometime in April.

Bitcoin's Higher Timeframe: The Bigger Picture in 2026



BTC Weekly Chart

Bitcoin continues to consolidate near the 200w moving average. Historically, this has been a decent accumulation zone in prior cycles. However, I think there's a certain context to understand around risk assets which was missing in prior cycles. Additionally, it's worth mentioning Bitcoin bottomed -35% below the 200w moving average in 2022. Currently, -20% below the 200w moving average would be 45k.

Additionally, the average midterm year pullback for stocks since 1925 is -18%. Currently the S&P is only -9% off highs with no stabilization in Oil. In my view, there's still significant risk of the S&P falling an additional -10% if macro conditions do not stabilize. Since October 2025, I've been a proponent of four year cycles in Bitcoin and stocks. Equities have been in a bull market since 2022 and our earlier reports from October forecasted a bearish year for equities with Oil and the DXY being the best performing macro assets.

I did not forecast a war in the Middle East, but now that geopolitical tensions have escalated, this adds further confirmation to the idea that we have experienced a four year cycle in stocks and may not experience a local low until early Q4. Until then, I don't plan on investing in

anything other than UUP (US Dollar Index ETF). We will highlight short term opportunities such as COPP. But as of now, I am looking for an entry trigger for a short on BTC to 40k.

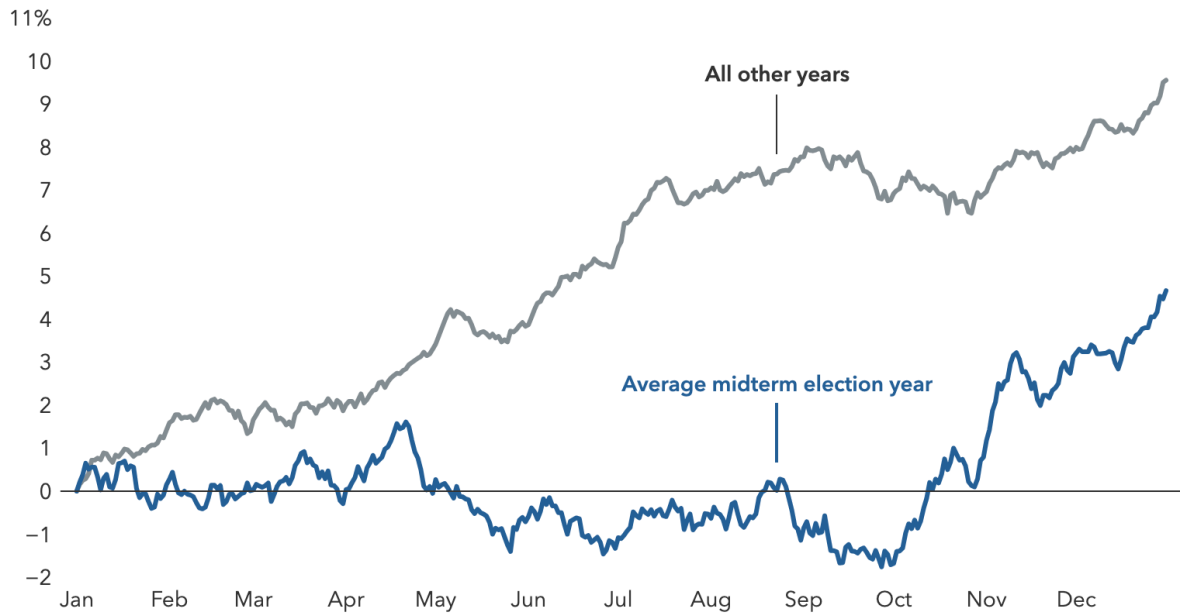


BTC Quarterly Chart

Bitcoin's bear market cycles have always taken four quarters to resolve. This does not have to repeat, but I don't see the need to overcomplicate things either. Overall, our bear market target remains 35-45k during late Q4 of 2026.

Political uncertainty has dampened returns in midterm years

S&P 500 Index average returns since 1931



The S&P historically underperforms during midterm years and usually bottoms in October before a Q4 rally.

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.

The table above highlights the average midterm year pullback in stocks since 1925. The average drawdown is -18.2%. Fortunately, the post midterm year average return is +14.8%. Much higher than the average S&P annual return of 8-9%. Therefore, I am waiting to buy a pullback and forecast a potential recovery in 2027 with an average rally of 15%.



TNX - US 10y Yield

Crude Oil futures closed at 111 Friday, marking the fifth week in a row price has remained above 90. We published an article in ZeroHedge articulating our view of how [‘Oil Above 90 Will Trigger a Recession’](#). If Oil does not mean revert, then inflation expectations will rise and remove the Fed’s ability to cut rates. The TNX is a direct reflection of this fact.

From a technical perspective, the TNX has now come back to support and is looking to head higher with the DXY and Oil next week. If this economic cocktail persists, it will put pressure on risk assets and certainly create a hangover for the broader economy and labor market.



DXY - Compared with average midterm years (2014, 2018, 2022).

During our early year forecasts, we highlighted the potential of a bullish US Dollar throughout 2026. So far, the DXY is doing what it's always done over the last three midterm years. As of now, I don't see the need to overcomplicate things. It's working so far, so why deviate? The trend is our friend so far.

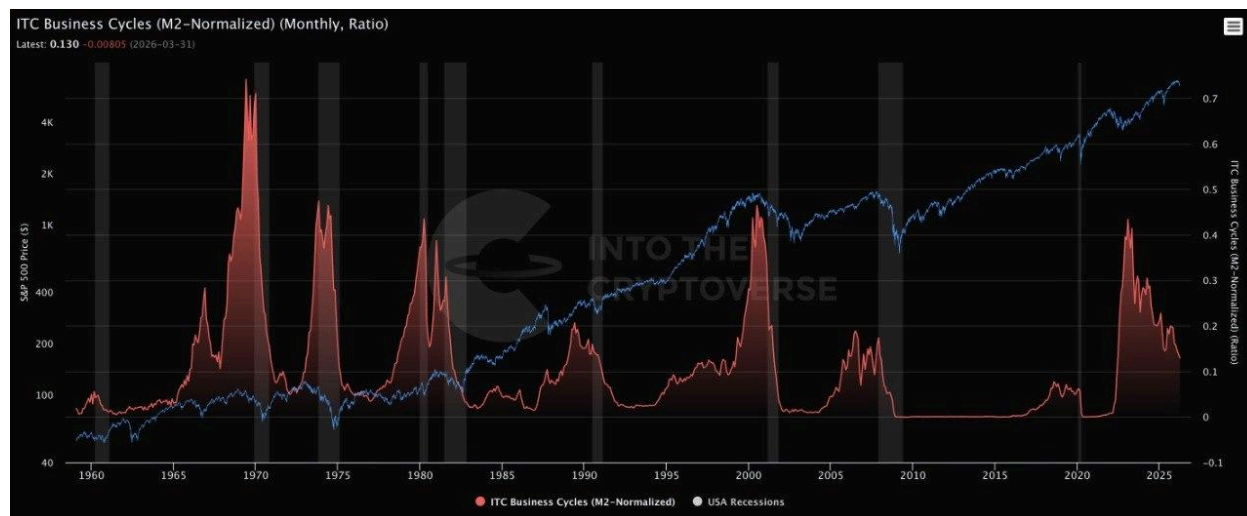
West Texas Crude Oil Cash 1D



Crude oil is already trading at levels we saw in 2022, shortly before inflation rose to 8-9%. In response the Fed hiked rates and the US Dollar went parabolic. If the current conflict does not

change, the Fed will hike rates again which should be bullish USD and bearish risk assets and metals. Personally, I am not long any risk assets or metals from an investment perspective because of this.

S&P & Natural Business Cycles



Above is a business cycle indicator of M2 normalized. Historic business cycles are represented by the red lines spiking and declining. When the red line spikes, it's indicative of a high liquidity environment while the declining red line indicates tightening liquidity conditions. The blue line in the background is the S&P 500 and the white highlighted areas are US recessions.

In 2000 and 2008, we were ending a business cycle into a spiking oil price which eventually led to recessions. Now we have tightening liquidity conditions, a weak labor market, and Oil prices spiking which is reflecting higher future CPI prints. All of these factors are a significant predictor of recessions.

I am very concerned the US is on its way into another recession based on the four year cycle in stocks and now the inflation cycle is also coming back with the elevated prices of crude. My macro portfolio remains in yield accounts, DXY, and USD with an overall emphasis on capital preservation until Q4 of 2026.

Conclusion: Bringing it all together

Most of the factors in this report don't highlight a bullish scenario. The current situation centers on a major supply shock from the Iran conflict, with the Strait of Hormuz responsible for a significant share of global Oil flows which are still disrupted, keeping crude prices elevated above \$100. There is no immediate replacement supply, as OPEC increases are largely symbolic and constrained by logistics, meaning the market remains physically tight.

Escalation risk is still present, with ongoing geopolitical tension and no clear resolution path, which supports a continued risk premium in Oil. In the short term, crude is likely to stay elevated or grind higher unless there is a verified reopening of Hormuz or a clear de-escalation signal. If the disruption persists for several weeks, it will begin feeding more meaningfully into inflation and broader economic pressure. The most likely path right now is continued volatility with an upward bias in oil, followed later by potential demand destruction rather than an immediate policy-driven recession.

Either way, I don't see any immediate trade setups based on our technical and fundamental process. Our COPP and Copper long trade insights from the last few weeks worked out, but I am skeptical they will continue as bullish volume is dropping into critical resistance.

Overall, I see it as a good time to be flat or trading with a bearish bias until markets are fully obliterated. Right now, I see the market participants are still in a state of complacency and underappreciating the severity of the current macro environment.
