

The big picture:

Cryptocurrencies are in the beginning of a new bull market

ETHEREUM
WEEKLY (NOV 2019-TODAY)



LITECOIN
WEEKLY (NOV 2019-TODAY)



BITCOIN
WEEKLY (NOV 2019-TODAY)



Three major cap crypto assets: accumulation structure complete.

ZOOM OUT! THE PRICE CYCLE.

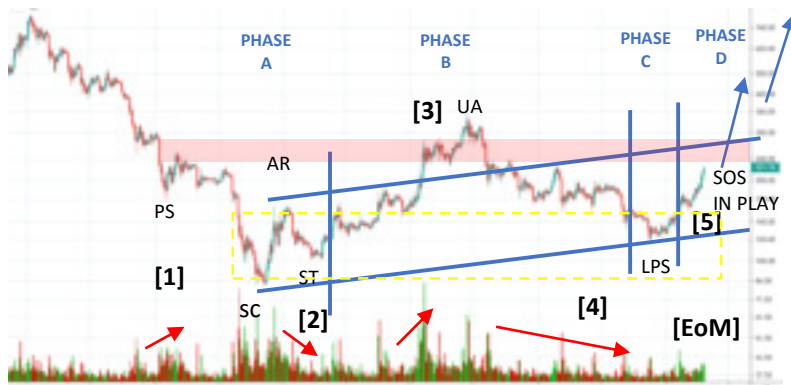
It's time to zoom out and focus on the **big picture**. All the major caps have finally confirmed their accumulation structures.

Let's review the **price history of the last two years** in the crypto ecosystem. The first signs of institutional value buying after the spectacular 2017 bull run came in the second half of 2018 [1]. Demand is consistent on the aggressive rally at point [2], suggesting strength. The reaction [3] is an important clue. The downmove is very laborious, and volume is decreasing. It's just take profit after the quick run. The Composite Operator is not actively selling. We have analyzed these structures and discussed the bullish scenario at the Best of Wyckoff Conference in early September.

However, Wyckoffians do not chase the trend and wait for confirmations. The confirmation of the reaccumulation structures comes finally in January at point [3]. The laborious reaction has produced a higher low on low volume, a very bullish sign. Supply has been absorbed. Price quickly rises on average demand (Ease of Movement to the upside) [4]. The double bottom formation on Ethereum and Litecoin is complete.

Highly volatile assets like cryptocurrencies generates huge PnF counts in relatively short period of time. A two year reaccumulation in this asset class is a **major** event that suggest that we are at the beginning of a **major bull run** reminiscent of 2016-2017. We will post accurate PnF counts for all big, mid and small caps in the next reports.

ETHEREUM(ETHUSD)
DAILY (MAY 2018- TODAY)



A CLOSER LOOK AT ETHEREUM

Initial signs of institutional buying are evident in September 2018 [1]. This area becomes an important supply zone to be retested (red area). Demand comes in aggressively at the extreme oversold condition in December 2018, and the retest on lower volume [2] confirm the stopping action. Phase A is concluded. In just six months, price rallies to \$360. The aggressive rally in Phase B is a structural sign of strength. At point [3], major players and professionals take profit into the last speculative push into the supply zone, but decreasing volume and spreads [4], suggests that the selling is only **temporary**. Low effort, low result to the downside: prices slightly penetrate the institutional value zone marked in yellow and immediately rebounces. Phase C is complete. Look at the EoM at point [5]: supply has been absorbed throughout the formation, there is **no friction**, and the rally travels fast toward the \$300 red zone. Price will likely consolidate in the red supply zone, but in the long term, there is fuel in the tank to revisit at least the \$800 level.

XRP (RIPPLE) WEEKLY (MAY 2017-TODAY)



ACCUMULATION BEHIND THE SCENE

Ripple has been silently accumulated throughout 2019. Extreme hypodermic tops [1] are usually followed by multi year downsloping structures. This pattern is very common in the stock market too, especially in low priced stocks. The yellow lines help us to identify potential resistance levels.

Ripple has underperformed the market during the 2019 bull run, but what catches our attention is the increase of effort on the reaction [1] with low result to the downside: the downslopes decrease and Ripple start to outperform the market. At point [2] we finally see synchronicity between up effort and up result. Relative strength is always important when we select an asset for our swing strategy. There are better performers than XRP in the crypto market, but we confirm the whole structure as a long term accumulation.

BSV (BITCOIN SATOSHI VISION) DAILY (MID JULY 2019 - TODAY)



SPECULATIVE ASSETS, SPECULATIVE THINKING

Despite the debate in the crypto community around Bitcoin SV fundamentals, this asset clearly shows the footprints of the Composite Operator. BSV has been one of the leadership assets throughout the current market cycle, and the high volatility reflects the controversial speculative news cycle related to its creator, Craig Wright. Phase B [2] is marked by quick rallies and laborious downmoves, bullish signs. The upsloping structure is an element of strength itself. The **PnF count** suggests that price can easily reach the \$1K mark in the future. Speculative assets require speculative thinking.

MARKET ANALOG

Crypto - Renewable Energy Equipment Stock Market Index

Market analogs have no predictive value, but are extremely useful tools that help us to deeply understand the market structure and to anticipate possible scenarios.

Roman suggests a compelling analogy between \$DWCRE (Renewable Energy Equipment Stock Market Index) and the crypto market. After an impressive speculative bull run from \$45 to \$200 [1], profit taking has completely erased the gains [2]. A downmove reminding of

major cap cryptocurrencies that have experienced 90% down moves after the epic bull run of 2017. The rally at [3] is an analog of the rally in crypto asset in the first half of 2019, followed by a HL on decreased selling. [4] The analog suggests a quick recovery and then short term consolidation around the previous high where profit has occurred.



“Any cryptocurrency can be traded for USD or for BTC. If you digit LTC on Trading View, LTCUSD and LTCBTC will appear in the search results. Is it legit to identify accumulation ranges on the LTCBTC chart instead of looking at LTCUSD? Regards, T.”

Your analysis should always start from the –USD chart, in your case LTCUSD. What crypto funds care about is the USD value of their holdings, not the number of Bitcoins they get. However, spread charts like LTCBTC **contain valuable information about rotation dynamics in the crypto market.**

Wyckoff Analytics students know that in several instances it is possible to spot **accumulation or distributional structures** even on the Relative Performance chart –the **ratio between the price of a stock and the S&P**.

Can we apply the same concept on cryptocurrencies too? Definitely yes. The crypto ecosystem is marked by a massive **rotation** of capitals from one asset to another, especially between altcoins and Bitcoin. Advanced crypto traders pay attention to these rotation dynamics. The emergence of the

LITECOIN-BITCOIN (LTCBTC) 4D (SEPT 2016-TODAY)



PNF CHART (2018-TODAY)



Let’s switch to the PnF chart. The horizontal count at [i] produces the 0.018 BTC price objective with uncanny accuracy. What about the price action of the last six months? The trading range at point [ii] is a potential accumulation. The SOS rally (cyan arrow) must be still confirmed by LPS/BU reaction. The reaction could be in the cards.

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outperformance of mid and low caps versus Bitcoin is in fact a mouth-watering speculative opportunity. In the crypto-slang, the *Alt-Season* is a (rare) period of **sustained outperformance** of the Altcoins against Bitcoin. Bitcoin runs, but the Altcoins skyrocket. We have experienced this speculative phase in 2017, and it will probably be not the last. Let’s analyze now a crypto “spread chart”. The chart below shows the spread between **Litecoin and Bitcoin**.



As you can see, we have drawn an accumulation structure. But what’s the meaning of this range? Relative strength is **causal**. The more points of outperformance an asset presents, the more sustained its outperformance will be in the future.

Here is the **complete LTCBTC picture**. The timing of this multi-year formation –resembling a downsloping accumulation– could probably answer the question that everybody thinks about : “*When altseason again?*”. The biggest question in technical analysis have their answers in the biggest timeframes. Now, let’s focus on the two sub-ranges [i] and [ii] within the 3 years formation. Howard Lask, member of our Wyckoff Analytics community, has proposed the PnF horizontal count technique on relative performance charts to measure the **causality of the outperformance and its targets**. Can we apply this advanced PnF technique to cryptocurrencies too? Yes, indeed!

Litecoin is starting to outperform again Bitcoin. Ratio charts and PnF can help us to time major moves in the crypto markets. We will continue to study ratio charts and horizontal counts in the next reports. Stay tuned!