

Demand Doldrums

Orange coin good...but the same orange coin at a lower price, is even better.



[JAMES CHECK \(CHECKMATEY\)](#)

SEP 13, 2024

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G'day Folks,

I am going to delegate the opening price analysis to my friend Bill Murray:



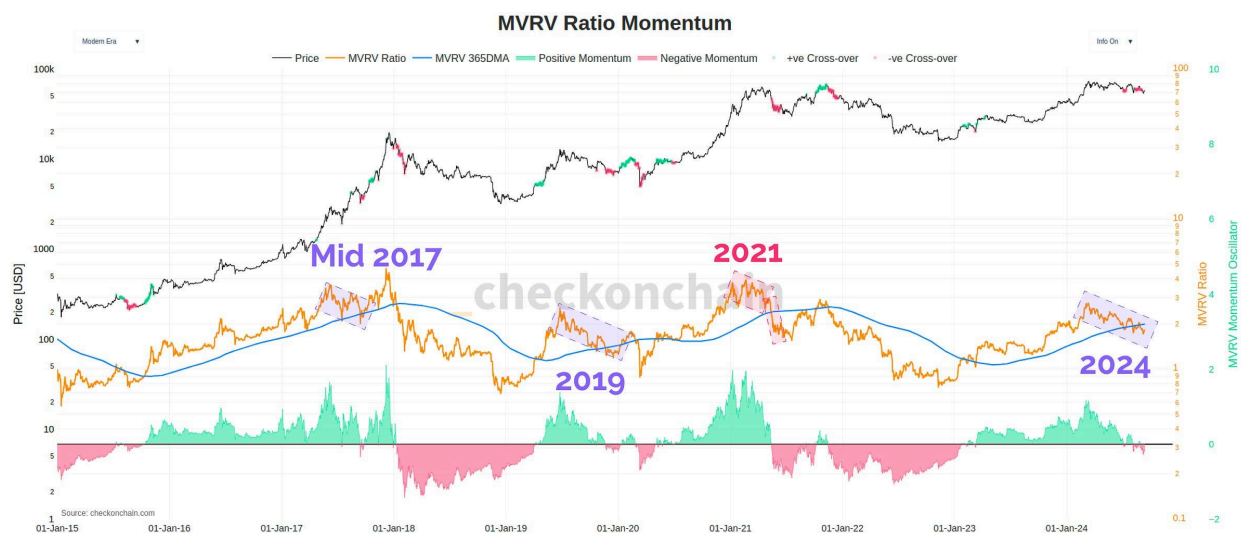
It is hard to overstate the staying power of this chop, and this market structure is quite unique in Bitcoins history. I actually ran an exercise yesterday to come to this conclusion. I started as far back as TradingView lets, and scrolled left to right through the entirety of Bitcoins price history, using a 1yr zoom window.

I was looking for any periods which struck me as similar enough to warrant investigation, and the closest analogue I could find was 2019. This was the only

period that had the same boring, grinding, exhausting sideways to down, choppy drift...(see [It's 2019...Again](#)).

I also noted is that the MVRV Ratio is now below its 365d average, and this is historically **a sign that bear market goggles may be required for the road ahead**.

In this piece, I'll take a very critical look at the underlying market structure, seeking to answer whether we really have fallen into a bear market...again. You'll hear from both *Check the Analyst*, and *Check the HODLer*, providing both a formal analytical perspective, and what I am personally doing with that information.



[Live Chart](#)



Reminder: you can find the charts from our articles on [the Checkonchain Charting Website](#), and a guide in our [Charts Tutorial Video](#).

*Premium Members will find the **TL:DR summary**, **video update** and the **rest of the written post below**. Consider upgrading to premium today to unlock the rest of the content!*

Disclaimer: This article is general in nature, and is for informational, and entertainment purposes only, and it shall not be relied upon for any investment or financial decisions.

TL;DR

- *Check the Analyst's* near-term bearish outlook remains in tact, with very few metrics suggesting there is a huge influx of demand right now.
- Onchain activity is weak, capital inflows are flat, and there is almost no interest from both smart-money, and dumb-money retail.
- The probability of \$58k being a long-term favourable price is ~70%, however given the outlook, lower prices would improve those odds meaningfully.
- *Check the HODLer* fondly recalls the sats he's stacked in the past, particularly those acquired in boring, bearish, HODLer dominated markets.

There is a subscriber poll two charts down aiming to get a _checkonchain sentiment check (since you folks are more clued in than the average bear).

Full Premium Video

Demand Doldrums

If in doubt, check the Realised Cap.

For folks who studied the [Realised Cap Masterclass](#), you will know that the trend and slope of this metric is an excellent tool for setting our overall market expectations.

The Realised Cap has stalled out at \$622B, which signals that net demand inflows are effectively zero...

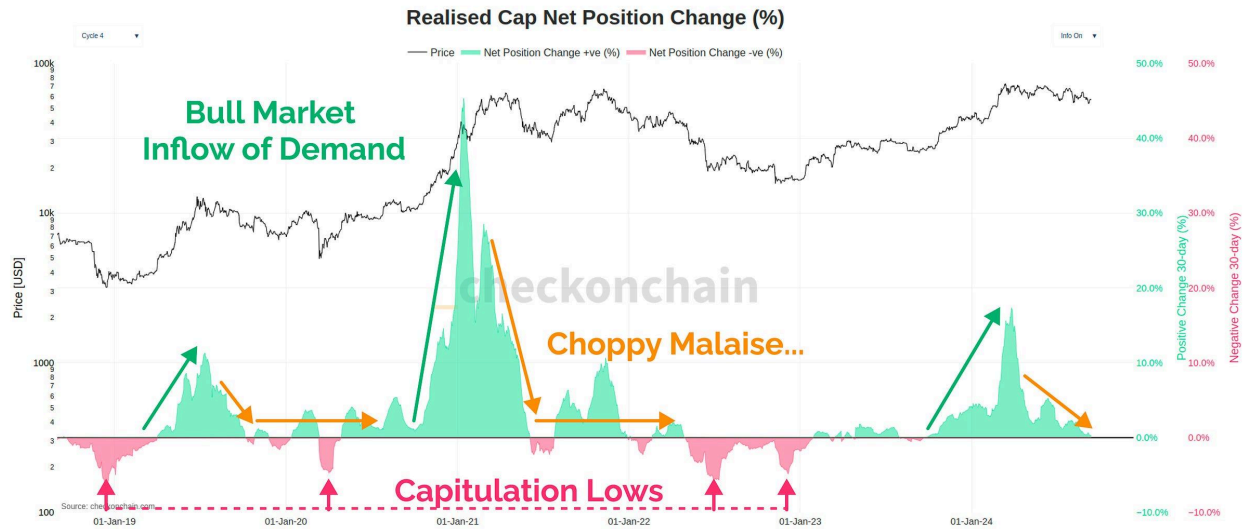


[Live Chart](#)

Technically speaking, this means that the volume of realised profit is equal in magnitude to the volume of top buyers cutting losses. Demand is dead flat over the last 30-days, which supports a semi-bearish outlook.

This is typical of the choppy malaise that comes after a major market peak has exhausted the near-term demand completely. We still haven't recovered the demand impulse since the ETF peak in March.

Of note, there's been no serious capitulation event like in 2019, 2020, and 2021-22. Perhaps this is something to look forward to in our future...but we will need to dig further to assess the probabilities of that event.



[Live Chart](#)

Retail? Where are they?

In the vast majority of markets, retail investors are synonymous with the ‘dumb money’. For sure, this is how most of us start out.

However, Bitcoin is a little bit different. Many of you who are reading this probably classify yourselves as retail, and I certainly am. The fact that we are all deep enough down the esoteric rabbit hole that is onchain analysis, is evidence enough that we’re not your average bear.

Retail investors in Bitcoin come in two classes:

- **Classic Retail:** True dumb money who buy tops and sell bottoms. The reality is, most of these folks lost their shirt in 2022 (unlikely to return), and they tend to migrate to altcoin casinos anyway (BTC unit bias is real).
- **HODLer Retail:** Legitimate smart money who likely listen to more than a few Bitcoin podcasts each week, study onchain analysis, and have a strong sense of how Bitcoin trades, and why (this is you by the way).

Before I go further (and now that I've stroked your ego), I'd love to get a feel for how checkonchain readers are currently feeling about the Bitcoin market (I will share my answer at the end).

POLL

Which item best summarises your 6-month expectations for Bitcoin?

Bullish, we're heading higher soon

Constructive, \$58k = value zone

Optimistic, but waiting for lower

Bearish, winter is likely here.

34 VOTES · 6 DAYS REMAINING

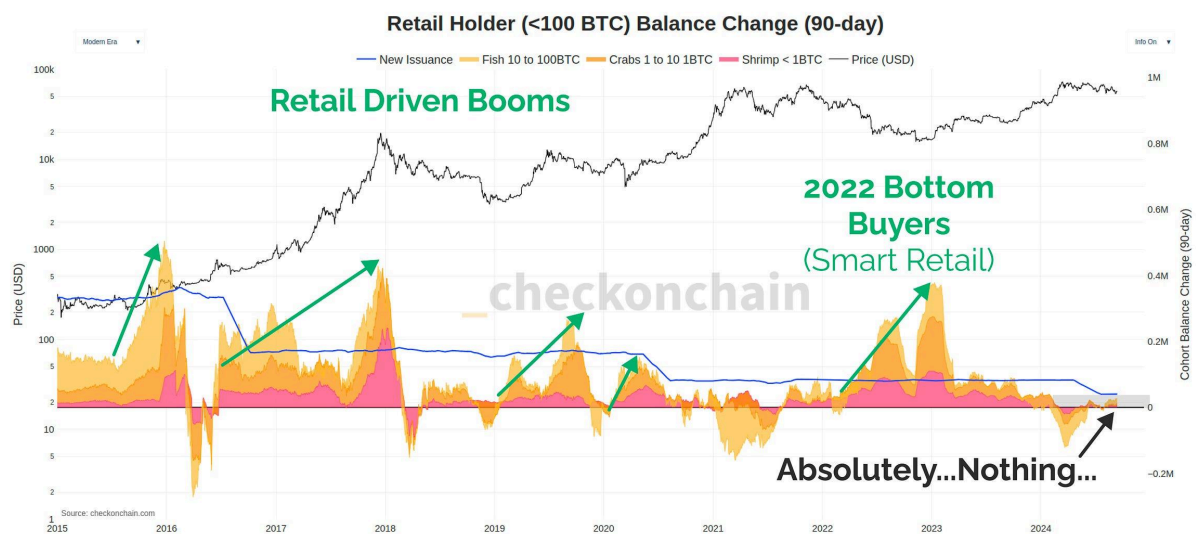
Returning to the topic of 'dumb money retail investors'...that cohort is nowhere to be seen...

We're literally at 2013-14 levels of google search for the term 'bitcoin', and the search interest in 'crypto' was literally higher after FTX blew up...



Unfortunately, the smart-money HODLER cohort of retail isn't demonstrating a huge appetite either, with their aggregate onchain balance essentially flat over the last 90-days.

Retail demand is dry as a desert out there folks...it is very quiet.

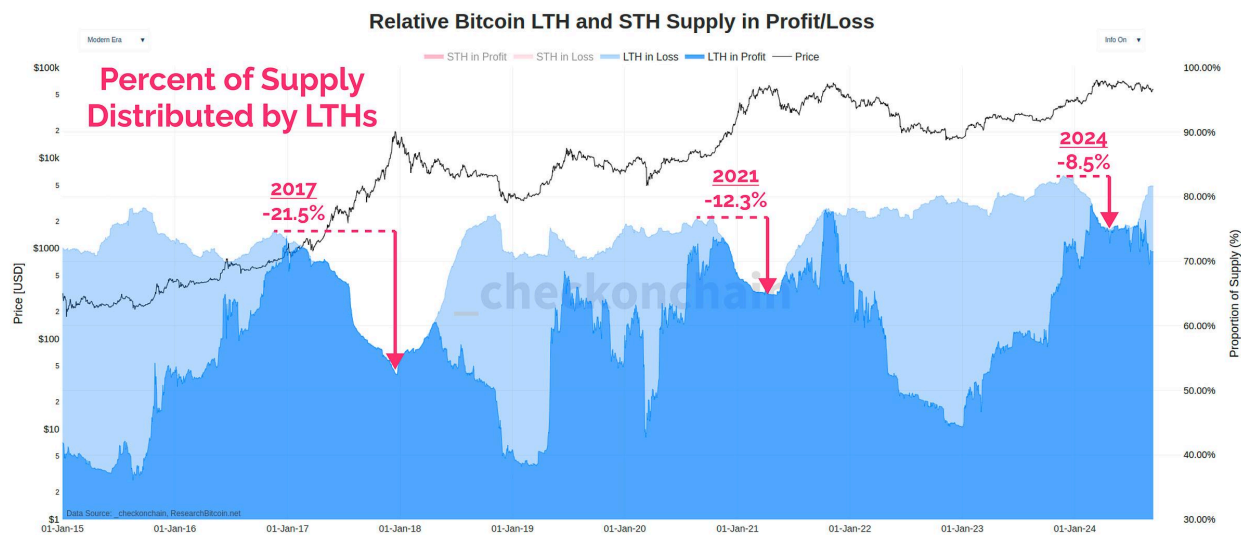


[Live Chart](#)

You could argue that the smart money are HODLing, as Long-Term Holder supply is ripping back towards ATHs, currently at 81.7% of the total supply. **However, this reflects coins acquired 5-months ago which remain held (including ETFs). It does not indicate new smart-money buy side demand today.**

Note also that the ETF peak was established after just 8.5% of the supply was distributed, which is 30% less than in 2021, and 60% less than 2017.

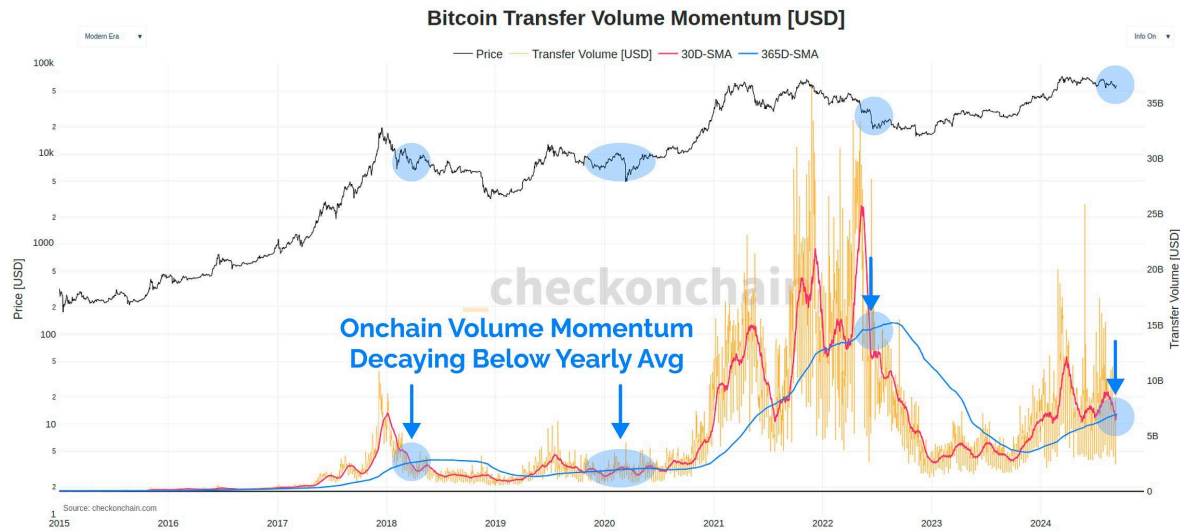
In other words, it is taking less sell-side to stall the market each time.



[Live Chart](#)

This HOLDER dominant regime is showing up as a decline in daily transaction volumes.

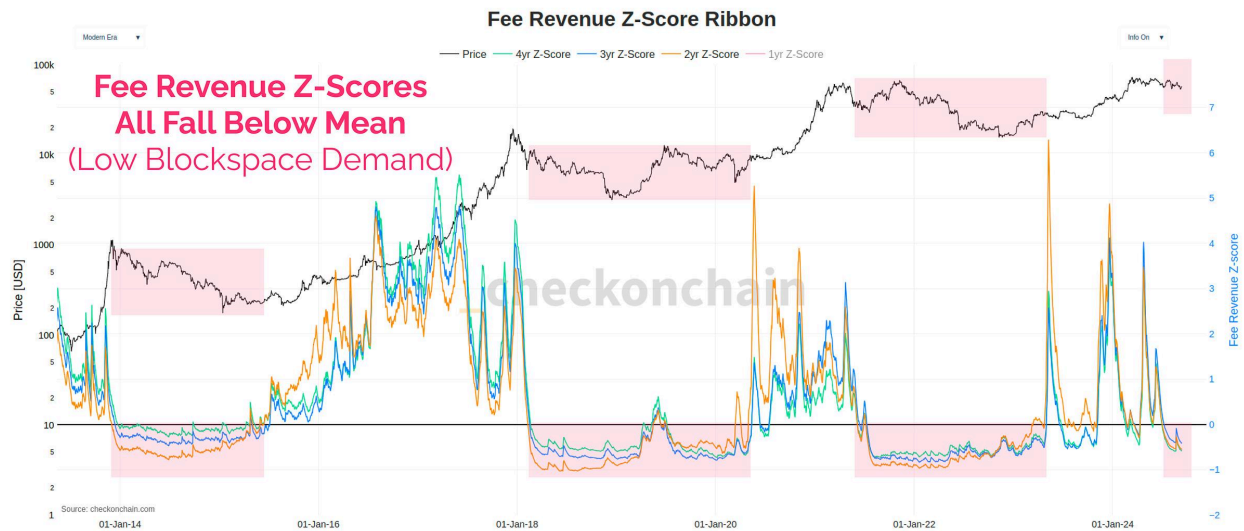
The chart below shows that we're on the cusp of a negative momentum shift, signalled by the 30d average crossing below the 365d.



[Live Chart](#)

Onchain fee revenue has also dried up, with all four Z-score ribbons falling below 1.0.

Both in terms of retail demand, and demand for Bitcoin blockspace, there really isn't much to show for it...






[Live Chart](#)

Dude...This Sounds Really Bearish...

...and in many ways it is.

The truth is, there aren't too many redeeming and constructive features about this boring choppy malaise we find ourselves in. From *Check the Analyst's* perspective, there are not many near-term signals of strength, so I expect the bearish tilt to remain until proven otherwise (per the [Playing with Fire](#) checklist below).

-  [Price holds above STH cost basis.](#)
-  [Price hold above 200DMA.](#)
-  [STH-MVRV holds above its 155d average.](#)

However, as with all things, it's all a matter of perspective, and the rest of this piece, it will be from the perspective of *Check the HODLer(*kicks the bearish analyst out*)*.

...Bears are For Bulls

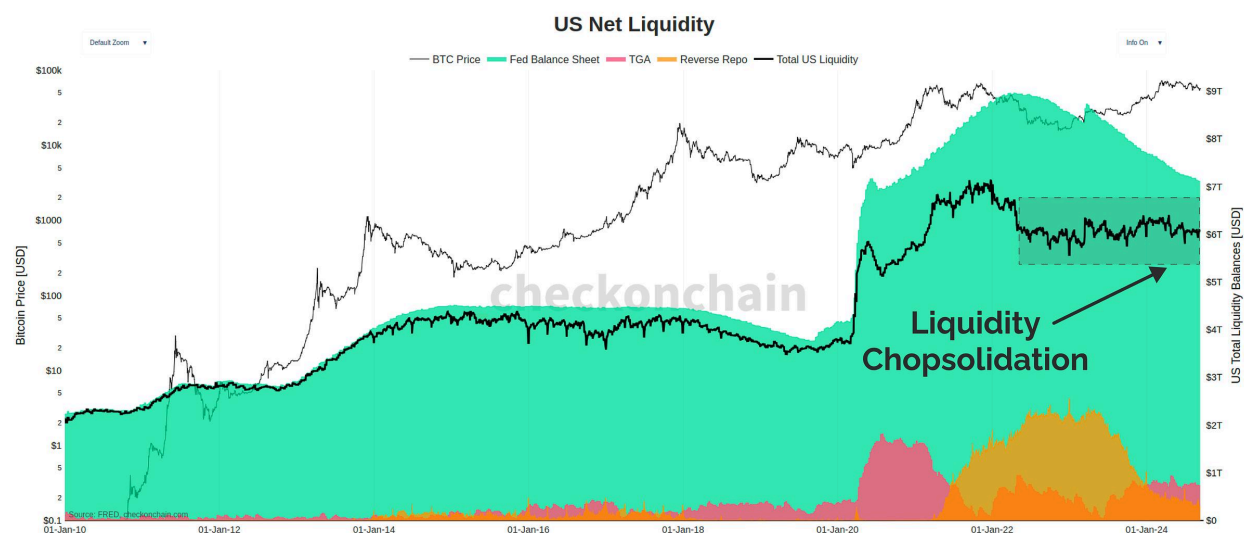
If I was to hazard a guess, I'd say that most folks reading this are broadly bullish on Bitcoin. It is a love-hate relationship, but we hold this weird internet money for many reasons, even though it drives us mad with boredom.

I believe that Bitcoin is the last functioning fire alarm for excessive liquidity. So when US liquidity chops sideways, it doesn't really surprise me that Bitcoin's price does too.

I started seriously stacking sats back in 2019, and it was for many of the reasons I am watching play out in the world today. When I ask myself, over the next 5-years, will;

- governments become fiscally responsible?
- sovereign debt be paid off without central bank support?
- the authorities allow a deflationary bust?
- the hidden inflation tax increase via currency debasement?

If yes, orange coin good.



[Live Chart](#)

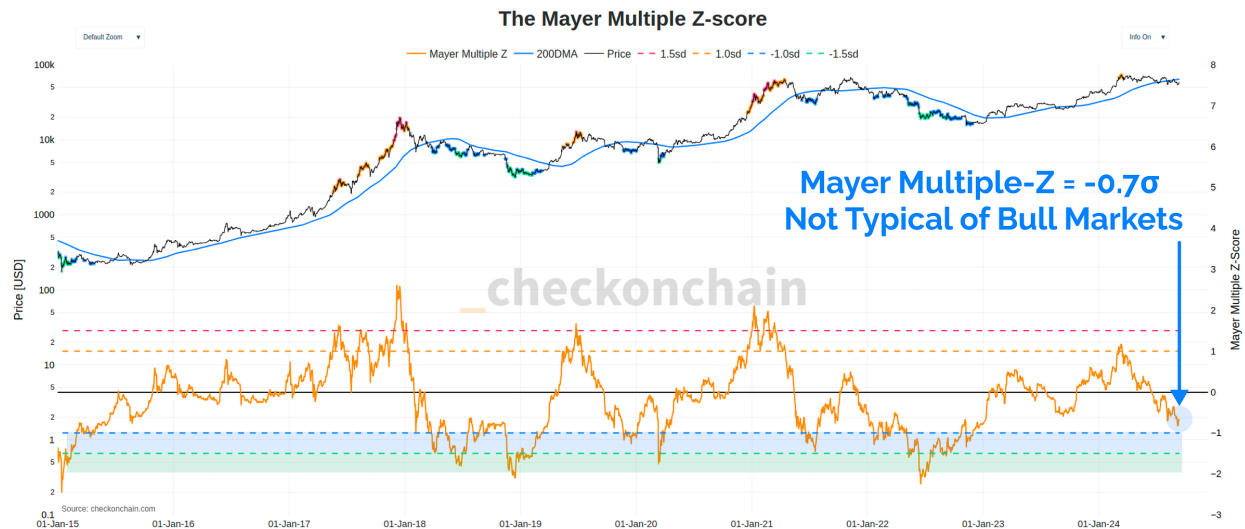
So with all the bearish analysis old-mate Mr-analyst is banging on above, the real question is what am I going to do with that information.

One thing I am not doing is selling my BTC, and hoping to buy it back later.

In my opinion, we're on the top-side of a value zone here, which is where I become an increasingly interested buyer, not a seller. I'll to show what I mean by this.

At \$58k, the price is currently -0.7 standard deviations below the 200-day moving average, which is a great long term mean-reversion anchor. We can admit that this is not typical of a bull market...which is exactly why this price range becomes interesting.

As a HODLer, I prefer my sats at a discount. How we all define a ‘discount’ is up to each individual, but I’m usually happy with odds of around 80% in my favour.



[Live Chart](#)

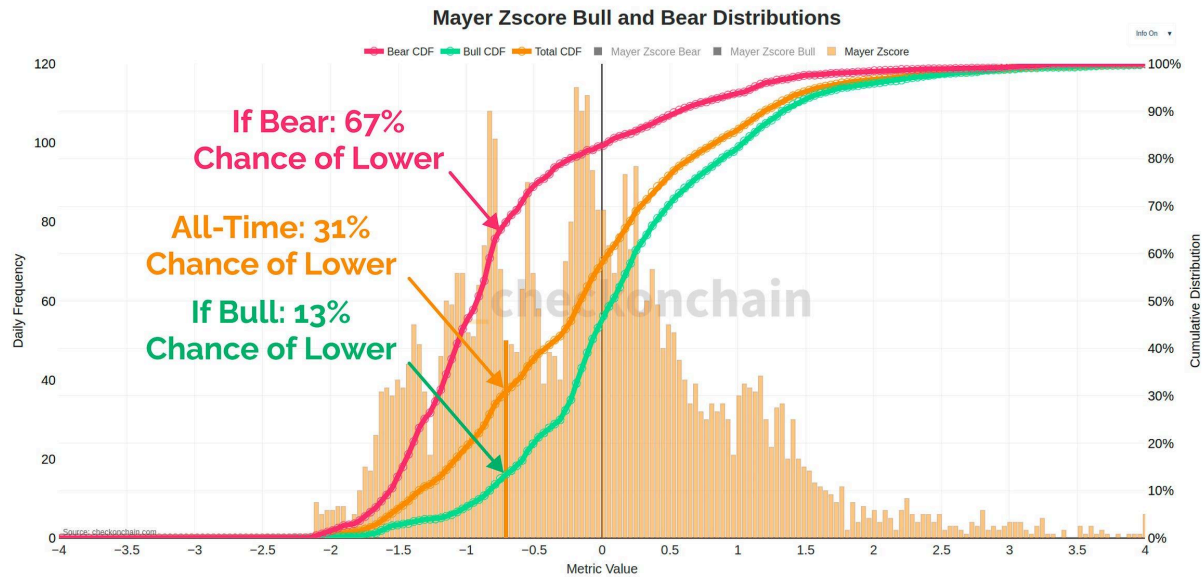
Based on the historical distribution of this metric, we have the following probabilities:

- **If we're in a bear**, there is a 67% chance we're heading lower.
- **If we're not in a bear**, the odds are between 87% and 69% we head higher.

In other words, Bitcoin has only ever spent a third of its life at a deeper discount relative to the 200DMA. If the bull does come back, there is a 69% to 87% chance that I will look back on the cost basis of these sats and smile.

This is what I mean by the top of the value zone.

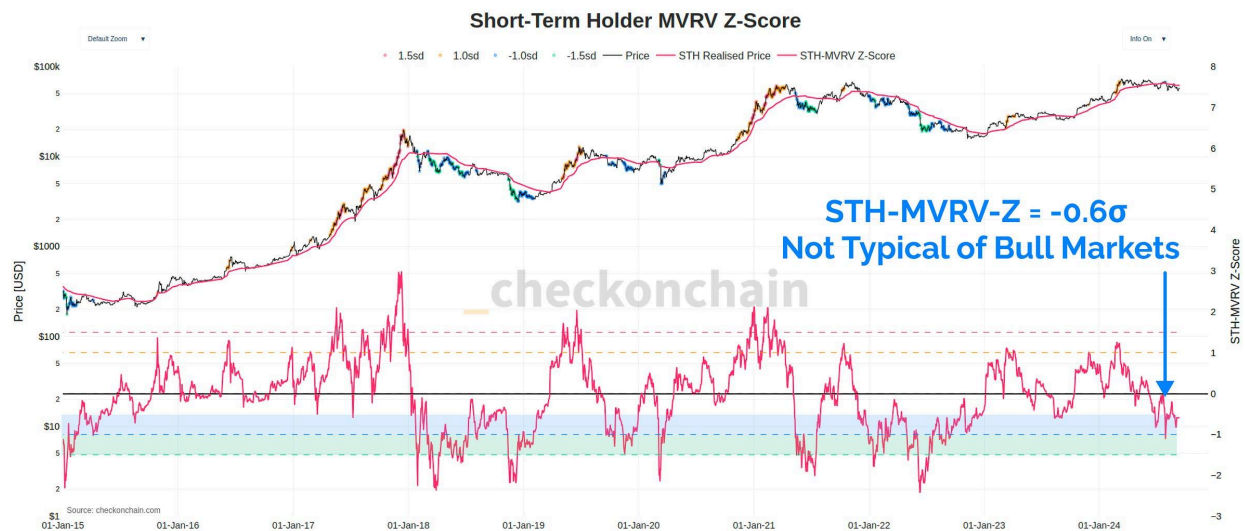
We're not at deep value levels, but we're absolutely not at frothy and overheated levels.



[Live Chart](#)

Let's go smaller scale and look at the STH-MVRV Z-Score.

This metric is almost identical to the Mayer Multiple, indicating that we're in territory which doesn't happen very often in a bull (just like 2019...again).

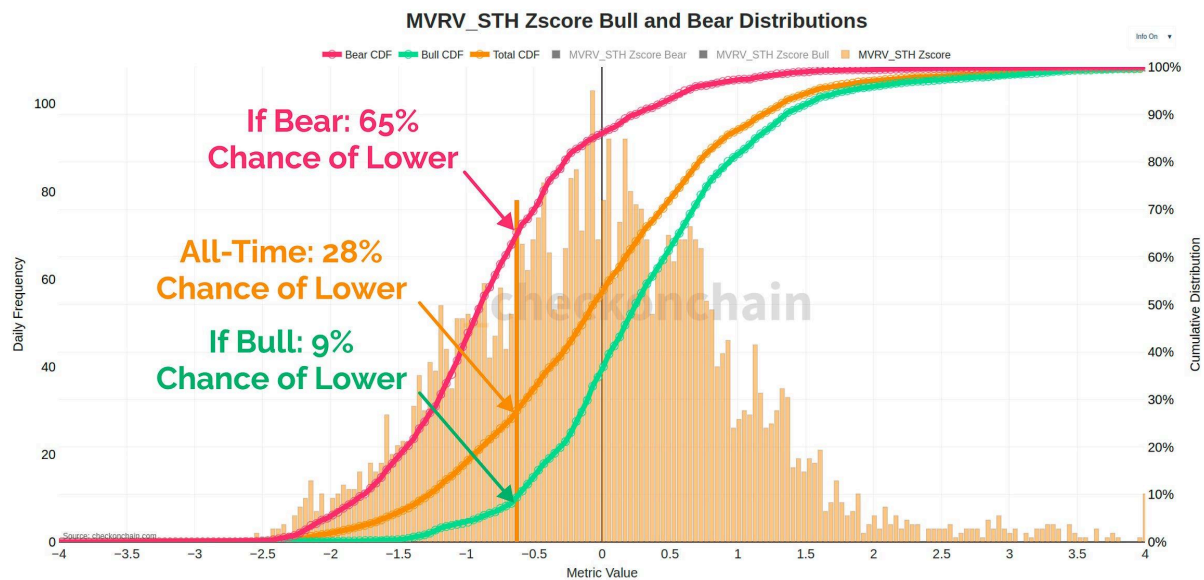


[Live Chart](#)

From a probability standpoint, we have even more favourable odds, with 91% of all bull market days, and 72% of all days being higher than today.

If you look at this bell curve as a pool of all possible values for STH-MVRV, only 28% of all days are lower than where we currently are.

Once again, not yet deep value, but arguably at the top end of the value zone where the sat stacking HODLer in me starts getting very interested.



[Live Chart](#)

Closing Thoughts

We can run similar analysis on all sorts of metrics, but at the end of the day, the BTC that I acquired in past bear markets has always treated me better than the BTC I acquired during raging bull markets.

I also think anchoring to a binary bull / bear definition is bollocks. On what timeframe? By what metric? At what price?

Instead I prefer to focus on the conditions at hand, and think through WHAT I WILL DO if and when the market plays out as I expect.

Right now, my best read on the market is as follows:

- Smart money are HODLing, and have stopped selling.
- Dumb money top buyers are nowhere to be seen.
- US Liquidity is sideways and choppy, with a gravity to the upside over time.
- General near-term outlook for Bitcoin remains bearish.

- The odds of sats stacked at \$58k being a decent price are ~70%.

The lower the market goes from here, the more favourable those odds become.

This is why both *Check the Analyst* & *HODLer* answered the poll with **Optimistic, but waiting for lower prices**. There isn't enough evidence for me to get overly excited in the near term, but these conditions are not even remotely close to shaking my long-term confidence and conviction.

Orange coin good, but getting my hands on cheaper orange coin, is even better.

The closer we get to the True Market Mean (\$47k), the happier this HODLer will be.

Thanks for reading,

James