

If We Go Lower...

None of us can control or predict what the market will do. However, the one thing we can do is to prepare our decision making framework, so we know what our decision will be if it happens.



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

NOV 05, 2024

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G'day Folks,

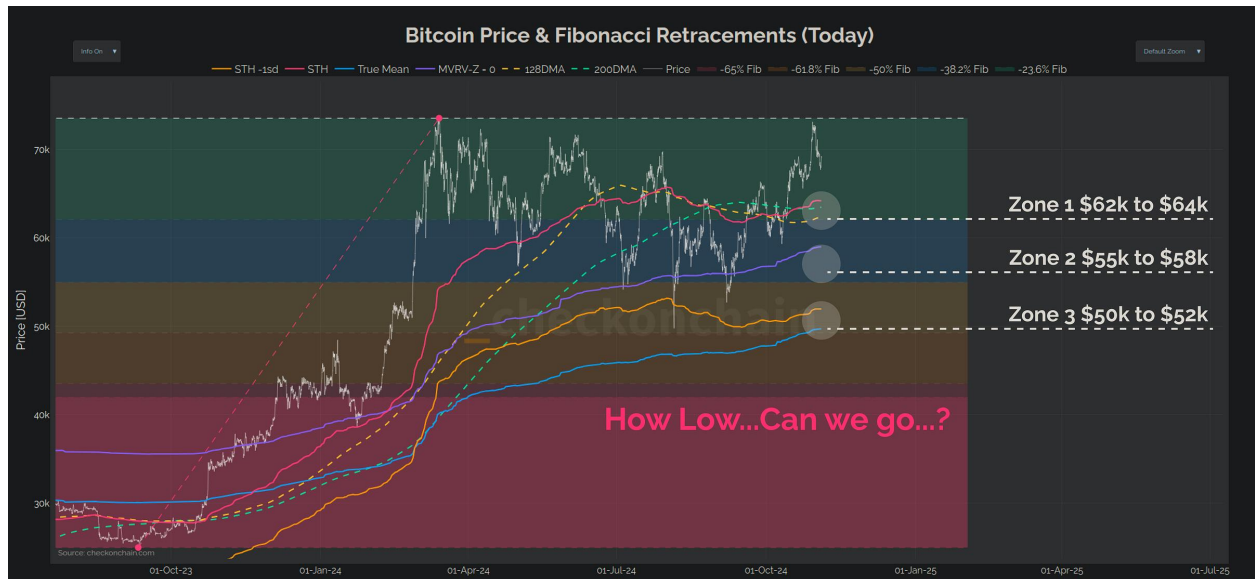
Markets are like the tide. It is far larger and more powerful than we are, and if we try to swim against it, we are destined to be dragged out to sea.

There isn't a single person on earth who can predict exactly what the price will do tomorrow, although many will mince their reputations, and their accounts trying to. Long-time readers will know that I prefer to have my decision matrix thought out ahead of time.

I may not know where the price will go, but I do know what I will do IF it gets there.

Now, I would guesstimate that the majority of you are going to be net long, and bullish Bitcoin (just like me). If the market rips higher from here, happy days, we're all winners. Therefore, the primary decision matrix for *Check the HODLer* is at what price will I pull the sat stacking trigger if the market sells off from here.

Today's post will be an exploration of how *Check the Analyst* is seeing the market on the eve of the US election, followed by what *Check the HODLer* is planning to do with that information.



[Fibonacci Floors](#)

 **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

- The winner of the US election will be a fiscally irresponsible government, and Bitcoin is exactly the asset I want to hold in that instance.
- Macro scale, there is little evidence that the Bitcoin bull is under threat at this stage, but that doesn't mean the market doesn't have surprises in store.
- If we assume the market could head lower, *Check the HODLer* wants to have a plan, and I lay out my sat stacking logic at three key prize zones.

Full Premium Video

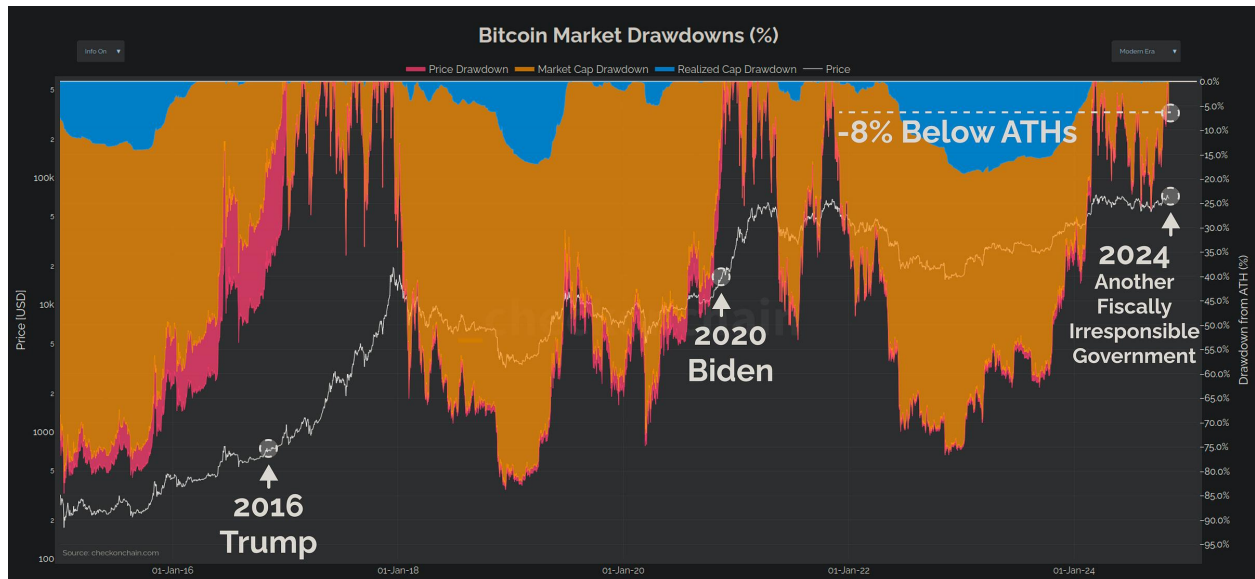
The Party That Will Win the Election...

...is a fiscally irresponsible one.

Big picture, I don't think this election changes a damn thing when it comes to Bitcoin. Consensus opinion is that a Trump victory is likely to be better off than a Harris one, and in the near term that is probably about right.

But, with Bitcoin trading just 8% below the ATH...after consolidating at a \$1Trillion+ market cap for over seven months...does it really matter?

The last two elections have both seen a fiscally irresponsible governments elected to power, and I cannot see a huge amount of evidence that 2024 will be any different.



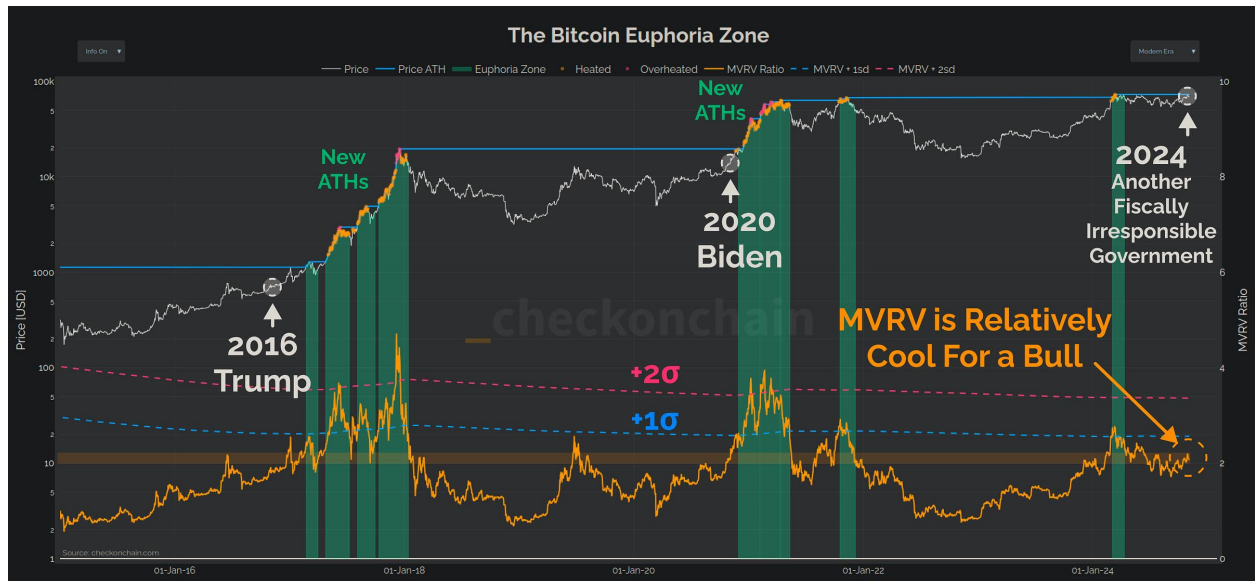
[Live Chart](#)

The MVRV Ratio is quite cooled off for a bull market, which I'm quite sure we're still in. This means the average investor is holding a modest, but not excessive unrealised profit, and has acclimated to the new altitude above ~\$60k.

On the day of the 2016 and 2020 US elections, Bitcoin was accelerating towards the last cycle ATH, and MVRV was even higher than it is now.

Whilst I have no idea whether Bitcoin follows the same pattern this time, *Check the HODLers* sure isn't going to be convinced to sell his stack, nor go short in some feeble attempt bet against the uptrend.

In fact, the reason I hold this weird internet money (and devoted my career to analysing it) is because it makes more sense than anything else in moments just like this.



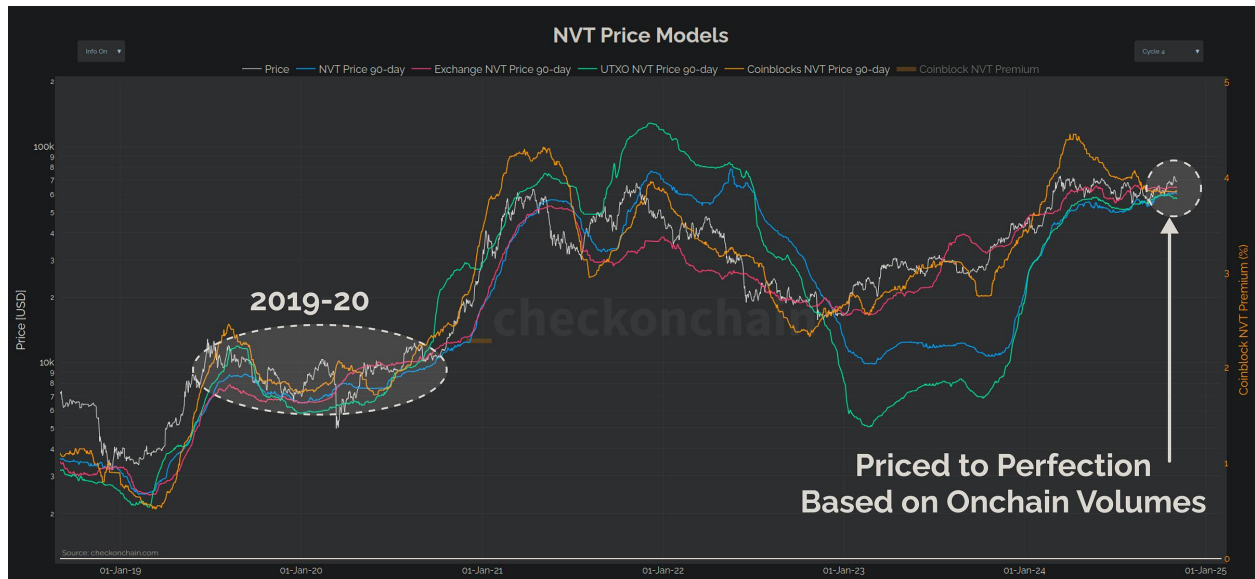
[Live Chart](#)

Priced to Perfection

From a more fundamental perspective, Bitcoin is priced to perfection based on the onchain transfer volumes moving around the network. The NVT Price shown below is based off four different variants of fundamental volume.

All of them are pretty much dead on the current price, meaning we're fairly valued by this measure.

The only time in history where we had a similar convergence was the 2019-20 era, which is also the most similar period of Bitcoin market structure in my view.



Live Chart

There are some in the crowd who would say the insanity of the post-March 2020 stimulus is not a factor today, and that is correct to a degree...

...but then I see stats like this one [shared by Sven Henrich](#)...and I have to double take. Fiscal absurdity...sounds like a bearish case for Bitcoin...?

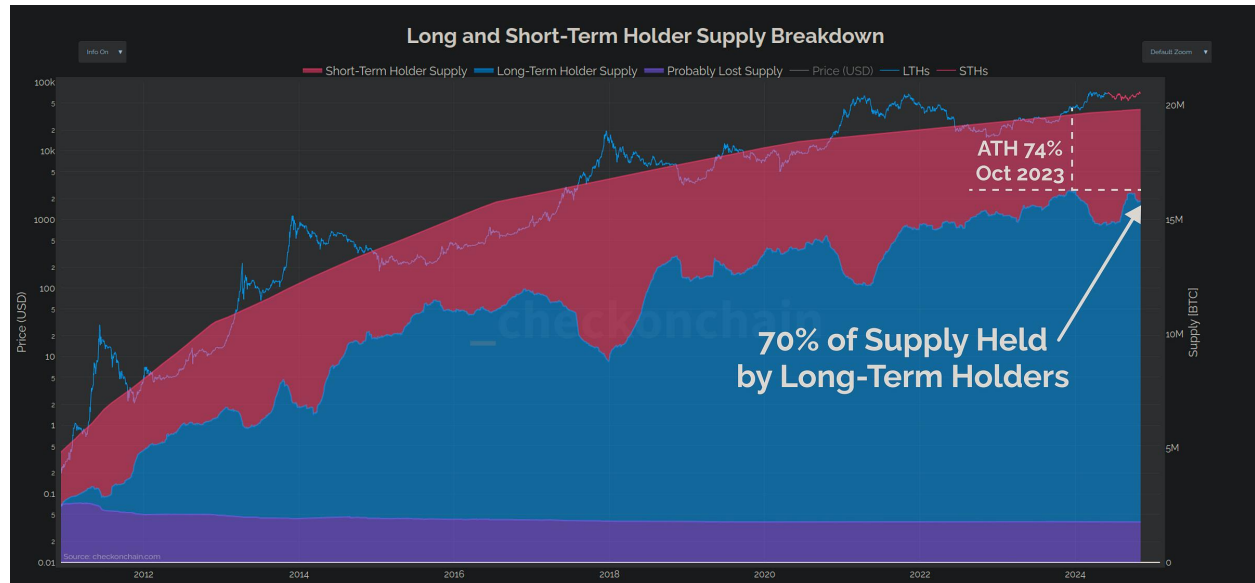
 **Sven Henrich** 
@NorthmanTrader

The US has added another \$104B in debt in just one day for a total of \$655B in little over 5 weeks since September 26, a pace of nearly \$6.8 trillion on an annualized basis if it were to continue.
Fiscal dominance is rapidly accelerating into fiscal absurdity.

Record Date	Debt Held by the Public	Intragovernmental Holdings	Total Public Debt Outstanding
10/31/2024	\$28,572,149,038,424.26	\$7,379,452,135,511.76	\$35,951,601,173,936.02
10/30/2024	\$28,470,182,494,958.74	\$7,376,830,095,108.43	\$35,847,012,590,067.17
9/30/2024	\$28,307,312,290,783.00	\$7,157,361,638,388.69	\$35,464,673,929,171.69
9/27/2024	\$28,208,786,657,768.96	\$7,112,550,686,631.47	\$35,321,337,344,400.43
9/26/2024	\$28,182,178,946,545.80	\$7,114,188,338,406.46	\$35,296,367,284,952.26

12:26 AM · Nov 5, 2024 · 131.3K Views

Long-term Holders still hold over 70% of the Bitcoin supply, and the ATH for this metric is 74%, which was set this time last year, right as the ETF powered rip to \$73k kicked off.



[Live Chart](#)

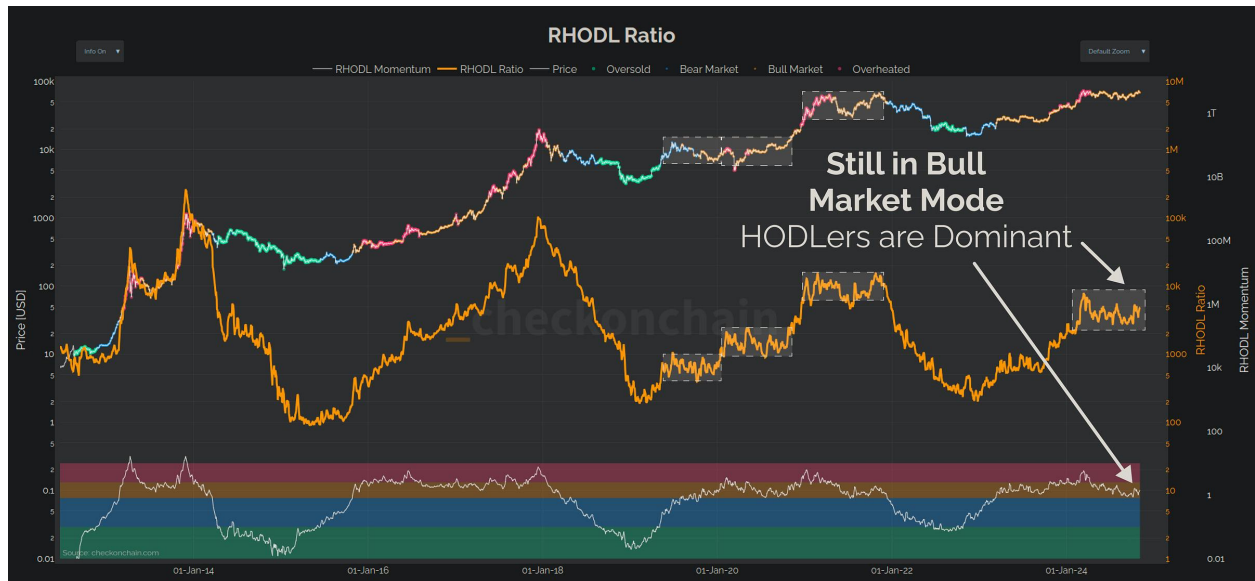
The RHODL Ratio is another tool which helps visualise the relative balance of wealth held by Long-Term Holders vs speculators. It is currently in a sideways holding pattern, reminiscent of the 2019-20 era again.

One could argue it is also similar to the last breath of the 2021 bull, but there is too much extra evidence pointing to this being the least likely comparison.

By my read, we still have a cooled down market, with a heavy dominance of Long-Term HODLers, and momentum remains positive for the time being.

***Check the Analyst* doesn't see too many macro scale red flags at this stage, and certainly nothing that changes the bull market thesis.**

As an aside, I cannot say the same about altcoins. If we get a Trump victory, I suspect BTC will suck the air out of the room, leading ALT/BTC pairs lower. If Harris wins, I think alts nuke as well (and they are doing this already). And that's about all I will say on that topic, back to Bitcoin.



[Live Chart](#)

What If We Go Lower?

Now that *Check the Analyst* has laid the analysis groundwork, the next step is to work out what *Check the HODLER* plans to do with this information.

Generally speaking, I have three options:

1. Do nothing and HODL on.
2. Stack sats now, before the election volatility.
3. Wait and try to catch some cheaper sats amidst the volatility.

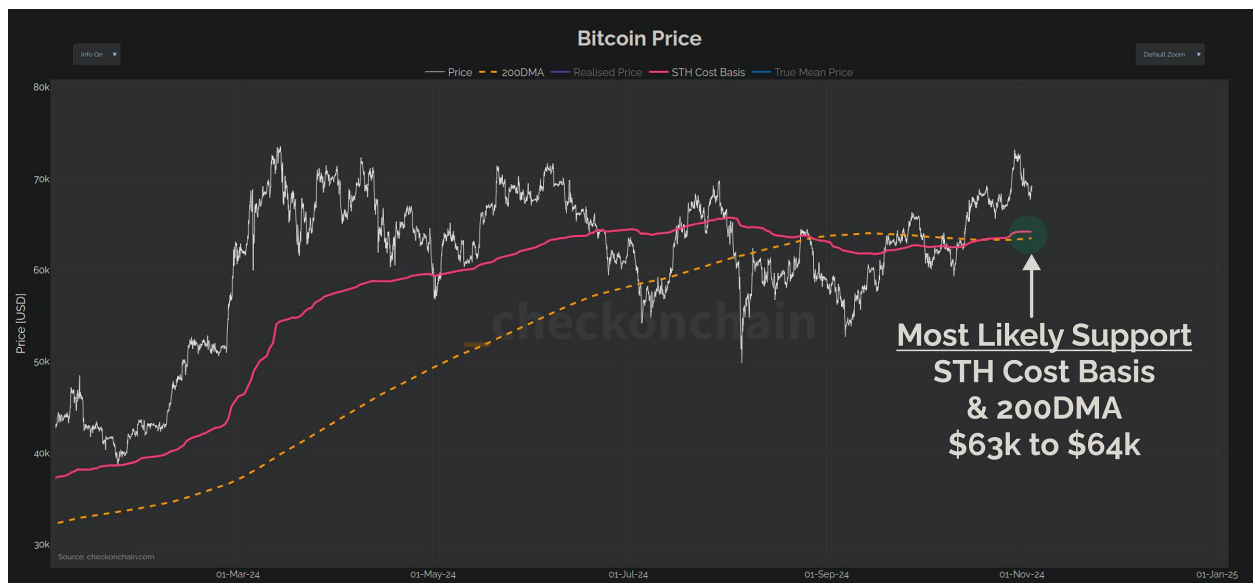
Given *Check the Analyst's* outlook, with enough time, all three options are likely to turn out just fine. Option 2 is basically a F*** you vote, and will probably have already happened by the time you read this.

Option 3 requires me to be patient and be ready to stack sats lower. This is the option which will be the hardest to execute on, requires a bit of grit, and therefore needs some thought put in beforehand.

Therefore, let's assume that we do go lower, and focus primarily on what *Check the HODLer* will do if we head lower.

The most logical place for a dip to be arrested is in the \$63k to \$64k region, where both the 200DMA and Short-Term Holder cost basis are located.

Check the HODLer will probably take a decent bite if the price comes down here, but also would not be surprised if it kept going (since people love to panic).



[Live Chart](#)

STH-MVRV is currently only slightly above 1, and generally speaking, a retest of their cost basis is a constructive sign. Yes we can and do undercut the break-even level of 1.0 often in bulls, but it usually works out for the bulls when it does.

If we go meaningfully below the STH cost basis (\$64k) and stay there, that will be something I have to assess in more detail should it happen. Until then, I expect it to act as support, and deeper below the STH cost basis we go, the better.



[Live Chart](#)

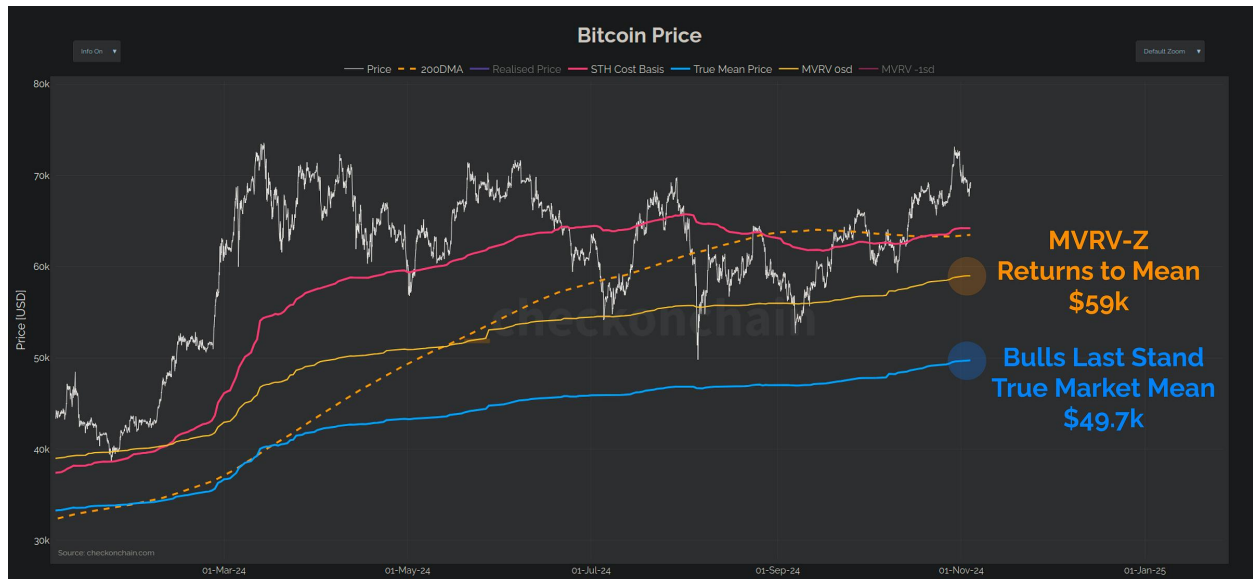
The next stop would be around \$59k to \$60k, which is where the MVRV Z-Score will reset to zero. This means that the MVRV metric will have returned to its long term average.

In a bull market, MVRV-Z trades at or below 0 around 40% of the time, meaning there is a 60% chance the market wants to head higher.

Given I am confident Bitcoin is heading higher over time, I'm ok with those odds, and would guesstimate this is about as low as we're likely to go.

In case of emergency, the True Market Mean is down at \$49.7k (blue). This is where the bulls will mount their last stand, and their strongest defence. In the unlikely instance we get down here, the narrative on twitter will be pure doom, and panic will be everywhere. The bears will be out in force banging on about broken market structure, and how they predicted it all.

As for *Check the HODLer*, I'll be in the trenches, buying like it's the last time we get to see \$50k Bitcoin again.



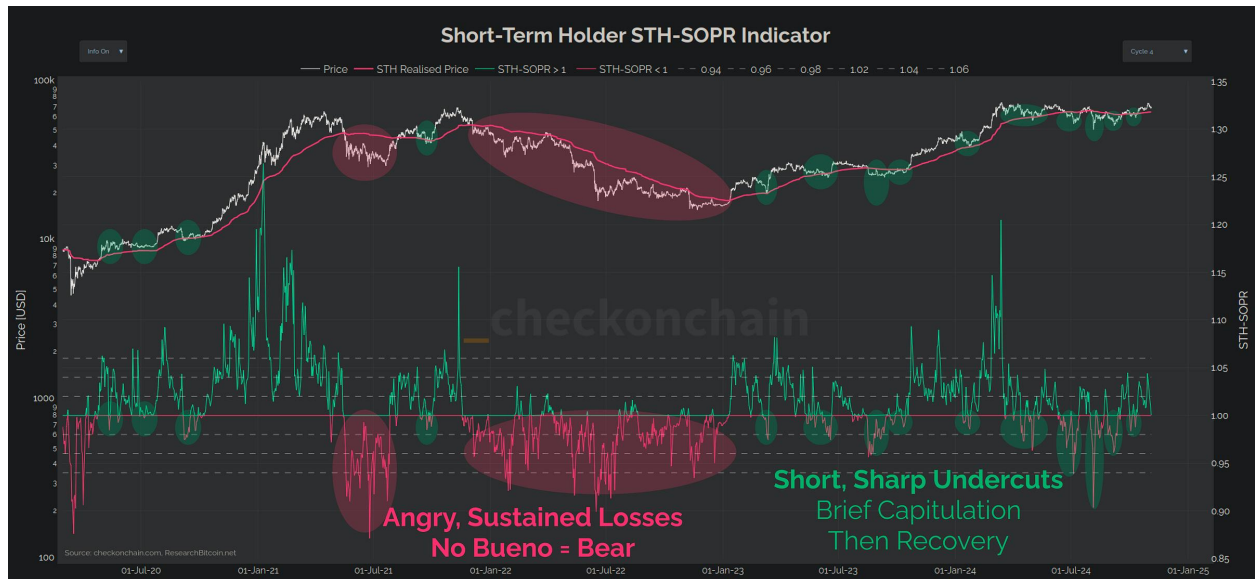
[Live Chart](#)

Readers will know that STH-SOPR is my weapon of choice for spotting dips worth stacking. The general rule *Check the HODLeruses* is that I prefer STH-SOPR to be at or below 1.0, else I do nothing. I do not stack when STH-SOPR is high and green.

Now, there is one problem, and that is that the volatility we're likely heading into is going to move much faster than the daily SOPR print. In other words, if we get a significant dip, it will likely happen before we have data to assess the damage.

Therefore, my process is as follows:

- The price regions above are where I have already made my decisions about what I am going to do, without needing to look at STH-SOPR.
- I am very certain, that should we hit any of those levels, STH-SOPR will be well below 1.0, even without looking at the chart (people always panic sell).
- Thus, I will execute based on the price levels alone, and then use the behaviour of STH-SOPR in the days that follow to assess the damage.
- **Short, sharp undercuts == good.**
- **Angry sustained periods below 1...not so good.**



[Live Chart](#)

Closing Thoughts

The day I stopped pretending I could predict the future of price was the day I truly found my HODLer zen. I know why I hold BTC, and it is precisely for insurance against the fiscal irresponsibility of governments around the world.

On a macro scale, nothing has changed my thesis that the Bitcoin bull is alive and well. We're cooled off, acclimated to a \$1T+ market cap, and likely to head higher.

That doesn't mean the simulation we live in won't force the price back down to \$50k (for example). If that is indeed how this goes, all I can do is control my decisions if that happens.

Check the HODLer's decision framework for the next week is:

- I believe we're pretty fairly valued right now, and I will likely take a small bite by the time you read this, simply because I like the corn.
- That said, I'd love lower prices, just one more time...

- \$63k to \$64k is likely to be support, and I will take a decent bite if we get here.
- \$60k will be a welcome discount with 60% odds of heading higher afterwards. I will probably stack a decent chunk here as well.
- I do not expect price to approach \$50k, but if it does, you will find my chairs listed on ebay.

Bitcoin will be the winner, it's an idea whose time has come.

Thanks for reading, sit tight, enjoy the ride.

James