

Base Camp 1

The Bitcoin market cap has just flipped silver, and it isn't hard to make a case that this is just the appetiser. Some Long-Term Holders are taking profits, but is it really enough to stop this train?



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

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G'day Folks,

It's hard to believe, but in less than 16yrs, Bitcoin has flipped Silver in market cap, surpassing one of the oldest monetary assets in history. Is it really that insane to think that a 10x to compete with Gold is an unrealistic target in the long term?

It won't happen tomorrow of course, but I am very confident it will happen. One unit of BTC is now worth more than 1kg of gold, and it isn't far off setting a new ATH against the yellow metal either.

Top Assets by Market Cap						
All assets, including public companies, precious metals, cryptocurrencies, ETFs						
Rank	Name	Market Cap	Price	Today	Price (30 days)	Country
1	 Gold GOLD	\$17.263 T	\$2,571	-0.08%		
2	 NVIDIA NVDA	\$3.600 T	\$146.76	0.33%		USA
3	 Apple AAPL	\$3.449 T	\$228.22	1.38%		USA
4	 Microsoft MSFT	\$3.173 T	\$426.89	0.40%		USA
5	 Amazon AMZN	\$2.223 T	\$211.48	-1.22%		USA
6	 Alphabet (Google) GOOG	\$2.160 T	\$177.35	-1.74%		USA
7	 Saudi Aramco 2222.SR	\$1.804 T	\$7.46	0.36%		S. Arabia
8	 Bitcoin BTC	\$1.724 T	\$87,400	-3.38%		
9	 Silver SILVER	\$1.713 T	\$30.44	-0.42%		

[Source: CompaniesMarketCap](#)

The last several months of chopolidation have also proven that Bitcoin deserves its place as a \$1 Trillion asset. We tried to hold this level twice in 2021, and were savagely rejected in both instances.

The post-ETF chopolidation saw Bitcoin trade above \$1 Trillion for seven consecutive months, with every dip being bought heavily, leading to a market cap increase of more than \$400B in just a matter of days.


In my opinion, Bitcoin has earned its place as a Trillion dollar asset, and we're very unlikely to see most of those chopolidation prices again (barring some asteroid level event).



[Live Chart](#)

With prices now hovering between \$86k and \$91k, Bitcoin appears to have reached base camp 1, and is taking a brief pause to consolidate its gains. At the same time, a pool of Long-Term Holders have restarted their profit taking, with around 230k BTC on the move since we busted through \$73k.

In this post, I will characterise who these Long-Term Holders are, and assess whether the inflow of demand is likely to overpower this sell-side. The idea is to see how likely we are to achieve the next leg up, reaching base camp 2, on our way to the summit of this Bitcoin bull.

 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

- Bitcoin has proven, with some gusto, that it deserves to be a \$1 Trillion+ asset, and Base Camp 1 of price discovery is just above the market cap of silver.
- A few Long-term Holders are taking profits, but on closer inspection, they seem to be folks who bought BTC above \$56k, and are cashing out for a quick buck.
- There is little evidence that the high conviction HODLers out there are cashing in yet, suggesting they are waiting for higher prices before opening their wallets.
- My read is that the Bitcoin market is most likely at Base Camp 1, and we have not reached the summit of this bull market just yet.

Full Premium Video

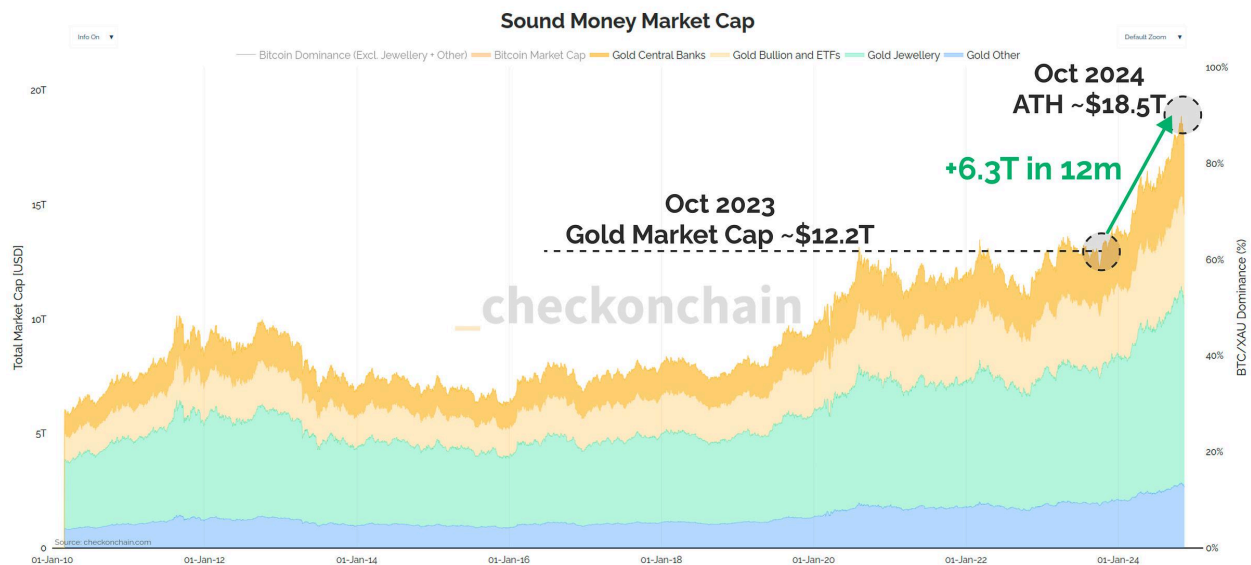
Justifying \$1 Trillion

Before diving into Long-Term Holder sell-side, I want to take a moment to reflect on how fucking wild it is that Bitcoin is now convincingly above \$1 Trillion. I know

it is easy to get caught up in moon-math, but from a fundamental perspective it isn't hard to make a case for why Bitcoin competes directly with gold.

Gold has added \$6.3 Trillion to its market cap in the last 12 months alone...and Bitcoin's ATH market cap is \$1.84 Trillion (price at \$93k)...

If Bitcoin was to achieve a market cap equal to gold's 1yr gain of \$6.3T, the BTC price would be \$350k...Wild stuff.

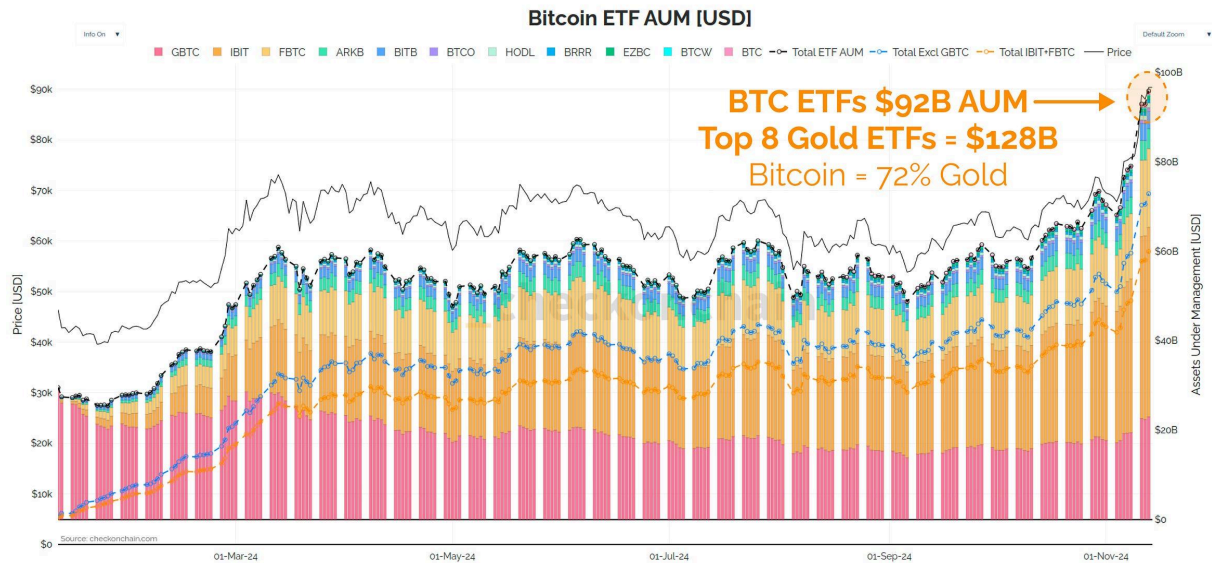


[Live Chart](#)

It sounds crazy right? But think about this;

- The Bitcoin ETFs now collectively hold \$92B in assets under management, and were launched in January.
- The top physical gold ETFs which trade in the US hold a combined \$128B in assets, and were launched back in 2004.
- **The Bitcoin ETFs already hold 72% of the value that Gold ETFs do.**

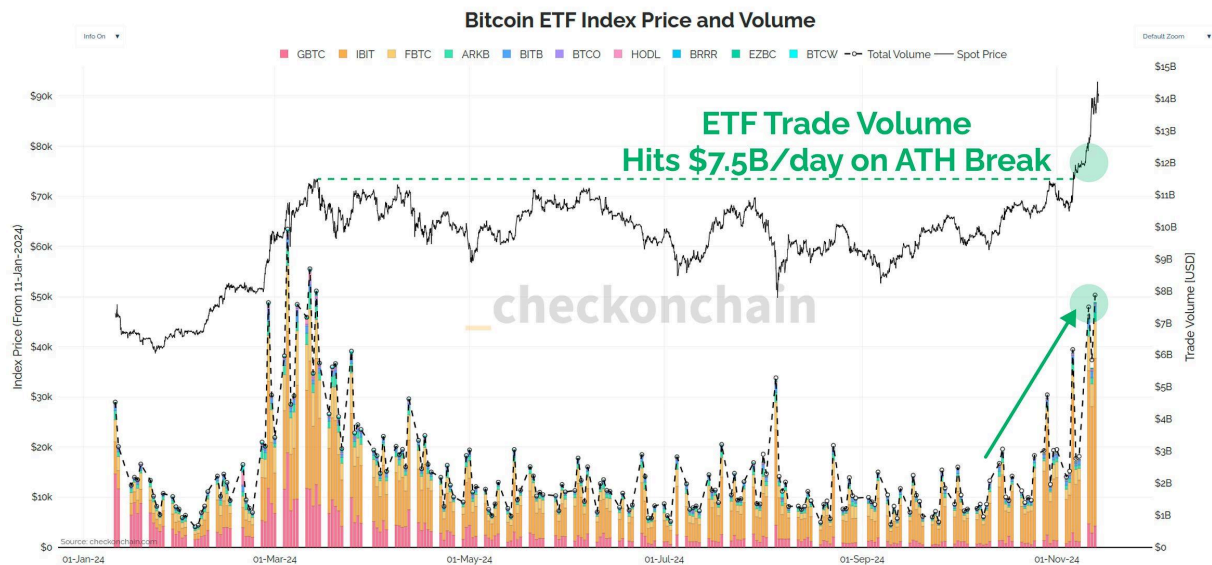
Higher.



[Live Chart](#)

Trade volume on the Bitcoin ETFs has exploded too, hitting a multi-month peak of \$7.5B/day as we broke out to new ATHs. In markets, volume justifies the move, and the fact that we had such a strong influx of trade volume is an excellent sign.

I believe the market is telling us that Bitcoin is now worth more than \$1 Trillion, and that puts us into price discovery, looking for the next plateau.



[Live Chart](#)

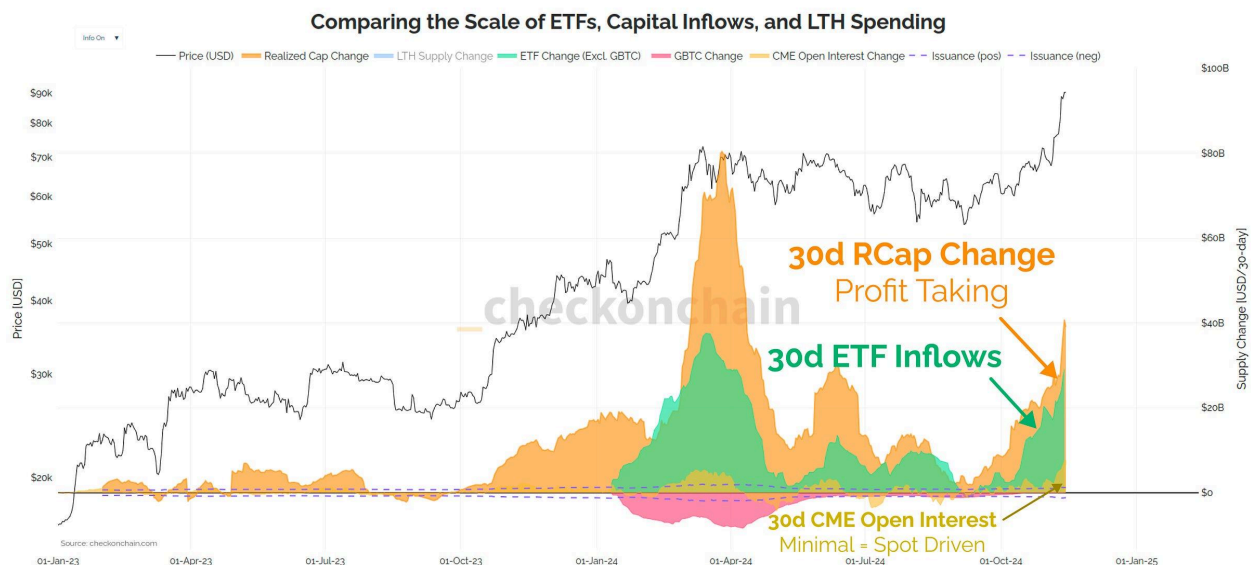
The ETFs are a critical component of market structure these days, and whilst the magnitude of their influence ebbs and flows, right now they are a dominant demand force.

The chart below shows the 30-day change in the Realised Cap (orange), ETF inflows (green), and the CME open interest (yellow).

- The Realised Cap increasing means profits are being taken by existing holders, revaluing coins up to a higher cost basis.
- The ETF inflows are simply massive, and they are absorbing just about every coin which is being sold right now.
- CME Open Interest is not increasing at the same rate, which means this is a true spot driven rally, and less so a leveraged one (although leverage is a factor).

All of this leads me to the conclusion that we're likely to be at base camp 1, and deservedly so.

I would be shocked if \$93k ends up being our ultimate cycle high, and I think we have further to go climbing this mountain (when the time comes).



[Live Chart](#)

So Who's Selling?

I want every single checkonchain subscriber to go into this bull market clear eyed, and knowing one thing for sure: **HODLers can, and do take profit.**

I like to frame it up as when HODLers start getting off the train with a portion of their stack. For folks like me, who have been around for a cycle of two, selling at \$70k or \$90k seems insane. Especially if you believe as I do that Gold will eventually become our breakfast.

But think about the guys who have been around since 2013, or who stacked hard in the 2015 bear when prices were a few hundred dollars.

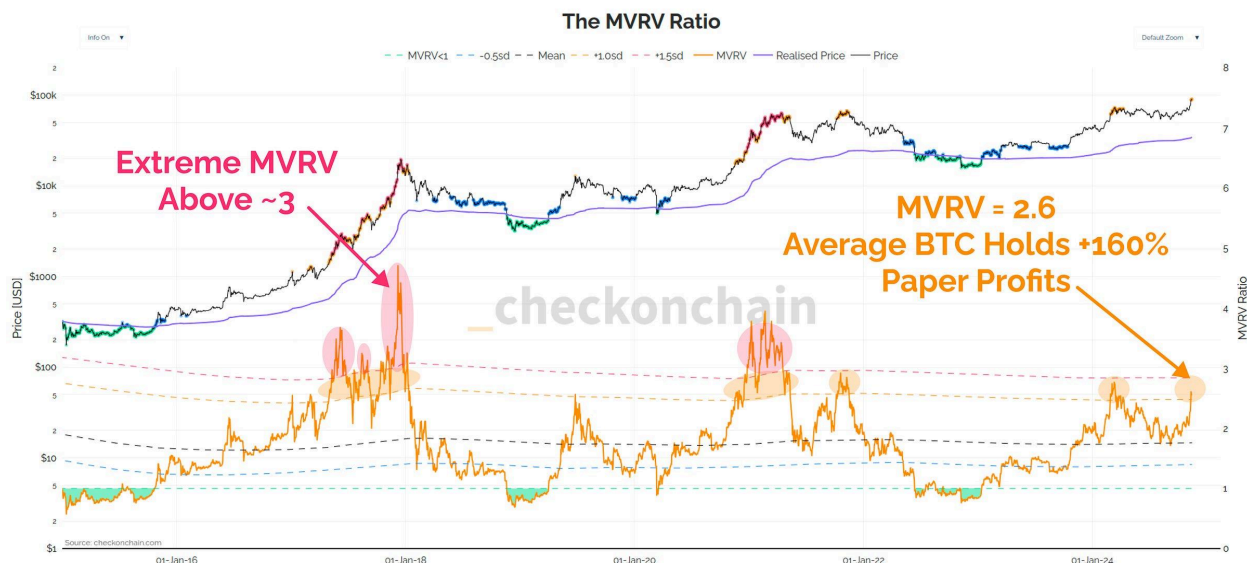
These folks are unlikely to ever meaningfully stack enough BTC today to move the needle. They may also want to diversify into stocks, real estate, or even gold. Something which takes the edge off the volatility, and maybe even provides them with a liveable income stream so they can focus on enjoying life.

We should celebrate this, and we will all be this dude one day.

The MVRV Ratio represents the average profit multiple held per unit of Bitcoin in the supply. It is now trading at 2.6, which means the average coin is up 160%. Historically speaking, MVRV tends to peak at around 3 to 4, so we've still got room to run by this metric.

Remember, MVRV is an average.

The DCA Bitcoiners from back in 2013 are probably up 10x or more, class of 2017 are up around 5x, and 2021 HODLers are probably experiencing their first 2x.

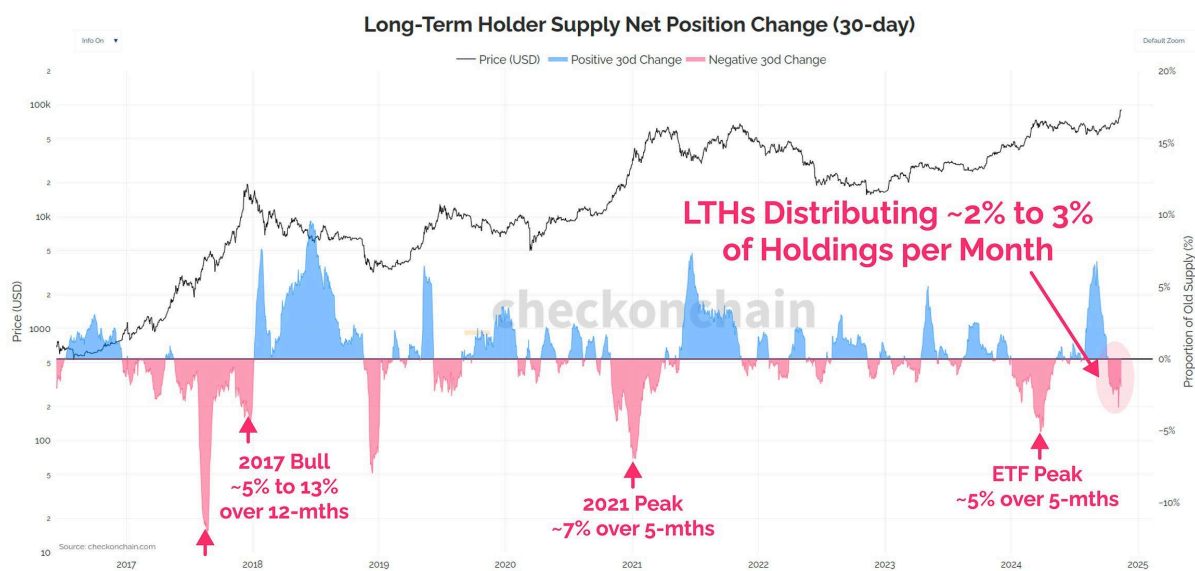


[Live Chart](#)

The first wave of Long-Term Holder sell-side since the ETF high is now ramping up. LTH supply is declining at a rate of around 3% of their balance per month since the ATH break.

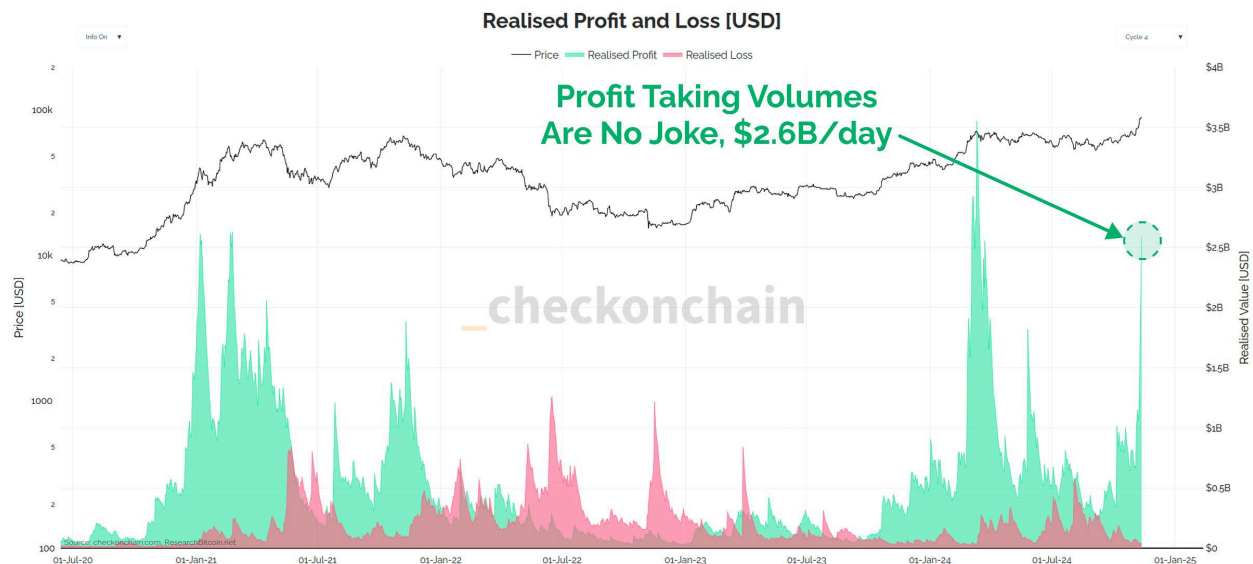
With the insanely strong demand coming in via the ETFs, it would surprise me if this sell-side was sufficient to stop the bull in its tracks.

Historical bull peaks have absorbed much higher rates of LTH sell-side, so nothing concerning at this stage.



[Live Chart](#)

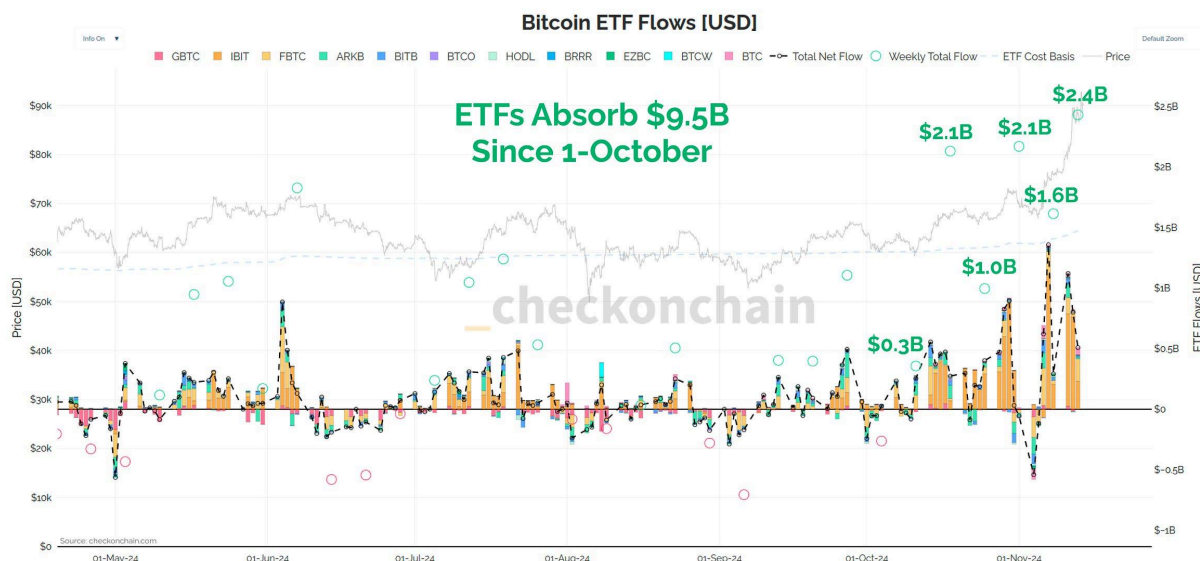
With that said, the profit taking volumes are no joke, with a spike of up to \$2.6B locked in this week. If you look at the 2021 peak, heavy profit taking can be sustained and absorbed for many months, and it is all a function of new demand.



[Live Chart](#)

Let's also remember that the ETFs have absorbed more than \$9.5B over the last six weeks alone. The reason bull markets can keep on going is because demand overwhelms supply. Future demand can be hard to measure, but we have a very good read on supply coming back to market using onchain data.

Newton's Third Law: For every sold Bitcoin, there is a Bitcoiner stacking sats on the other side.



[Live Chart](#)

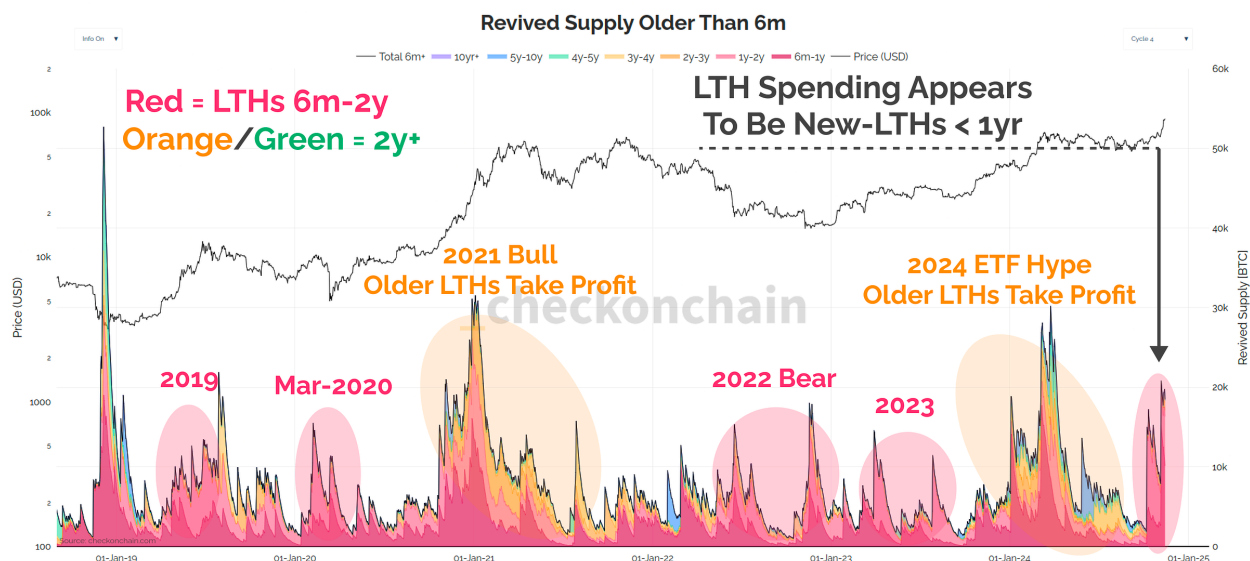
Now we get to the interesting part (at least for nerds like me).

There are two kinds of Long-Term Holders:

- Those who bought fairly recently (6m to 1yr) and might just be a trader, or an investor who is here for Numba Go Up (NGU).
- The high conviction, hardcore smart money who are here for the day Bitcoin eats gold.

Both of these LTHs take profits, but there is an important difference.

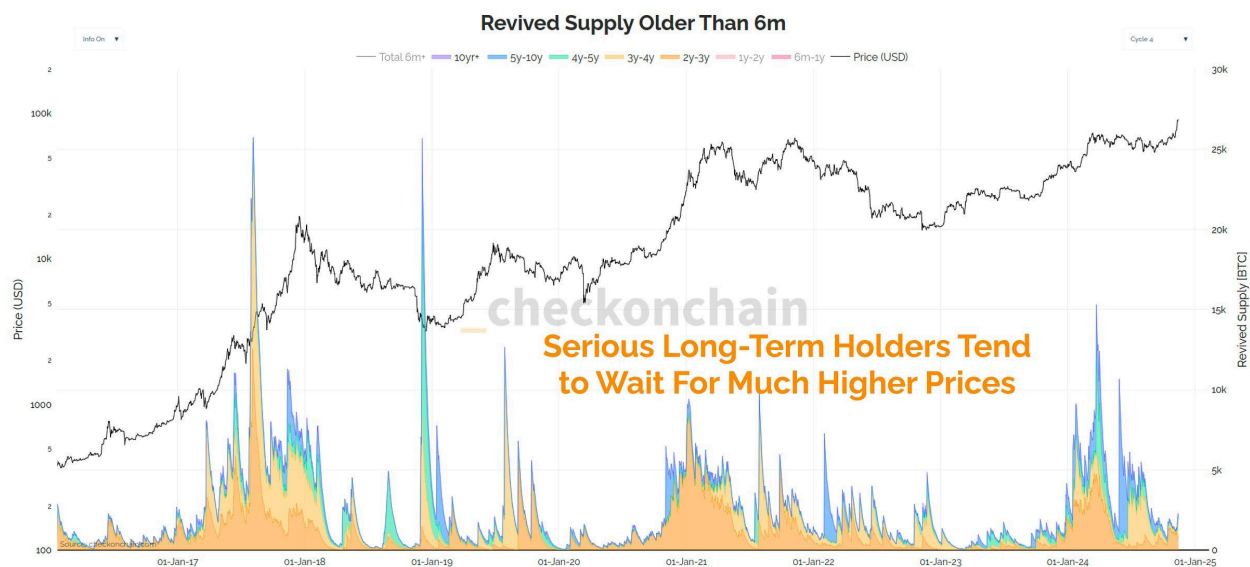
- ● The faster money LTHs take profit sooner, but also tend to capitulate during nasty sell-offs. We can see them cashing out in 2019, 2023, and right now. They also panic sold in March 2020, and when FTX blew up.
- ● The high conviction smart money LTHs wait...and wait...and wait...and only start selling later in the 2021 and 2024 bull legs. These guys hold coins for many years, and they peel some off when the market gets truly euphoric.



[Live Chart](#)

Let's remove the fast money LTHs from this chart.

The smart money are not looking for prices of \$90k, and many of them sorted out their cash problem back in March. These folks appear to want higher prices, and are sitting on their hands as a result.



[Live Chart](#)

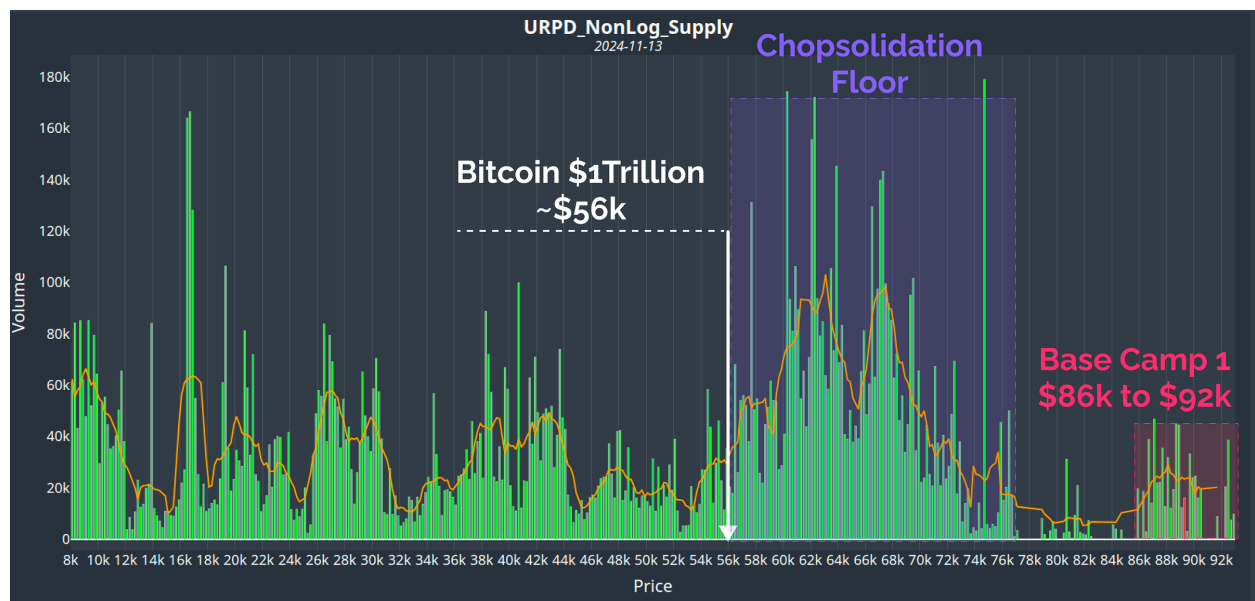
A Quick Buck

We can verify this claim using some of the brilliant tools my friend [ResearchBitcoin](#) has developed. The chart below shows the distribution of the BTC supply by the price when it last transacted.

Look at the incredible volume of supply which found a new home in the chopsolidation range (purple). These were coins once held by an OG, which were sold, and then acquired by HODLers, new investors, and the ETFs.

I consider this to be a new floor for the Bitcoin market, with the foundation poured above the \$1 Trillion mark.

Notice also our current price range of \$86k to \$92k where we are setting up Base Camp 1. There is as much chance we backfill and retest the break-out, as continue to power onto higher levels. This will be the topic for a later post, as I don't think it changes the macro uptrend in either case.



URPD_NonLog_Supply by [ResearchBitcoin.net](#)

This final chart is the key insight, as it shows the supply distribution has changed since 1-November. This helps identify 'where sold coins came from', giving us insight into the character of these LTH sellers.

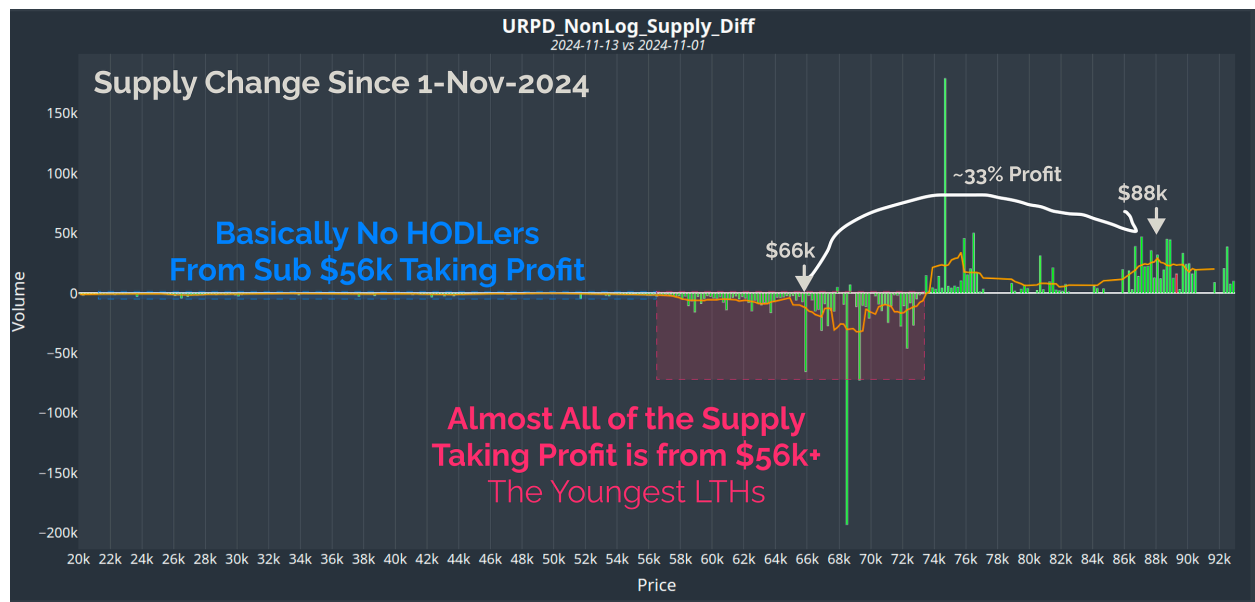
Almost none of the supply which has been sold up here at Base Camp 1 came from prices below \$56k. Just about everything has come from the chop/solidation range.

To illustrate the point, a decent chunk of supply was bought at \$66k, and let's assume it was sold at \$88k. Not a bad trade, but they pocketed just +33%.

To me, this looks like a few traders, maybe some hedge funds, or some speculators who are happy to make a quick buck.

What this does not look like, is a pool of high conviction smart money Bitcoiners selling because the market looks overheated.

These folks want higher prices, and they are going to wait...and wait...and wait until they get them.



URPD_NonLog_Supply_Diff by ResearchBitcoin.net

Closing Thoughts

When Bitcoin decides to move, it is pretty awe inspiring. It trades sideways for months and months, and then reprices to a higher altitude. After proving it deserves the \$1 Trillion+ market cap for seven months, I don't think flipping silver is our last meal.

And I am not alone, as it appears the high conviction HODLers amongst us are also waiting for higher prices.

Now that we're in price discovery, there will be a lot more volatility, as investors and traders duke it out trying to work out what this weird internet money is worth. It's going to be a fun ride, but I think Base Camp 1 is just the first pit-stop in this race.

Thanks for reading,

James