

The Bridge

“Currency Wars: Cryptos & Gold”

Late-August Cycles

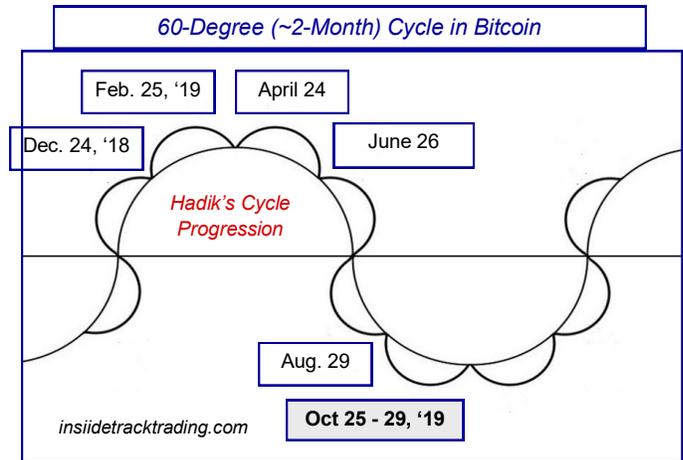
09-18-19 - Bitcoin, Gold & the Dollar continue to trade in a seemingly disjointed and disconnected manner. However, as conveyed before, I contend that this overall correlation is not as random or ambivalent as it appears on the surface.

Most recently, Gold and precious metals surged into late-Aug./early-Sept. '19 - completing the overall advance into 3Q '19, projected since late-2018. In doing so, Gold perpetuated an uncanny web of cycles that has governed it - in one form or fashion - since the major peak in 2011. (See page 4 for related images, ushering in that early-Sept. peak.)

As Gold was surging into late-August, Bitcoin again dipped - retesting support near **9,100**. At the same time, the Dollar was again surging. In an ongoing 'paradox' (for those that still claim the Dollar and Gold must trade in opposition to one another), the Dollar Index spiked to its highest level on Sept. 3 and Gold retested its Aug. 26 cycle peak - setting its highest daily close in over four years on Sept. 4.

With both the Dollar & Gold maintaining such relatively high levels - even though they are both presumed to have set multi-week/multi-month peaks in late-Aug./early-Sept. - there was not much room for the other anti-Dollar to gain strength.

And so, Bitcoin retested its multi-month low and support (~**9,100**) on Aug. 29. That perpetuated the 2



-month/~60-degree cycle that has governed Bitcoin for the past couple years. (See recent *HCP* diagram above and previous *HCP* diagram - from 2018 - on page 2, both illustrating the same ~8-week/~2-month/~60-degree cycle.) *But what if Gold AND the US Dollar Index have set 1 - 2 month (or longer) peaks?*

Late-August Cycle Low Implications

As included on the recent *HCP* diagram, that late-Aug. low has future implications - projecting focus to **late-Oct. '19** for a future, intermediate low.

Before delving into that, it is important to review what recent price action has recently been revealing about Bitcoin and its outlook:

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9/04/19 - “Bitcoin spiked lower into **Aug. 29** and has since bounced back to its now-descending daily 21 High MAC. Based on that indicator and the new intra-month trend, it finds itself at a pivotal level - needing a daily close above **10,850/BTC** to give the first sign of an intermediate bottom.

Until that occurs, price action could still spur a spike back to support at **8,500 - 9,100/BTC.**”

Bitcoin rallied during the opening days of September but was unable to turn its intra-month trend up. That signaled the likely peak of that rebound, corroborated by the fact it had tested and held its descending daily 21 High MAC (that pattern would subsequently unfold on several more days in Sept.).

Most importantly, Bitcoin had neutralized its daily downtrend multiple times - while spiking up to new monthly resistance in the opening days of the month - and could not reverse that daily trend up.

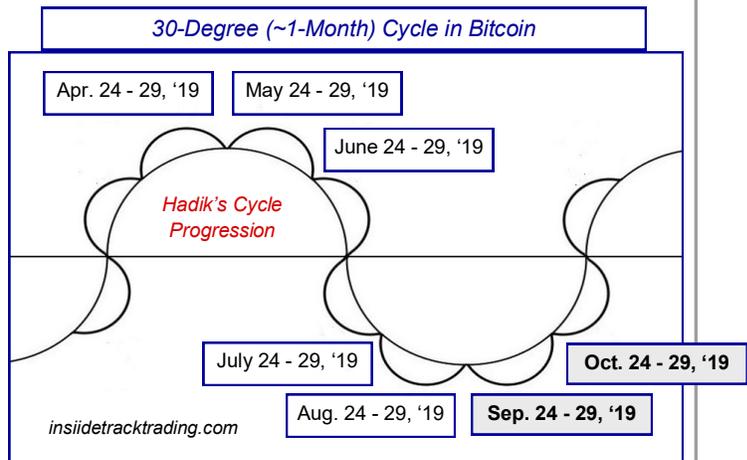
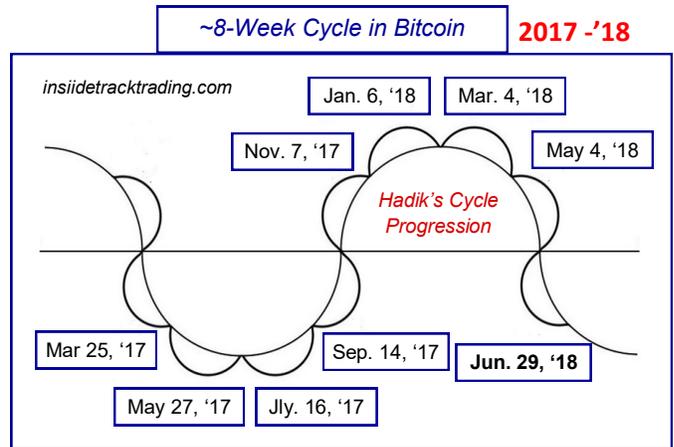
It reinforced that bearish setup on Sept. 6, when Bitcoin retested all that resistance - spiking up to attack its daily LHR and then created an outside-day/2 Close Reversal Combo sell signal at **~10,350/BTC**.

On Sept. 10 - 11, it signaled a short-term low and likely bounce into the end of last week while increasing the vulnerable situation in which it had found itself. A corresponding **Weekly Re-Lay Alert** stated:

9/11/19 - “Bitcoin is in a precarious position, needing upside confirmation quickly - if it is to avoid extending its correction and dropping to lower pullback lows in the coming weeks... price action could still spur a spike back to support at **8,500 - 9,100/BTC**. (If Bitcoin heads back to recent lows near **9,100**, it could extend this overall correction into **late-Oct.**)”

Late-Sept. & Late-Oct. Potential Lows

Bitcoin’s daily trend has remained negative, its intra-month trend was unable to turn up (leaving it neutral with a bearish bias), and its daily 21 MAC continues



to decline and exert negative pressure on unfolding price action.

The daily trend action is the most revealing of those, portending a drop back to the Aug. 29 low (**~9,356/BTC**) at the very least. The daily 21 MAC is likely to be a bearish factor for the second half of this week, but could turn more neutral - if Bitcoin has not dropped below **9,350** by then - next week.

As illustrated in the accompanying ~30-Degree (~1-month) and ~60-Degree (~2-month) HCP diagrams, Bitcoin is expected to set 1 - 2 week lows in **late-**

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Sept. and **late-Oct.** That indicator does not distinguish price, so other factors would need to hone related expectations.

The daily trend projects a retest of **9,356**, so the ideal scenario would be to see a drop below that level leading into next week. If that occurs, it would reinforce the outlook for a subsequent low in **late-Oct.** (even while signaling the time for an intervening 1 - 2 week rebound in **late-Sept./early-Oct.**).

The intriguing thing about the **late-Oct. '19** time frame is how it could fulfill a very consistent 44 - 46 week high-high-low-low-low-(low) *Cycle Progression* in Bitcoin (see accompanying *HCP* diagram).

Cycles and Context

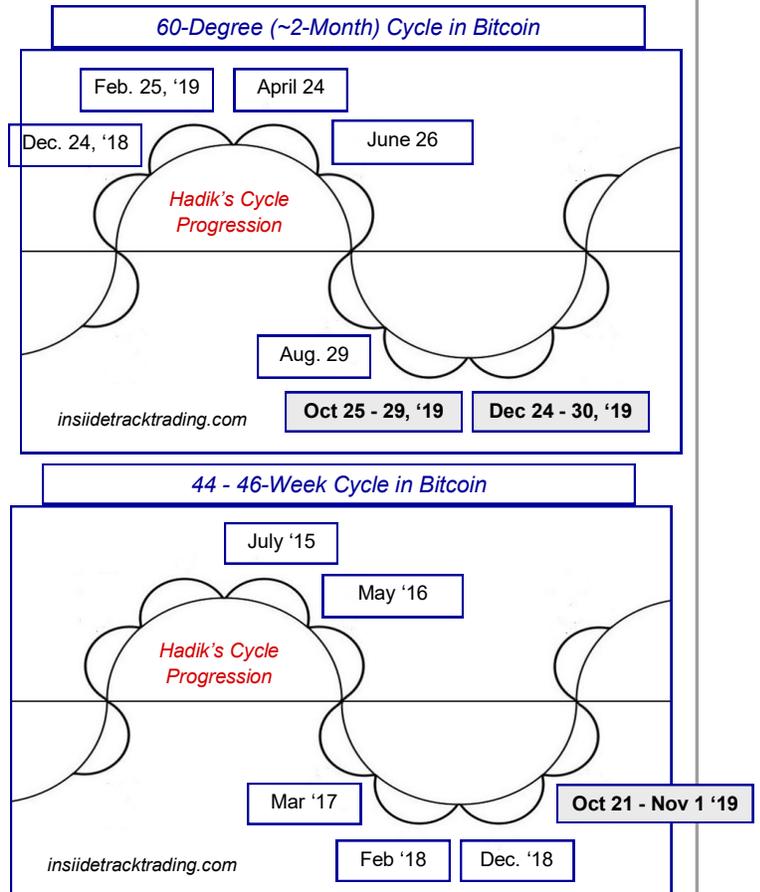
It is always important to step back and view the forest... as well as the trees. While this outlook into **late-Sept.** and **late-Oct.** is important, it must be kept in the context of the broader outlook.

For starters, Bitcoin remains in a weekly uptrend and would not even neutralize that until a weekly close below **~8,500/BTC**. So, it could retrace to their without doing any damage to the weekly uptrend.

Second, the monthly trend remains positive after helping to pinpoint the mid-Dec. '18 bottom - a low that should hold for at least 1 - 2 years (if not much longer). *Those are both positives.*

Contrasting them, for the 3 - 6 month period from July - Dec. '19, is the fulfillment of key cycles and wave objectives at the **late-June '19** peak. In setting that peak, Bitcoin attacked its 6 - 9 month upside *price* target and extreme upside target for **June 2019**. It also fulfilled wave expectations for a final '5th' wave rally into a multi-month peak.

In doing so, it fulfilled important wave relationships. Bitcoin's spike above **13,200** had it creating a bullish wave structure in which the 5th wave (from the June low near **7,500**) slightly exceeded the already-



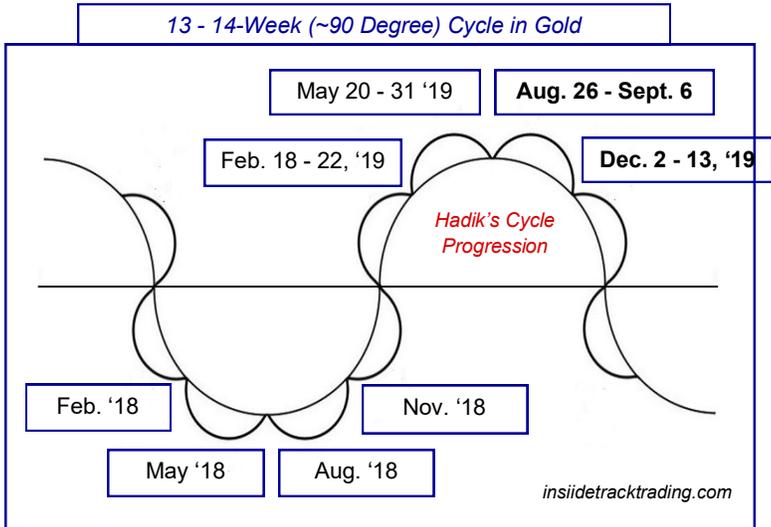
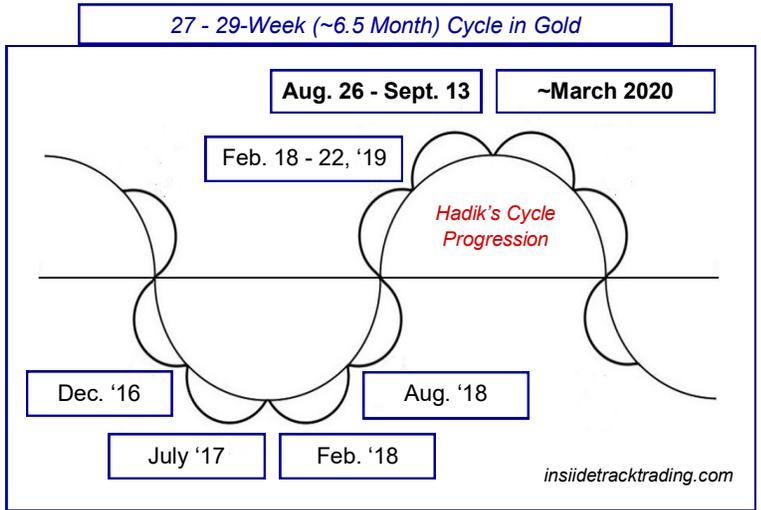
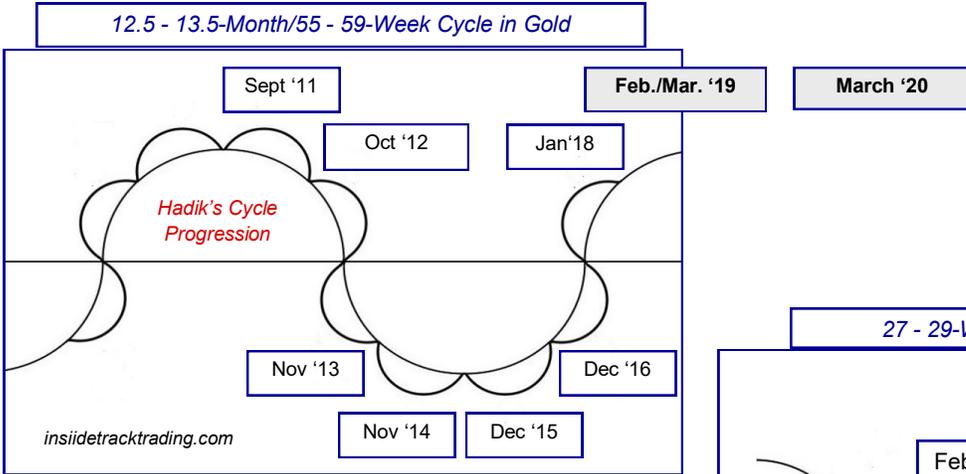
extended 3rd wave (from **~3,350 - ~9,065**)... making them both extended waves - a rare but significant wave structure... *with future bullish implications.*

It also had Bitcoin attacking its monthly *LHR* (extreme upside objective for **June 2019**) - showing another sign of a market reaching an *extreme* on several levels while fulfilling multiple cycles:

5-10-19 - *“From a timing basis, the cycles and timing indicators described since late-2018 remain in force. Bitcoin is still expected to see an overall rally into **June/July 2019**, at which point a multi-month peak would become far more likely... Traders could have entered additional/new long positions in mid-*

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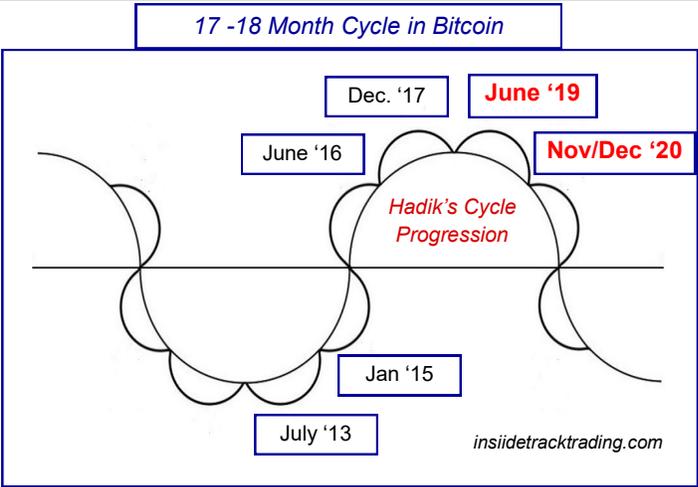
March around 3,900 and be holding these...”

The Future for Bitcoin’s Limbo

All these factors reinforce Bitcoin’s likely consolidation between its early-June low and late-June high (a ~3-week trading range) while simultaneously affirming its 1 - 2 year bullish outlook. It remains capable of correcting to ~8,450 - the most decisive resistance on the way up creating multiple previous highs (*resistance turned into support*)... not to mention being very near weekly trend support.

Bitcoin could even spike through there and move closer to its early-June low (~7,500) - its 4th wave of lesser degree support (the low before the final rally) - before a 3 - 6 month bottom takes hold. The timing and pattern - leading into a potential test of ~8,500 - should help hone that analysis. Weekly HLS levels and smaller wave comparison targets are increasing the likelihood for a drop to ~8,500/BTC.

As a result, the approach remains the same... Traders should be out of all long positions from the mid-March buy signal (entered around 3,900), exiting 1/3 near 9,600, 1/3 near 10,450 and another 1/3



when Bitcoin hit 11,350 (in sync with published strategies), resulting in overall avg. gains of about \$6,500/Bitcoin or ~\$32,500/Bitcoin futures contract.

Traders can re-enter long positions when Bitcoin is trading at 8,550 down to 7,500 and risk/exit on a weekly close below 7,500. *More to follow...*



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