

The Bridge

“Currency Wars: Cryptos & Gold II”

Currencies & Cryptos Approach Pivotal Periods

10/23/19 - **“BITCOIN** is fulfilling the latest phase of expectations, most recently projecting sell-offs into late-Aug., late-Sept., and ultimately into **late-Oct. '19** - with intervening 1 - 2 week bounces in early-Sept. & early-Oct. The most recent bounce (into Oct. 11) took Bitcoin right back up to its descending daily 21 Low MAC near **8,800** - a signal that projected another sharp sell-off to follow.

It is now attacking 3 - 6 month support near **7,500** (its '4th wave of lesser degree' support at the early-June low) - a decisive level on a weekly close basis. If Bitcoin is able to set a low between now and Nov. 1, it would fulfill:

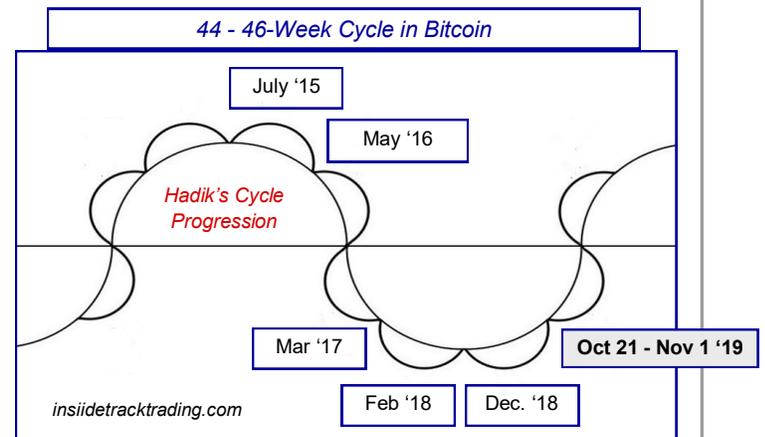
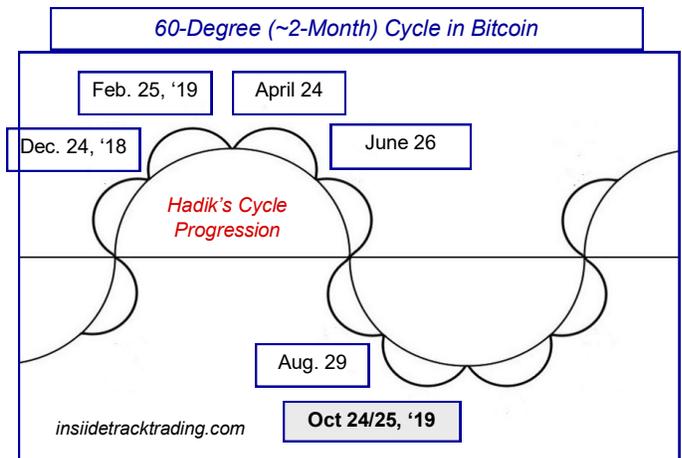
- 44 - 46 week high (July 13 - 17, '15) - low (May 16 - 20, '16) - low (Mar. 20 - 24, '17) - low (Feb. 5 - 9, '18) - low (Dec. 17 - 21, '18) - low (**Oct. 21 - Nov. 1, '19**) and 2-month high (Dec. 24) - high (Feb. 25) - high (April 24) - high (June 26) - low (Aug. 29) - low (**Oct. 25 - 29, 2019**) Cycle Progression.

- .618 retracement in time (27 weeks up/17 weeks down = **Oct. 21 - 25, 2019**).

- 6-week high (May 13 - 17, '19) - high (June 24 - 28, '19) - high (Aug. 5 - 9, '19) - high (**Sept. 16 - 20, '19**) - low (**Oct. 25 - Nov. 1, '19**) Cycle Progression.

Ideally, it will not close below **7,500** on **Oct. 25**.

GOLD & SILVER remain in a ~6-week range of congestion, ushered in by the late-Aug./early-Sept. cycle highs...The daily 21 MARCs kept some pressure



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on prices until now but could shift and become a positive influence in the coming days.

The **XAU** did set a short-term high on Oct. 21 but is threatening to exceed that and signal a multi-week low. If that occurs, it would reinforce the weekly trend pattern and the impact of its recent 18 - 19 week low-low-low-(low) Cycle Progression - projecting a slightly larger rally into **Nov. 4 - 8.**”

Oct. 24/25 Bitcoin Cycle Low

The preceding quote is from the 10/23/19 **Weekly Re-Lay Alert**, reiterating why a decisive low was/is expected for Bitcoin this week... and why that bottom has been forecast to take hold near **7,500/BTC**.

Bitcoin has a powerful convergence of cycles coming into play at this time with the greatest synergy of daily, weekly & monthly cycles on **Oct. 24 - 25** (potentially stretching into **Oct. 28/29**).

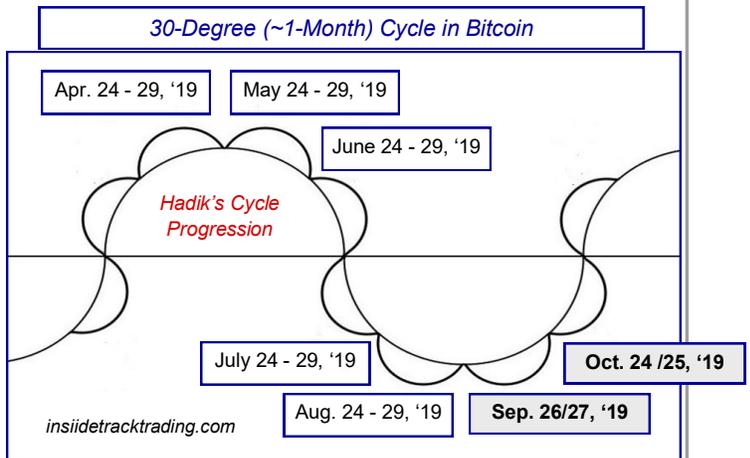
A low on **Oct. 24/25** would also perpetuate a 17 - 20 trading day (~26 - 28 calendar day) high (July 10) - high (Aug. 6) - low (Aug. 29) - low (Sept. 26/27) - low (**Oct. 24/25**) Cycle Progression.

Since the **Oct. 25** weekly close is so critical, and since Oct. 18 generated a second neutral signal against Bitcoin’s weekly uptrend, a bottom on **Oct. 24/25** remains the most likely.

The intriguing aspect of this potential bottom is Bitcoin’s interplay with Gold and the US Dollar. The Dollar has finally shown the first signs of vulnerability - on an intermediate basis - just as Gold completed its initial decline (forecast to drop from above **1560/GCZ** down to **1467/GCZ**) and projected a 1 - 3 week rally beginning this week.

The Oct. 19, 2019 **Weekly Re-Lay** summarized:

10/19/19 - “**Gold & Silver** remain in a ~6-week range of congestion, ushered in by the late-Aug./early-Sept. cycle highs. They initially plunged into Oct. 1 when Gold reached its initial, intermediate downside wave target at ~**1467.0/GCZ** while bottom-



ing very near its ascending weekly 21 High MAC.

This past week, Gold again tested and rebounded from that same indicator. Since that occurred in the week after Gold turned its weekly trend down, it reaffirmed the potential for a 1 - 3 week reactive rebound.

The conflicting weekly trend and weekly 21 MAC signals reinforce that consolidation is intact and more back-and-forth trading is likely in the coming weeks (or months).

Wave analysis and other price targets confirm that conclusion. Gold’s low fulfilled a basic ‘c = a’ wave target (new sell-off = initial sell-off) while attacking its weekly HLS and a key level of ‘resistance turned into support’, etc.) - while bottoming in lockstep with a recurring weekly cycle in the XAU.

Putting it simply, Gold retraced as far as it should if this is just a normal correction (and not a multi-month decline). Silver is a little different since it’s weekly trend would not turn down until a weekly close below **16.940/SIZ**...

The **XAU** did spike to new lows, fulfilling its daily trend pattern while attacking its intermediate downside target (**86.00 - 86.80/XAU**). It also did that while declining into **Oct. 16 - 17**, the latest phase of an 11 - 12 trading day high-low-low-(low) Cycle Progression...

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As explained last week, the recent fulfillment of its 18 - 19 week low-low-low-(low) Cycle Progression combined with its weekly trend structure** placed the XAU in the prime position for a brief spike low and reversal higher in the current week.

(**The XAU had twice neutralized its weekly up-trend but would not turn it down until a weekly close below **87.48/XAU**.)

The XAU did just that, retesting and holding its low and rebounding enough to prevent the weekly trend from turning down.”

As Gold was reversing higher from its steeply-ascending weekly 21 High MAC - and projecting a multi-week rally - Silver & the XAU were acting similarly but with a powerfully-corroborating factor. Both had twice neutralized their weekly uptrends, while selling off into **early-Oct.**, but had NOT turned their weekly trends down.

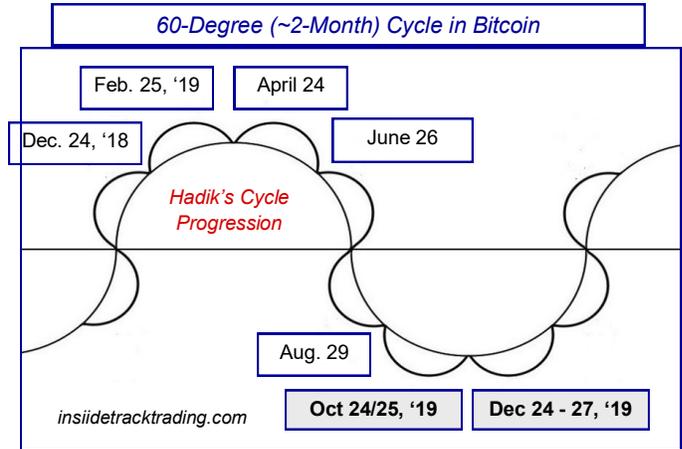
That projects rallies back to their highs.

The Correlation Conundrum

So, Bitcoin AND precious metals are signaling a n initially-bullish period - roughly from **Oct. 24 into Nov. 4 - 6** - as the Dollar enters a decisive period. As explained many times before, the correlation between these three markets (metals, cryptos & US Dollar) is like an algebraic equation where $x + y = z$.

In that equation, the US Dollar is represented by ‘z’ and its ‘value’ is determined by a floating trend assessment of up, down or neutral. This is NOT a precise equation or correlation, but the gist of it is that the Dollar would need to be in a pretty convincing downtrend in order for *both* anti-Dollar vehicles (Gold & Bitcoin) to be able to rally in tandem.

It is interesting that the Dollar just provided (on Oct. 18) one of its most negative signals of the past year - closing the week below its weekly 21 Low MAC AND turning the direction of that weekly 21 Low MAC down at the same time (the first time that has oc-



curred in over two years and the first time the weekly 21 Low MAC has angled downward since May 2018!

If the Dollar can turn its weekly trend down (a lagging/confirming indicator; **Weekly Re-Lay** will update) in the coming weeks, it would powerfully confirm this correlation and usher in more bullish potential for anti-Dollar financial instruments (and perhaps usher in some price inflation in key commodities).

Even the Euro has the potential for a quick, multi-month surge after testing and holding a pivotal level of range-trading support at **1.0950/ECZ**. So, *the Dollar could have a profound impact on many markets in the final two months of 2019.*

Late-Oct. Cycle Low Implications

The potential for a multi-month low in **late-Oct. '19** has many implications. The rationale for this expectation was reiterated in the Sept. 18, 2019 *The Bridge - Currency Wars: Cryptos & Gold:*

*“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-Sept. and late-Oct... 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.*

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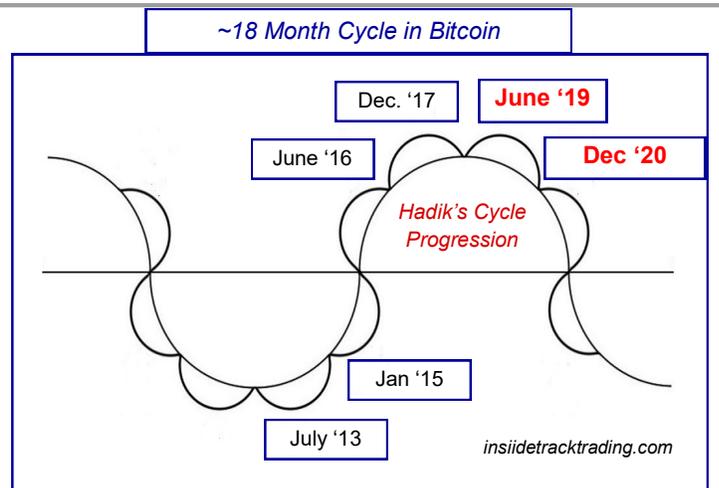
If that occurs, it would reinforce the outlook for a subsequent low in **late-Oct.** (even while signaling the time for an intervening 1 - 2 week rebound in **late-Sept./early-Oct.**).

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)... 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.”

~7,500/BTC Target/Support Attacked

With the Oct. 23 plunge testing ~7,500/BTC, Bitcoin has fulfilled its multi-month downside objective, attacked its most decisive level of wave support (4th wave of lesser degree), AND is perfectly fulfilling daily, weekly & monthly cycles. As long as the Oct. 25 weekly close is at or above 7,500/BTC, the first signs of a bottom will be taking hold.

On a short-term basis, that should spur a rally into **Nov. 4 - 11** and potentially above **10,000/BTC**. Its



weekly 21 High MAC & MARC could be significant & decisive forces, particularly in **mid-Nov.** More on that to follow. For now, the trading strategy for entering long positions has been triggered...

Traders could have re-entered long positions in this drop down to 7,500/BTC and should risk/exit on a weekly close below 7,500/BTC.



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