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Crypto Report

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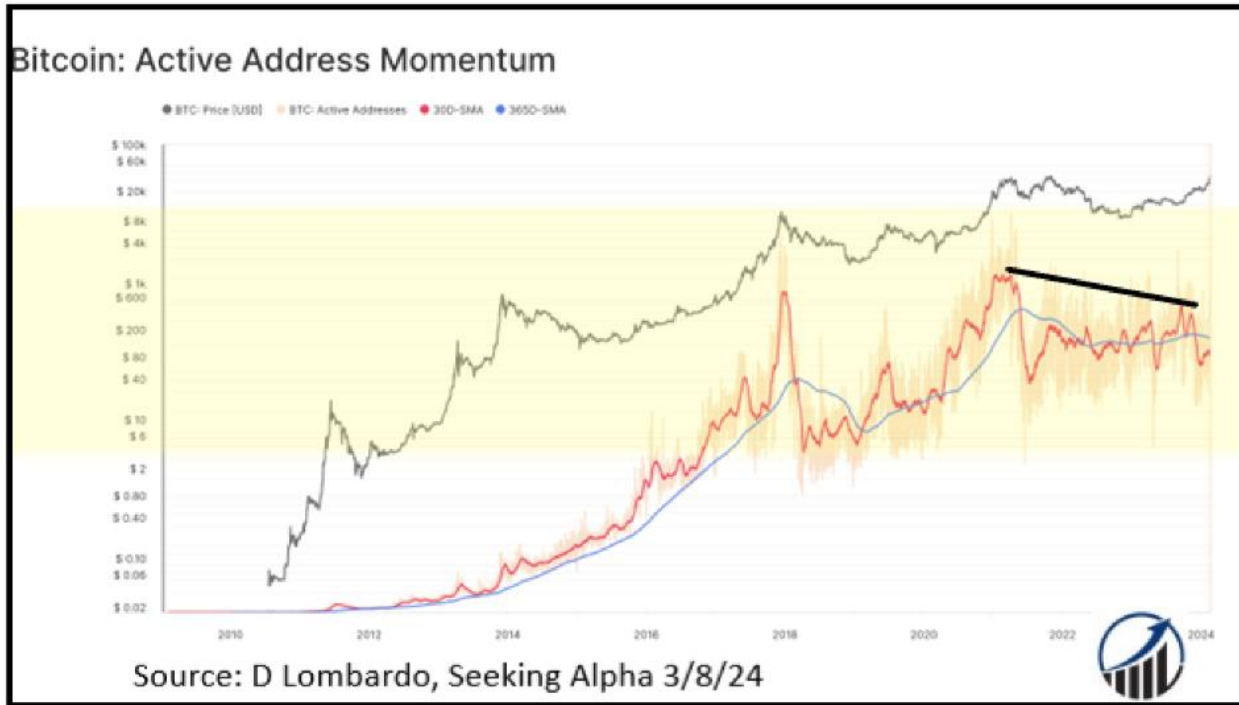
By Manuel Blay, Editor of TheDowTheory.Com



The current pullback is just a correction. Primary bull market intact.

When dealing with stocks, we use PER and other metrics to estimate their intrinsic value roughly and whether they are overpriced. Mark Hulbert, whom I highly respect, has a tool to assess the value of Bitcoin based on Metcalfe's Law. Basically, the larger the number of users, the larger the value. In this article, Mark, in a [recent article](#), tells us that Bitcoin's fair value is \$35,000. He also explains that the advent of ETFs has not changed Bitcoin's intrinsic value. Mark's article is worth your time.

The chart below gives food for thought. It displays the price of BTC and the 30-day (blue) and 300-day (red) moving averages of active addresses. As you can see, when the 30-day moving average is below the 300-day one, it is a significant headwind to higher BTC prices. This makes sense, as the essence of BTC is networking and usage; its value results mainly from the number of users. So, unless the number of users goes up, I consider that Bitcoin, the explosive ride that started in mid-September, could be facing a headwind—time for a breather.



The chart below, featured in the [March 1st Crypto Report](#), continues to tell all we need to know about Bitcoin's trend. What was once resistance has now become support. The recent pullback halted near the upward trend line and has since rebounded. A breakup of the 3/13/24 high could be very bullish. Even more so if Ethereum also confirmed and surpassed its 3/11/24 highs.



From a Dow Theory perspective, a breakdown of Bitcoin and Ethereum's 3/20/23 lows would be bearish (red horizontal line in the charts below). On the other hand, a breakup of Bitcoin and Ethereum's 3/13/24 and 3/11/24 highs (blue horizontal lines), respectively, would reconfirm the bull market.



Conclusions:

I ride the trend, but if Ethereum and Bitcoin jointly pierced the 3/20/23 lows, I would turn bearish. If we heed the fundamental analysis shown at the beginning of this report, we should not be surprised if Bitcoin stalls soon.

With my best investment wishes,

Manuel Blay

DISCLAIMERS

These monthly updates on crypto are meant to provide a helpful overview of their status from a technical analysis point of view. When events unfold after the monthly Letter is published it is incumbent on the reader to follow his/her own positions. In the future, we plan to follow these markets on a timelier basis, just as we currently do with the American stock market.

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