

# TheDowTheory.com Crypto Report

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By Manuel Blay, Editor of TheDowTheory.Com

**The current trend for Bitcoin and Ethereum is bearish. It could change soon. Learn why.**

In the [April 1<sup>st</sup> Report](#), I noted that a confirmed breakdown of the 3/20/24 lows by BTC and ETHE would be bearish. We got such a breakdown. So, the trend is bearish.

After the lows on 5/1/24, BTC and ETHE rallied until 5/21/24 and 5/28/24, respectively. This bounce qualifies as a secondary reaction against the bearish trend. After reaching these highs, both cryptocurrencies experienced a pullback: BTC until 5/23/24 and ETHE until 5/31/24, which set up both cryptocurrencies for a *potential* bull market signal. If BTC breaks its 5/21/24 high and ETHE breaks its 5/28/24 high, the trend will shift to bullish. However, we need confirmation—an unconfirmed breakout can often be misleading.

The charts below display the most recent price action. The blue horizontal lines highlight the



5/21/24 (BTC) and 5/28/24 (ETHE) highs, whose breakup would signal a new Bull market. The blue rectangles show the most recent rally (secondary reaction), and the brown rectangles show the recent pullback that completed the setup for a *potential* Bull

market. A confirmed breakup of the blue lines would shift the trend from bearish to bullish.

I have updated another vital chart that I have shown in past Reports. As you can observe in the chart below, a major trendline currently acts as resistance. If BTC surpassed that trendline, that

would be preliminarily bullish. Price action after such a breakup would need to make a higher high to be decisively bullish. So, right now, the trend is bearish.



In the May 1<sup>st</sup> Report, I highlighted the insider activity of Michael Sailor and other insiders of MicroStrategy, a major Bitcoin holder. His timely selling of shares preceded a significant decline in Bitcoin's value. The absence of insider sales in May raises the question: Is this a sign that Bitcoin is poised for a rebound?

The miners' chart turned modestly bullish. The channel depicted by the two black lines was broken topside, which is bullish. I will turn decisively bullish if the 5/22/24 highs (blue horizontal line on the right) are broken up.



See you next month.

With my best investment wishes,



**DISCLAIMER**

**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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