By Manuel Blay, Editor of TheDowThery.com

We avoided the carnage. Let’s wait until the dust settles.

In the October 1st Report, I cautioned that breaching two key red lines would trigger a bearish trend. The market did just that, and we are now in a full bear market. At this point, I see no technical evidence that the decline has run its course.

Yes, sentiment is extremely negative, and the heavy outflows from Bitcoin ETFs certainly look like capitulation. Still, a trend is not over until it truly ends. Therefore, it remains unclear whether the current rebound is merely a short-lived relief rally or the start of a more durable advance.

Since I make a habit of avoiding falling knives, I see no reason to turn bullish on Bitcoin or Ethereum until the Dow Theory signals a confirmed bull market. The rebound from the November 21st lows has lasted **only four days**, far too short to meet the time requirement for a secondary reaction against the prevailing bear trend.

The left chart shows the most recent price action and the most recent tiny rebound.

Therefore, for now, **I don’t see any price level whose breakout would indicate a shift to a bullish trend.**

The primary and secondary trends for Bitcoin and Ethereum are bearish.

Why the Market Crashed

We finally understand why Bitcoin and the broader crypto market collapsed on October 10th and why it could not bounce until late November. The trigger was not technical or sentiment-driven but structural.

This cycle was powered by so-called Digital Asset Treasury (DAT) companies such as MSTR and BMNR, whose model depends on being large enough to enter major indices. Once included, passive index funds must buy them, creating a feedback loop of rising prices and growing index weightings.

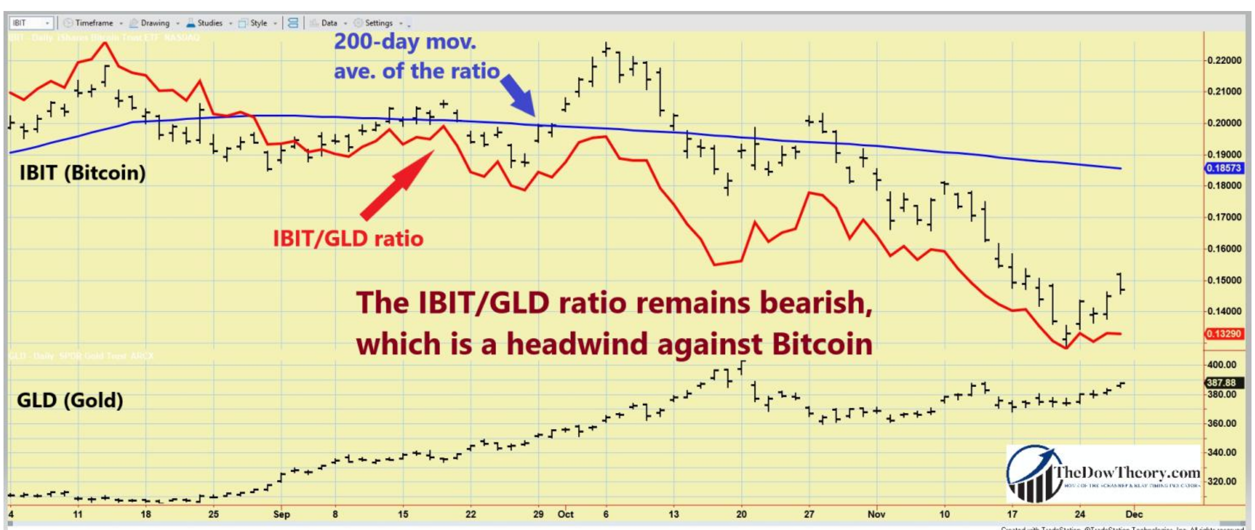
On October 10th, MSCI, the world's second-largest index provider, released a statement questioning whether companies that hold crypto assets as their core business should be classified as "companies" or as "funds." If MSCI reclassifies them as funds, they will be excluded from passive indices, forcing institutions and pension funds to liquidate their holdings.

The ruling, expected on January 15, 2026, could eliminate one of the main engines of buying power that sustained this crypto cycle. **Smart money saw this instantly and began selling after the announcement.** The sharp October 10 selloff was no accident; it was a rational repricing once the foundation of the DAT-driven liquidity loop was called into question.

The lesson is clear: in markets, **shoot first, ask later**. Follow the trend. **When price breaks down, do not waste time searching for explanations; get out of the way**. Understanding can come later, once you are safely on the sidelines.

More on the Current Technical Picture

The Bitcoin-to-Gold ratio still favors gold. Gold remains the stronger asset, and the ratio's decline reflects that relative weakness, hardly an encouraging sign for Bitcoin. If it is to really surge again, it must become stronger than gold.



The Ethereum-to-Bitcoin ratio, meanwhile, fell steadily through early November. Its recent bounce has been weak, so the ratio remains bearish. As I noted in the August 1st Report, a weak Ethereum tends to act as a headwind for Bitcoin.

Sentiment, however, is now deeply depressed. The Crypto Fear and Greed Index fell to 10 on November 21 (chart below), one of the lowest readings of the year. A similar collapse to 15 on March 10 produced only a fleeting rebound before Bitcoin made new lows. Another reading of 15 on April 8, by contrast, marked a durable bottom and the start of a sustained advance.

Source: https://coinmarketcap.com/charts/fear-and-greed-index/ Visited on 11/29/25 Edited by TheDowTheory.com

The conclusion is that extreme pessimism can precede powerful rallies, but only when confirmed by price action. Sentiment was already deeply negative a month ago, yet I didn't take the bait—and rightly so, as Bitcoin kept falling sharply. In my November 1st Report, I warned that sentiment needed to deteriorate further before a lasting bottom could form, and that prudence spared many Subscribers from jumping in too soon.

This time, the technical damage is more pronounced, and despite an even more negative sentiment, I prefer to wait for a clear Dow Theory signal before calling a trend reversal.

I continue to believe Bitcoin has a promising future. Global fiscal excesses will keep driving demand for the hardest form of money ever created. Yet experience has taught me to set fundamentals aside and let price action lead the way. After all, what if there are unknowns we simply cannot see?

To sum up:

1. The primary and secondary trends for Bitcoin and Ethereum remain bearish.
2. The current rebound does not qualify as a secondary (bullish) reaction.
3. Once price confirms the deeply bearish sentiment, the next bullish leg could be powerful.
4. A real rebirth for Bitcoin will not come until it regains strength relative to gold.
5. Ethereum outperforming Bitcoin would be a positive sign for Bitcoin, but this is not yet the case.
6. For now, I continue to watch from the sidelines.

That is all for this month.

With my best investment wishes,

Manuel Blay

DISCLAIMER

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