

February 1st, 2026



By Manuel Blay, Editor of TheDowTheory.com

Bear market in Bitcoin and Ethereum reconfirmed on 1/30/26

On social media, the debate has become increasingly polarized. On one side, gold maximalists, emboldened by gold's strength, now claim that gold is the only true store of value and that Bitcoin is essentially worthless. On the other hand, Bitcoin maximalists argue that Bitcoin is only temporarily weak, that it is on its way to one million dollars within a couple of years, and that gold is obsolete and will eventually be replaced.

I have little patience for maximalist thinking. I pay close attention to charts, and in my experience, they are far more insightful than any narrative, including my own. Right now, the charts are saying something very specific.

Bitcoin is in a bear market. Some people refuse to use that word and prefer to call it a deep correction. To me, when an asset has fallen more than 35% from its peak, the label hardly matters. This is what a bear market looks like. Gold, despite the hair-curling one-day drop on 1/30/26, remains in a bull market, even if it still feels uncomfortable and confusing for crypto maxis.

That does not mean this is a zero-sum game. I see room for both assets. One aims to become digital gold, while the other is physical gold, backed by a five-thousand-year track record as a store of value.

Markets have a way of punishing ideological certainty. I prefer to listen to price action rather than beliefs, and to let markets decide who is right and who is simply loud.

So, let's look at the charts.

Technically, **the bear market was confirmed on 1/30/26**. Let's explain how the drama unfolded.

After the 11/21/25 bear market lows (Step #1 in the table below), both Bitcoin and Ethereum rallied until 12/9/25 and 12/10/25, respectively (Step #2). Following the bounce highs, both cryptos dropped until 12/18/25. Such a pullback exceeded the Volatility-Adjusted Minimum Movement

(VAMM) on Ethereum, completing the setup for a *potential* bullish signal (more about the VAMM [HERE](#)).

On 1/5/26, Bitcoin surpassed its 12/9/25 highs (Step #2), but Ethereum did not. The **lack of confirmation meant the trend did not shift to bullish**, and the breakout was likely a “fakeout”. On 1/14/26, Bitcoin tried to break out again, and Ethereum refused to confirm. That was a huge yellow flag, and given that Bitcoin was already in a bearish trend, the implications were ominous.

On 1/30/26, both Bitcoin and Ethereum pierced their 11/21/25 lows. This **confirmation reaffirms the bearish trend** and indicates that the most likely price action in the weeks ahead is downward. Since the 1/30/26 undercut of the 11/21/25 lows was by only a few hundred points, I observed



price action on Saturday, the 31st, as I finish this Crypto Report: the downward move persisted and reached catastrophic proportions, making the violation of the 11/21/25 lows unmistakable.

Price action on 1/31/26 is particularly ominous for both Bitcoin and Ethereum, as the Bitcoin chart on the left shows.

The table below summarizes the key price action.

Step		BTC		ETHE	
# 1	Market Lows	11/21/2025	82,241.69	11/21/2025	2,672.60
# 2	Volatility-adjusted bounce(*)	12/9/2025	94,645.53	12/10/2025	3,447.74
		11 trading days	15.08%	12 trading days	29.00%
# 3	Volatility-adjusted Pullback by <u>ONE</u> ETF	12/18/2025	84,377.86 -10.84%	12/18/2025	2,775.06 -19.51%
# 4	Break-down or break up by two ETFs	1/30/2026	81,762.22 Bear market confirmed	1/30/2026	2,633.25
	*Sec. Reaction completed on 12/09/25				
	Volatility-adjusted min movement		11.87%		19.31%

And the chart below highlights the secondary reaction (blue rectangles) against the bearish trend (Step #2), the pullback (brown rectangles, Step #3) that set up both cryptos for a *potential* bullish signal, and the two attempted breakouts (brown arrows) by Bitcoin above the blue horizontal line that highlights the secondary reaction highs. Finally, we observe that both cryptos pierced the red horizontal line on 1/30/26 (red arrows), which projects the 11/21/25 lows.



If Bitcoin and Ethereum jointly break above their secondary reaction highs (Step #2), the trend could shift from bearish to bullish. The key levels to watch, **the two blue lines in the sand, are \$94,645.53 for Bitcoin and \$3,447.74 for Ethereum.**

Spare me the chart, but the **Bitcoin-to-gold ratio still favors gold.** I still think **we will not see the onset of a real Bitcoin bull market until the ratio, at the very least, firms up a bit in Bitcoin's favor.**

While my primary focus is price action, and price action has consistently guided my decisions and market calls correctly since the inception of this Crypto Report, I suspect that part of Bitcoin's recent weakness may be linked to a structural factor.

That factor relates to a recent change in index methodology. On January 6, 2026, MSCI issued its long-awaited ruling on the treatment of bitcoin treasury companies such as Strategy, formerly MicroStrategy. Rather than excluding these firms from their global equity indexes, MSCI chose to maintain their inclusion but introduced an important constraint.

Under the new rule, when a bitcoin treasury company issues additional shares, MSCI will no longer include those shares in its index weightings. In the past, when Strategy or similar companies raised capital through equity issuance, index-tracking funds were required to buy a portion of the new shares to remain aligned with their benchmarks. Going forward, **that automatic buying requirement disappears.**

The practical consequence is that issuing equity becomes less attractive, as the built-in mechanical demand from index funds is no longer there. Over time, this should result in less capital raised

through share dilution, since the guaranteed support from index-related flows has effectively been removed.

To sum up:

1. The bearish trend that was signaled in October 2025 has been reaffirmed on 1/30/25, as Bitcoin and Ethereum made lower lows.
2. If **Bitcoin surpasses \$94,645.53 and Ethereum \$3,447.74, the trend will shift to bullish.**
3. A real rebirth for Bitcoin will not come until it regains strength relative to gold.

That is all for this month.

With my best investment wishes,



DISCLAIMER

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