

# TheDowTheory.com

## Crypto Report

May 1st, 2026



By Manuel Blay, Editor of TheDowTheory.com

### A new bull market was signaled on 4/14/26

On 4/14/26, I sent an email to all of you informing that both Bitcoin and Ethereum had surpassed their bounce highs (Step #2 in the table below), and thus the trend shifted from bearish to bullish. The secondary trend is also bullish.

The table below gives you the details of the key prices and dates.

Step		BTC		ETHE	
# 1	Market Lows	2/5/2026	62,300.04	2/24/2026	1,803.82
# 2	Volatility-adjusted bounce(*)	3/17/2026	74,914.69	3/17/2026	2,358.50
		27 trading days	20.24%	15 trading days	30.75%
# 3	Volatility-adjusted Pullback(**)	3/27/2026	65,518.33	3/27/2026	1,970.41
	by ONE ETF	8 trading days	12.54%	8 trading days	16.45%
# 4	<u>Break-down or break up</u>	4/14/2026	76,110.52	4/14/2026	2,416.40
	<u>by two ETFs</u>	Confirmed breakout shifts the trend from bearish to bullish			
	*Sec. Reaction completed on 3/16/26				
	** Setup for potential Bear mkt signaled on 3/27/26				
	<b>Volatility-adjusted min movement</b>		<b>11.09%</b>		<b>15.89%</b>

At this stage, the trend would shift to bearish if the market lows (Step #1) were pierced by both Bitcoin and Ethereum. Thus, **mark down these two prices: 62,300.04 and 1,803.82 for Bitcoin and Ethereum,** respectively. As price action unfolds, we will probably get a stop-loss at significantly higher prices. But for now, this is our first stop.

The charts below highlight the current secondary reaction (Step #2, blue rectangles) and the pullback (Step #3, brown rectangles) that completed the setup for a potential bull market. The blue

horizontal lines mark the secondary reaction highs (Step #2), which were the key levels that, when broken out (Step #4) on 4/14/26, shifted the trend from bearish to bullish. The red lines mark the bear market lows (Step #1).



A New Signal Has Just Triggered on Bitcoin (here's what it means)

By the way, you can explore this new bull market signal in greater depth, along with the broader market environment behind it, in [this video](#). I had the pleasure of joining Alessio Rastani, where I expanded on these ideas in more detail.

The chart below will be critical to monitor in the coming days. While Dow Theory has already signaled a trend shift and is bullish, we are still in the early stages of a new bull market, and the advance until now has been somewhat hesitant. Focus on the trendline connecting the last bull market high with the subsequent secondary reaction high. Price has now clearly broken above this trendline. That is constructive, but a breakout alone is not enough to inspire full confidence.



After a meaningful break of a downward trendline, **what matters most is the behavior that follows.** Ideally, I would like to see a pullback that holds above the blue trendline, which is now support, followed by a renewed advance (red inflecting arrow, bottom left) that

pushes beyond the highs highlighted in the chart by the horizontal green line. Such a move would provide much stronger confirmation and reinforce the bullish case.

Strategy (MSTR), the software company that became a Bitcoin treasury company, is coming back to life. Look at the ratio chart below. The red line shows the MSTR/BTC ratio, while the blue line represents the 200-day moving average of the ratio. It's **gaining strength significantly vs. Bitcoin, which is bullish** for Bitcoin's prospects.

MSTR strength reflects **speculative intensity in the Bitcoin ecosystem**. Historically, we need Strategy to outperform Bitcoin, which means that the market is in a risk-on mode, so Bitcoin's performance is highly dependent on MSTR. Of course, this relationship could break down in the future, but until now it has been a reliable indicator of Bitcoin's fortunes.



But don't rely on my gut feeling alone. With the help of Claude and my watchful human eye, I conducted a study starting in August 2020, when MSTR first began purchasing Bitcoin. I analyzed several indicators of strength in MSTR, including multiple moving averages of the ratio, its momentum, and breakout signals such as the one observed on April 20, the date of the study. The results, which I share below, point to a bullish bias looking ahead:

**Current Signal Status — April 20, 2026**

**Ratio = 0.002251 | MSTR \$170.81 / BTC \$75,872**

**Pattern Status**

Pattern	Status
N-Day High	109 trading-day high (152 calendar days)
Ratio vs ALL MAs	ABOVE all 6 MAs (5/10/21/50/63/126d)
MA Trend	5 of 6 MAs rising — only MA126 still falling

<b>Ratio Momentum</b>	<b>UP on all lookbacks up to 63 days — only 126d is still negative (-14.2%)</b>
<b>Distance from MA21</b>	<b>+19.1% above — 96th percentile of all history</b>
<b>Distance from MA50</b>	<b>+16.8% above — 88th percentile</b>
<b>MA Alignment</b>	<b>ALL MAs aligned UP (MA5/21/50)</b>

This is a very strong confluence — nearly every pattern is simultaneously bullish.

### Forward BTC Return Implications

Signal	1M Avg / WR	3M Avg / WR	6M Avg / WR	12M Avg / WR
<b>109-day high</b>	3.4% / 44%	9.4% / 44%	15.6% / 58%	<b>51.9% / 93%</b>
<b>Ratio above MA50</b>	3.8% / 55%	13.0% / 63%	<b>25.3% / 76%</b>	<b>54.3% / 72%</b>
<b>MA50 rising</b>	4.7% / 61%	13.7% / 63%	<b>25.6% / 75%</b>	<b>52.4% / 69%</b>
<b>All MAs aligned up</b>	3.0% / 55%	12.0% / 62%	<b>24.9% / 73%</b>	<b>54.5% / 73%</b>
<i>Baseline</i>	<i>2.0% / 53%</i>	<i>5.9% / 51%</i>	<i>15.5% / 61%</i>	<i>40.1% / 58%</i>

**The standout finding:** The 12-month win rate of 93% on the 109-day high signal is exceptional — historically almost every time the ratio broke out to a 109+ day high, Bitcoin was higher 12 months later. The 6M and 12M signals from ratio-above-MA50 and full alignment are also very strong, with 73-76% win rates versus a 58-61% baseline.

The short-term (1M) picture is more mixed — the 109-day high actually shows only a 44% 1M win rate, suggesting some near-term consolidation is normal after a breakout of this magnitude.

To sum up:

1. A new bull market was signaled on 4/14/26.
2. The primary and secondary trends are now bullish.
3. Strategy (MSTR) is becoming stronger than Bitcoin, which is bullish for Bitcoin.

May 1st, 2026

4. Any pullback should hold ideally above the blue trendline shown in the chart on page 2.
5. At this stage, if the bear market lows at 62,300.04 and 1,803.82 for Bitcoin and Ethereum were jointly pierced, a new bear market would be signaled.

That is all for this 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 perspective. **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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