By Manuel Blay, Editor of TheDowTheory.com

How high could Bitcoin go?

Last month's Crypto report was titled "How low could Bitcoin go?". Well, in this one, I will share some research that examines how high Bitcoin could go.

So, how high can Bitcoin's price ultimately go? Perhaps not as high as many investors expect.

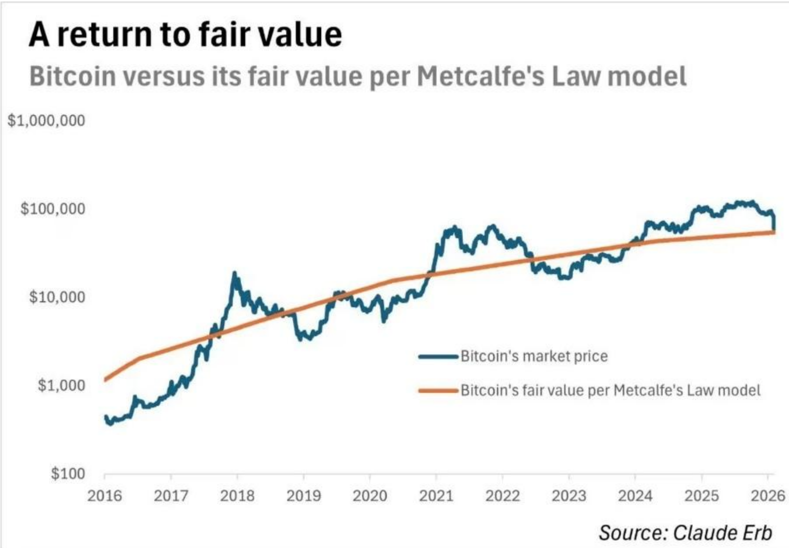
Regular readers know that I place far greater weight on price action than on fundamental explanations, which may be proven wrong. In my view, price is the final arbiter of truth. Even so, it is valuable to understand the strongest arguments made by those with a different perspective.

Claude Erb, in his 6/9/26 research paper, "Why Have Bitcoin's Average Returns Declined for Years?" Provides a sobering perspective on Bitcoin's future price.

Whether the author's conclusions ultimately prove correct is beside the point. They may, or they may not. Only future price action will provide the answer. What cannot be denied, however, is that the analysis is thoughtful, comprehensive, and challenges many of the assumptions underlying the ultra-bullish narrative that dominates the crypto space.

The paper examines Bitcoin from several angles: the relationship between its price and the cumulative supply of mined coins, the impact of declining block rewards on future appreciation, the historical link between past and subsequent returns, and, in my opinion, its most compelling insight: **the arithmetic of diminishing returns under Metcalfe's Law.**

The conclusions are sobering. According to the author, Bitcoin's long-term returns are likely to be far more modest than most investors anticipate. As summarized by Mark Hulbert in this article, the model projects a fair value for Bitcoin of roughly $120,000 by the time the last Bitcoin is mined around the year 2140. From today's price, that implies an annualized return of only about 0.6%.



This post on Threads.com (left chart) gives us a visual representation of Bitcoin's fair value and Bitcoin's market price.

The technical picture now

The starting point is that I still consider the primary trend **bearish.**

On **6/25/26**, Bitcoin recorded its most recent bear market low at **58,057.73**. Ethereum followed one day later, recording its latest bear market low on **6/26/26** at **1,527.10**.

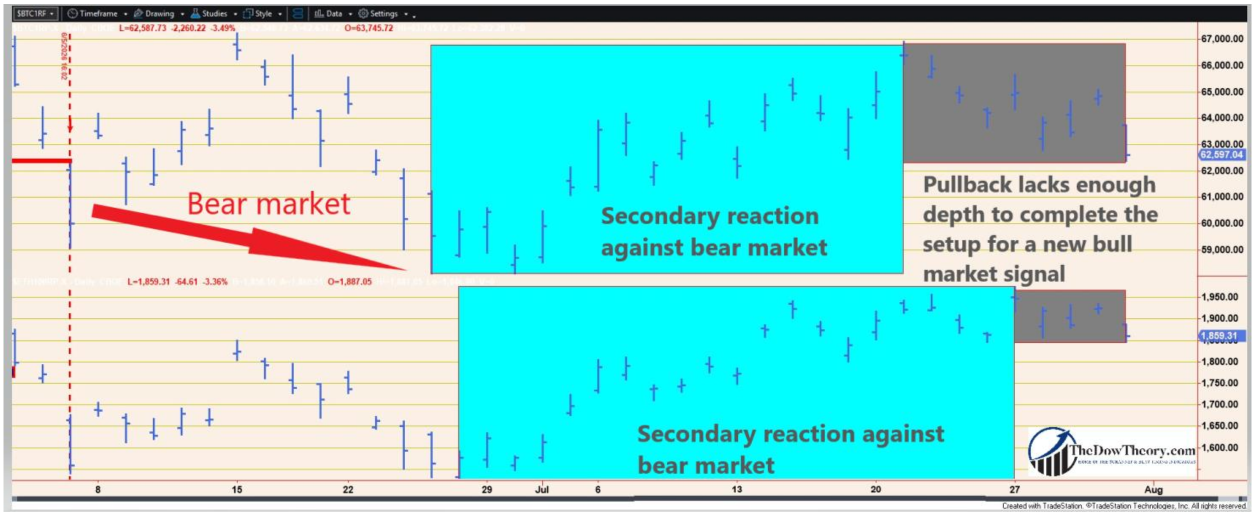
From those lows, both cryptocurrencies bounced. Bitcoin advanced to a subsequent high of **66,921.30** on **7/21/26**, while Ethereum continued higher until reaching **1,975.72** on **7/27/26**.

Since those highs, both cryptocurrencies have experienced only a modest pullback. Such a pullback **has <u>not</u> met the extent requirement** needed to complete the setup for a potential bull market signal.

The details are summarized in the table below. Note that I have highlighted **Step #2** in yellow (the bullish secondary reaction against the bearish trend) because it is the only step that has been completed so far. Although both cryptocurrencies have pulled back from their recent highs, the declines have been very modest, as the table clearly shows, and neither cryptocurrency has reached the Volatility-Adjusted Minimum Movement (VAMM, more about it HERE) shown in purple at the bottom of the table.

Step		**Bitcoin**		**Ethereum**	
# 1	Market Lows	6/25/2026	**58,057.73**	6/26/2026	**1,527.10**
# 2	Volatility-adjusted bounce(*)	7/21/2026	**66,921.30**	7/27/2026	**1,975.72**
		17 trad. Days	**15.26%**	20. trad. Days	**29.37%**
# 3	Volatlity-adjusted Pullback(**)	7/31/2026	**62,382.28**	7/31/2026	**1,846.00**
	by <u>ONE</u> ETF	8 trad. Days	6.78%	4 trad. Days	6.56%
		Extent requirement not completed to complete Step # 3			
# 4	<u>Break-down</u> or break up		**N/A**		**N/A**
	<u>by two ETFs</u>				
	* Sec. Reaction signaled on 7/14/26				
	Volatility-adjusted min movement		**9.65%**		**13.10%**

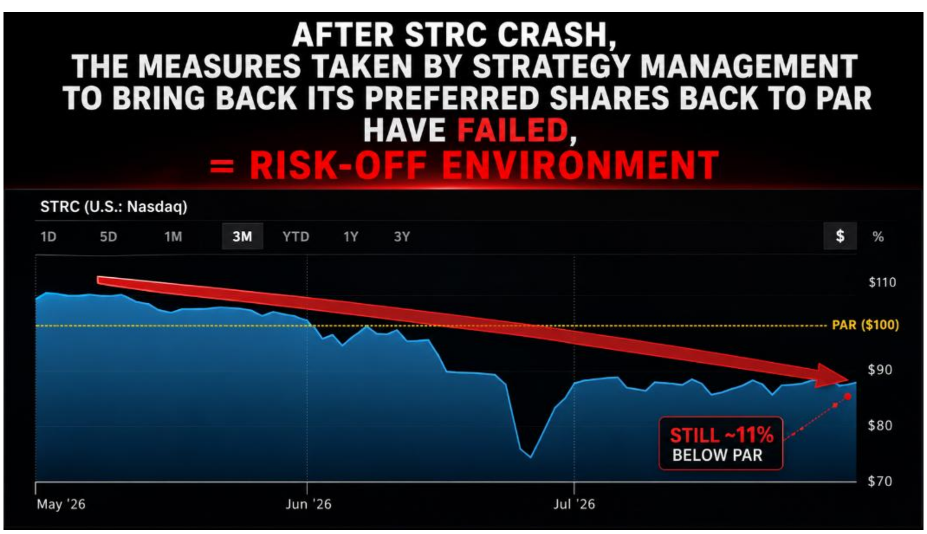
The chart below gives you a visual representation of the current situation. The blue rectangles highlight the bullish secondary reaction against the still-existing bearish trend. The grey rectangles on the right show the most recent pullback that, due to its modest extent, has not completed the setup for a *potential* bull market signal.



So, at this point, a bull market would be signaled if Bitcoin and Ethereum jointly surpass the last recorded bull market highs, which are shown below:

BTC		**ETH**	
5/11/2026	**82,128.94**	4/17/2026	**2,466.34**

In the overwhelming majority of cases, price action will result in a lower price to signal a new bull market. But, for the time being, this is the current relevant technical level that would signal a shift of the trend from bearish to bullish.



In the [July 1st Crypto Report](), I pointed out that Strategy's preferred shares, trading under the ticker **STRC**, were signaling a **risk-off** environment for crypto. I have checked the price again, and STRC (left chart) is still trading about **11% below its $100 par value**.

This is despite the measures Strategy has taken to stabilize the shares, including increasing the dividend to an annualized **12%**, switching to **semi-monthly** dividend payments, allowing more frequent dividend adjustments, and authorizing preferred share buybacks as part of a broader effort to support the capital structure and bring STRC closer to par.

I do not want to burden you with more charts, but I have also revisited two important relative strength ratios. The **Bitcoin to Gold** ratio has been **unable to reclaim its 200-day moving average** and continues to point lower, indicating that, despite gold's recent weakness, gold is proving less weak than Bitcoin. Likewise, the **Strategy to Bitcoin** ratio continues to deteriorate. Although both remain in bear markets, Bitcoin is currently displaying greater relative strength than Strategy.

When these ratio charts are considered alongside the persistent discount in Strategy's preferred shares, they all point in the same direction: **the risk-off environment for crypto has not yet dissipated.**

To sum up:

1. The primary trend for Bitcoin and Ethereum is bearish; the secondary trend turned bullish (secondary reaction), but a secondary reaction is just that "a reaction," not a bull market.
2. The risk-off environment for crypto persists. Extreme weakness in Strategy and its preferred shares is a cause for concern.

That is all for this month.

With my best investment wishes,

Manuel Blay

DISCLAIMER

Purpose of These Crypto Reports

These monthly crypto updates 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.

Nature of the Analysis

The Dow Theory and the indicators discussed throughout these reports are forms of technical market analysis designed to identify major market trends and changes in market behavior.

Technical analysis is interpretative by nature. Different analysts may apply similar principles differently and may therefore reach different conclusions.

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