By Manuel Blay, Editor of TheDowTheory.com

The most vital chart and price levels now

In this issue of the Crypto Report, what really matters are the charts.

Bitcoin rallied strongly in August, fueled in part by growing concerns about the monetary debasement of the U.S. dollar. But if we put the noise and hype aside, what ultimately matters is the message the charts send.

The first chart is our usual one, with Bitcoin at the top and Ethereum at the bottom. As you can see, despite the strength of the recent rally, Bitcoin failed to surpass its previous 5/11/26 high. Ethereum did manage to surpass its 4/17/26 high, but as you should know by now, a higher high not confirmed by the other crypto is a yellow flag.

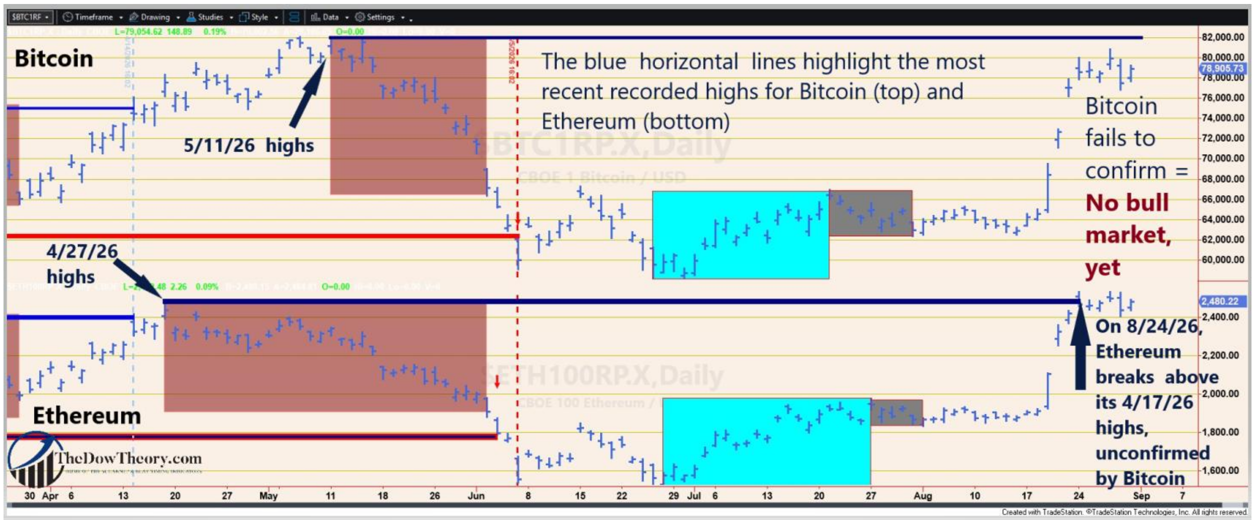
Furthermore, the principle of confirmation has worked remarkably well for Bitcoin and Ethereum so far, helping us avoid false signals, as illustrated in these two posts (here and here).

This does not necessarily mean that the rally is about to end. However, an unconfirmed higher high means that, according to our Dow Theory framework, a new bull market has not yet been signaled, and the longer the non-confirmation persists, the more we get a yellow flag.

However, the small pullback that followed the recent highs in both cryptocurrencies has not been large enough to meet our minimum requirement for a pullback that could complete the setup for a potential new bull market signal.

Despite all the fanfare surrounding the recent rally, the situation remains straightforward: until Bitcoin surpasses its 5/11/26 high of 82,128.94 (according to my TradeStation® data feed), we cannot say that a new bull market has been signaled under Dow Theory.

The chart below gives you a visual representation of the current situation. **This is the most vital and important chart.** The blue horizontal lines highlight the most recent highs before the final leg down of the bear market. As you may observe, Ethereum surpassed its highs, and Bitcoin did not confirm.



At this point, a bull market would be signaled if **Bitcoin broke through its 5/11/26 high at 82,128.94**, shown below. Please note that these are the key prices now:

BTC	Not yet	ETH	Done!
5/11/2026	82,128.94	4/17/2026	2,466.34

While the Bitcoin–Ethereum chart above remains the most important, other charts can nonetheless provide valuable background information and help us assess the broader picture.

One of them is the **Bitcoin (IBIT)-to-gold (GLD) ratio**, which is currently sending a cautiously encouraging message. There is **one clear positive, one lingering negative, and one potentially positive development that may soon tip the balance further in Bitcoin's favor.**

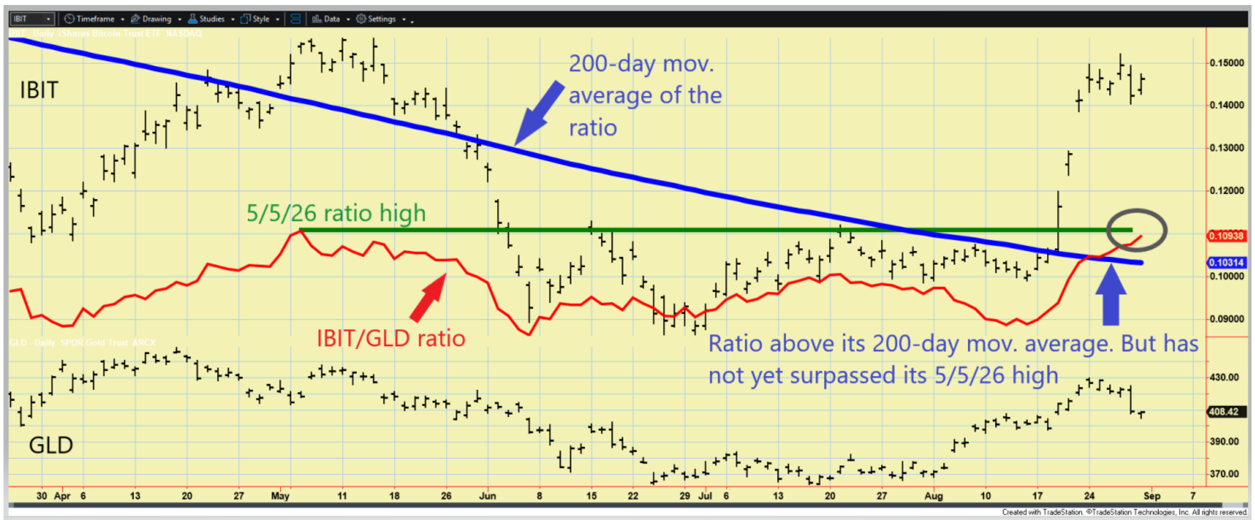
1) The positive: As the chart below shows, the ratio is now trading above its 200-day moving average (blue line). This is encouraging, as it tells us that "digital gold" is currently outperforming physical gold.

2) The negative: The problem is that the 200-day moving average itself is still trending downward. For the technical picture to become convincingly bullish, we would like to see the moving average flatten out and eventually turn higher.

3) The potential positive: The ratio (red line) has not yet broken above its 5/5/26 high at 0.11065, highlighted by the green horizontal line. However, it is getting close. A decisive breakout above that level would represent a clear display of relative strength and add another important piece of evidence to the bullish case.

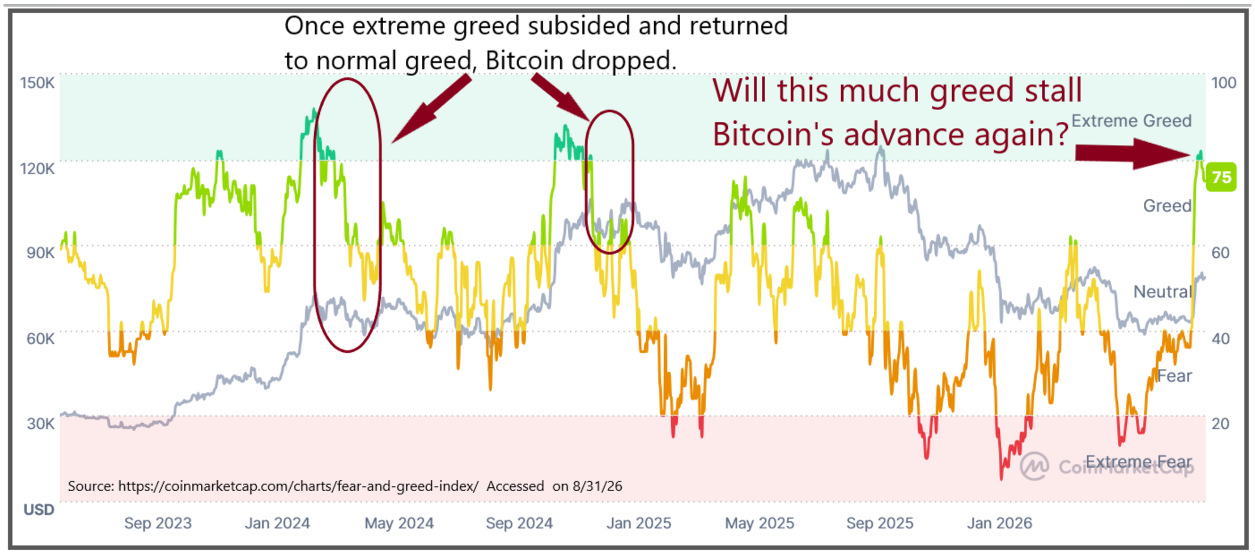
So, for now, the message is **constructive but not yet fully bullish**. Bitcoin is outperforming gold, but we still need a little more confirmation before the technical picture becomes truly compelling.

The chart below gives you all the details:



The Strategy (MSTR)-to-Bitcoin (IBIT) ratio remains bearish: A declining 200-day moving average, the ratio well below its 200-day moving average. The only (minor) positive: it broke out its 7/2/26 ratio high, but this is a very minor high, so I don't consider such a breakout a very bullish accomplishment.

And what about sentiment? It has become too exuberant. So much so that it now sits at dangerous levels, which in the past have been associated with a drawdown.



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. Ethereum's breakout above its 4/17/26 high, unconfirmed by Bitcoin, prevents me from saying that the trend has shifted from bearish to bullish.
3. **Sentiment** has become **so bullish** that, if we are to judge from past similar situations, we should expect, at best, some stalling and, at worst, a pullback.

That is all for this month.

With my best investment wishes,

Manuel Blay

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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.

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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.

Any opinions expressed in these reports reflect the views of the editor at the time of publication and are subject to change without notice.

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