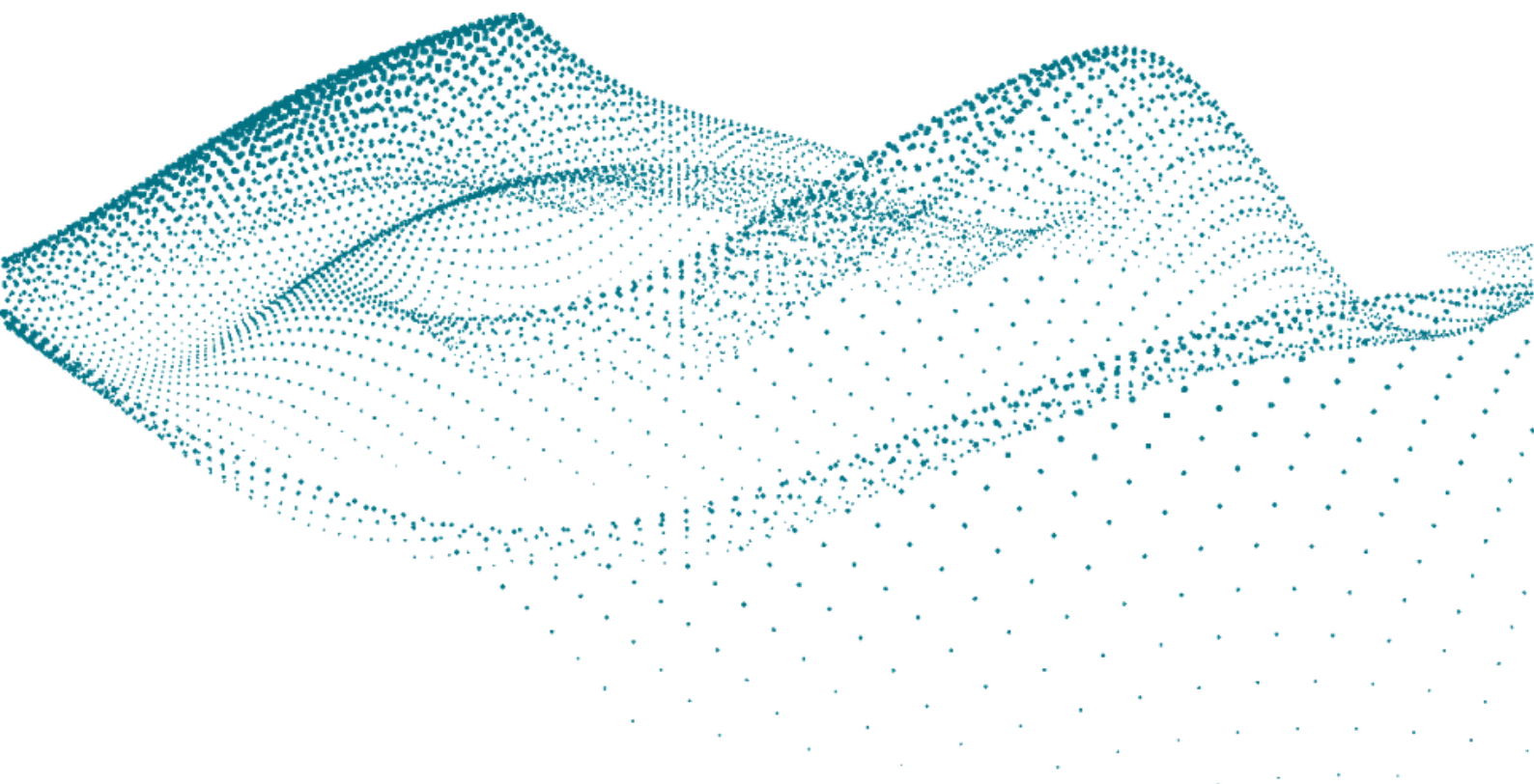


# Quarter 4 Outlook

**The Recovery Nobody Believes**



# 2026 Q4 Outlook

## The Recovery Nobody Believes

### About This Report

This report examines the macro, fundamental and technical forces shaping Bitcoin through Q4 2026.

It is not a fresh start. Q3's outlook, *The Final Washout*, argued Bitcoin was in the closing leg of its bear market and named the level that would prove that thesis over: a weekly close above \$83,000. That close has now been printed. This report picks up where the last one finished.

It also brings on-chain data into the fundamental analysis for the first time, using the metrics that identify a change in market regime rather than those built to call extremes.

All market data is as at the time of writing, unless otherwise stated.

### Key Findings

The bear market is over by the test we set in Q3. The broader bull market has not yet begun, and historically accumulation in that gap has still been well rewarded.

1. Cycle stage: Sentiment has moved into Disbelief, with Bitcoin up nearly 50% from the low and still around a third below its high. A weekly close back below \$74,900 would put that reading in question.
2. Relative value: Bitcoin is outperforming both gold and equities. The gold ratio has broken higher (a move seen at every major Bitcoin low since 2018). Against equities, BTC has fired a rare relative value signal seen only twice before at major cycle bottoms.
3. Demand: Institutions returned with \$3.8 billion of ETF inflows from mid-August, and held through the CLARITY vote and the rate hike, while retail has yet to arrive.
4. Policy: The Fed continues to hike, but US interest costs have hit a post-war record of \$1.0 trillion, strengthening the debasement case over the macro cycle.

### In This Report

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## 1

## The Bear Market Is Over

**The Q3 Scorecard**

Q3's outlook outlined a specific scenario with a defined off switch for the bear market. We argued Bitcoin was in the final leg of its bear market, and said a weekly close above \$83,000 would end that thesis entirely.

That close has now been printed. Bitcoin closed the week of the 21st of September above \$83,000 and has since traded as high as \$87,400. By the test we set ourselves, the bear market is over.

Bitcoin printed its cycle low at \$57,800 in Q3, flagged in our Morning Notes as it was forming. The capitulation zone we published was \$50,000 to \$55,000, so the price bottomed around 5% above our upper bound. Directionally correct, as close enough is near enough when trying to pick bottoms.

Price turned first. Confirmation followed in August, when institutional flows returned to the spot ETFs and the cost basis of recent buyers stopped falling for the first time in ten months. Section 7 sets out both.

In July, Bitcoin traded more than 51% below its October 2025 all-time high of \$126,272. At the time of writing it sits at \$83,367, up nearly 50% from the low and roughly 33% below that peak.

We made these calls in real time in our Morning Notes, where the levels in this report will be tracked through the quarter.

**Where We Are In The Cycle**

The bottom is behind us. The broader bull market is not yet underway. We believe the market has entered the early phase of expansion, the period between the end of a bear market and the point where the next leg higher is widely recognised.

That is a claim, not yet an argument. The sections that follow exist to test it.

**The Q4 Thesis**

Missing the low is not the same as missing the move.

Bitcoin spends the overwhelming majority of its life going sideways. The returns do not arrive evenly. They arrive in short, violent bursts, and a small handful of trading days account for most of any year's return. In four of the last seven years, an investor who missed Bitcoin's ten best days would have finished the year down. An investor who sits out those days waiting for a cleaner entry does not capture a slightly smaller return. They capture none of it.

This is why the frustration of having missed \$57,800 is a poor basis for a decision. Bitcoin is up nearly 50% from the low and still sits roughly 33% below its all-time high. The window where accumulation has historically been rewarded is still open, and historically the returns have accrued to those positioned before the conditions that preceded expansion were fully priced.

We could be wrong. A weekly close back below \$83,000 would put the breakout in question. A sustained loss of the short-term holder cost basis, currently around \$71,200, would mean recent buyers are underwater in aggregate, the condition that converts holders into sellers, and would invalidate the thesis. Section 12 sets out that scenario in full.

## MACRO

*Bitcoin does not trade in isolation, and Q4 will be shaped by conditions set outside the crypto market. The near-term backdrop is hostile: a Fed still raising rates, bond markets under strain on both sides of the Pacific, and an energy shock feeding inflation. We start here because the case we make later is only worth making if it survives this section.*

*The same forces, however, are what strengthen the longer-term debasement argument, and what position Bitcoin against gold and equities from here.*

## 2

## The Policy Backdrop

### The Fed Is Tightening Into A Supply Shock

The market spent most of 2026 waiting for cuts. It is the opposite.

On 16 September the FOMC raised rates by 25 basis points to a target range of 3.75% to 4.00%, the first increase since July 2023, in a unanimous 12-0 vote. The forward-looking part is the projections rather than the decision: 16 of 18 participants expect another hike this year, the median points to a year-end rate of 4.1%, and core inflation is forecast to rise to 3.4% before it improves. Two meetings remain in the quarter, on 27 to 28 October and 8 to 9 December, the second carrying updated projections.

What is driving matters more than the level. This is not demand running hot. Crude peaked at \$106 last quarter as the conflict between Saudi Arabia and the Houthis escalated, and sits near \$89 at the time of writing. The spike had already fed through to producer prices by the September meeting, and it is the reason that decision looked the way it did. A central bank tightening into a supply shock is the least forgiving environment for risk assets, and the market has started using the word stagflation.

Warsh's refusal to offer forward guidance compounds it, spreading volatility across every data release rather than concentrating it around meetings. He is leaning hawkish while Trump and Vance publicly push for cuts, and that tension is visible in every press conference.

The energy picture is the one part of the rate backdrop that has already improved. If crude holds near current levels, the supply-side pressure behind the Fed's next decision eases, and the December meeting becomes a more open question than the September dot plot implies.

## Japan: Managing The Unwind

## US and Japanese Government Bond Yields

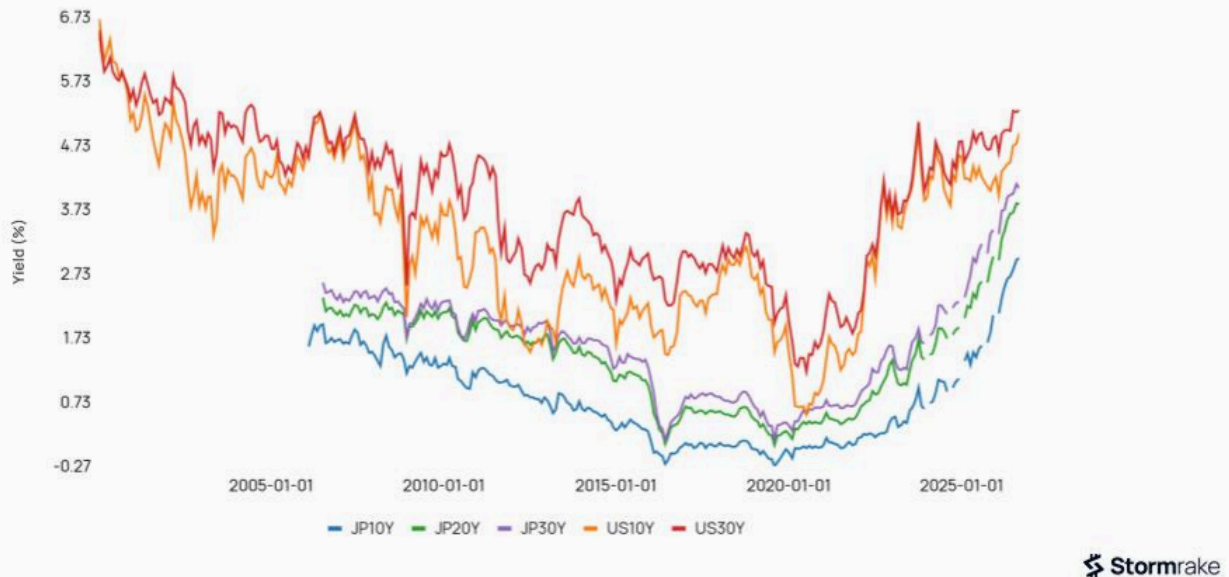


Figure 1

US and Japanese Government Bond Yields, 2000 to 2026. Source: TradingView, Stormrake Research.

Japan's 10-year yield touched 3% in early September, its highest since 1996, and the 30-year sits above 4%. On 18 September the Bank of Japan raised rates to 1.25%, the highest since 1995, in a split 7-2 vote. Yields are repricing as the BOJ steps back from a bond market it has dominated for years. Section 4 sets out what that says about the currency, and why we think it matters more than the rate itself.

The risk for Bitcoin is the carry trade unwinding. Cheap yen has funded leveraged positions across global markets for two decades, and crypto sold off the day the 10-year crossed 3%. But the September decision points to an orderly adjustment rather than a forced unwind. The split vote cast doubt on the pace of further hikes, and because the Fed moved by the same amount, the rate gap of roughly 2.75 percentage points that sustains the trade is unchanged. The risk remains, but it looks lower for Q4 than it did a month ago.

### Washington Is Running An Early Version Of The Same Playbook

Japan's stress does not stay in Japan. As the largest foreign holder of US Treasuries, its bond market feeds directly into US yields, and the US long end has faced what CNBC described as a buyers' strike since late June. At the time of writing, the US 10-year sits at nearly 5.3% and the 30-year above 5.6%, levels that reflect both the domestic tightening cycle and sustained spillover from Japanese bond market repricing.

The Treasury has responded by stepping into its own bond market. Buyback operations in the 10 to 30-year sector were doubled on 19 August and tripled to \$6bn on 9 September. The next day the Treasury bought \$5.19bn, short of its own cap, and the 10-year rose to 4.95%, its highest since 2023. Three escalations in three weeks, each with a shorter-lived effect than the last.

The intent matches Tokyo's: an authority absorbing its own debt to hold yields down, because the fundamentals underneath are not resolving. The next decision point is 4 November, when Treasury sets buyback sizes for the following quarter, the day after the midterms.

#### **What This Means For Bitcoin**

Nearly all of this is a headwind. Higher rates raise the opportunity cost of holding a non-yielding asset, rising yields pull capital toward government debt, and Bitcoin feels that alongside every other long-duration asset. We expect it to trade that way through the quarter.

The more useful question is which part of this Bitcoin responds to. It has historically traded poorly against rising real rates and well against falling confidence in monetary management. Right now both forces are present, pulling in opposite directions. Our thesis does not require the backdrop to improve. It requires the second force to win on a longer horizon, and section 4 sets out why we think it will. Section 12 sets out what it looks like if it does not.

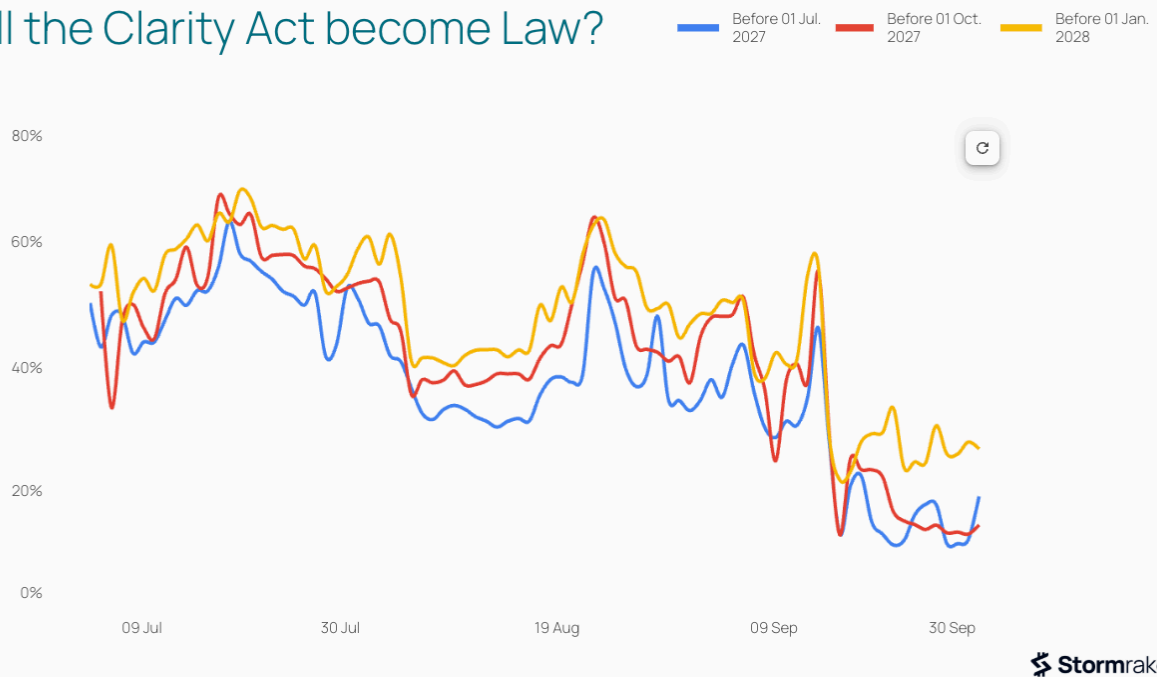
## 3

## US Midterms, 3 November

**The Legislative Bet Failed**

The industry spent 2024 and 2025 betting that a friendlier Washington would deliver regulatory clarity. On 15 September that bet was counted. The Senate failed to advance the Digital Asset Market Clarity Act, 49 votes to 50, well short of the 60 required. Prediction markets that had priced its passage near 90% in February had fallen below 20% by the vote, and Bitcoin fell as the count came in.

## Will the Clarity Act become Law?

**Figure 2**

Will the Clarity Act become Law? \$10,087,323 (USD) vol. Source: Kalshi, Stormrake Research.

Why it failed matters more than the fact that it failed. The market-structure framework was never the obstacle: the House passed it in July 2025 by 294 votes to 134, including 78 Democrats. What blocked it was ethics, with Democrats demanding an enforceable ban on the president and senior officials profiting from digital assets while setting the rules governing them, a demand sharpened by the President's disclosure of more than USD 1.4 billion in crypto income for 2025.

With the House leaving Washington until after the midterms, the 2026 window has closed. The bill is stalled rather than dead. Senator Tillis switched his vote to preserve the ability to bring it back, and Democrats tabled a fresh counteroffer on the ethics language on the day of the vote. Any revival most likely waits for a post-election lame-duck session.

**Why It Matters Less Than It Looks**

The obvious reading is that a major catalyst has been removed. We think that overstates how much legislative clarity was ever driving prices.

The agencies have been moving without it. SEC Chair Paul Atkins has said the agency will keep advancing its own crypto rule-making regardless of Congress, and its Regulation Crypto Assets proposal is open for comment until 20 October, inside this quarter. Nothing about custody, market access or ETF operations changed on 15 September. The clearest evidence is the market itself: Bitcoin

recovered from its cycle low and rallied through August while the bill's odds were collapsing.

The legislative route has become considerably longer. The destination has not obviously changed.

### What 3 November Decides

Republicans hold the Senate 53-47, and Democrats need a net gain of four seats. The direction of travel through September has been toward Democrats, with Silver Bulletin's forecast putting their chance of retaking the Senate at 59%, the highest this cycle. We are not in the business of calling elections, but a change in Senate control is now the base case rather than a tail risk.

For Bitcoin, the fiscal angle matters more than the regulatory one. Section 2 established that US yields are being driven by fiscal strain as much as by policy rates. Divided government has historically meant slower fiscal expansion, which would weaken the debasement case in section 4 at the margin. It also raises the odds of debt ceiling brinkmanship, which is its own source of stress on monetary credibility. Neither party has presented a path to fiscal consolidation, and the interest burden compounds regardless of who holds the chamber.

The midterms are also a volatility event in their own right. Risk assets have historically seen elevated volatility in the two weeks surrounding a US election, with a compression of that volatility in the weeks that follow once the outcome is known. That is a positioning consideration for Q4 rather than a thesis consideration.

### What This Means For Bitcoin

Less than the coverage will suggest. The 2024 cycle taught the market to price political outcomes as crypto catalysts, but agency posture has proven more durable than legislation, and the drivers set out in sections 4 through 8 do not depend on which party holds a chamber. What the election does deliver is a volatility event in the middle of the quarter, and that is a positioning problem rather than a thesis problem.

## 4

## Debasement

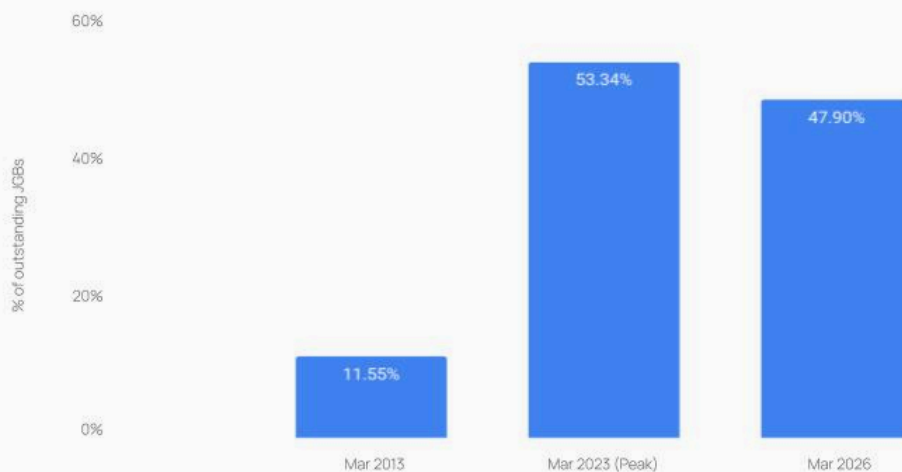
### The Usual Version Of This Argument Is Not Good Enough

Most debasement cases rest on a chart of the money supply rising. It is not wrong, but it has stopped doing any work, and it has an obvious problem right now: central banks are tightening. The Fed is hiking, the BOJ has just raised rates to 1.25%, and yields sit near multi-decade highs. On the naive reading, this is the opposite of debasement. We think that reading misses what is actually happening.

### Japan Is The Argument Arriving As Evidence

The Bank of Japan came to own more than half of Japan's entire government bond market, a record 53.34% by March 2023, up from 11.55% a decade earlier, all of it bought with newly created currency. It has since begun running those holdings down, but still owns 47.90% of the market. A central bank cannot spend years as the dominant buyer of its own government's debt and avoid the cost. It can only decide where the cost lands. Japan kept borrowing costs suppressed, and the currency absorbed the bill.

## Bank of Japan's Share of the Government Bond Market



 Stormrake

**Figure 3**

Bank of Japan's Share of Outstanding Japanese Government Bonds. Source: Ministry of Finance Japan, Stormrake Research.

In September it came due. The yen weakened past 160 against the dollar and triggered coordinated intervention. The sequence is the argument: years of monetising government debt, a currency at four-decade lows, then intervention to defend it against the consequences of the printing that caused the weakness. It is happening in the world's third-largest economy, with gross debt of roughly 250% of GDP, the highest in the OECD. We covered it in full in the Morning Note, Japan's Live Demonstration In Printing.

Washington is earlier in the same sequence. Section 2 set out the Treasury's escalating buybacks of its own long-dated debt. The label differs from Tokyo's,

but the function is the same: an authority absorbing its own bond supply to manage the price of its borrowing.

### The Mechanism Is Political

Debasement in 2026 will not arrive as a policy announcement. It will arrive as political pressure on central banks trying to do the unpopular thing, and the evidence is already public. The FOMC raised rates unanimously in September while Trump and Vance publicly demanded cuts. Warsh used the press conference to argue the hike was good news for Americans without financial assets, which is a chairman making a public political case for an unpopular decision. In the same month, Bessent pressed Tokyo for faster tightening at the G20 and was told the BOJ sets policy for Japan's economy, not Washington's.

Independence does not switch off. It erodes, and fastest when the fiscal arithmetic makes the independent choice unbearable. That arithmetic is now unambiguous. US net interest is projected at roughly \$1.0 trillion in fiscal 2026, or 3.3% of GDP, a post-war record and now larger than both defence and Medicare. Every hike adds directly to that bill, while the administration argues publicly for the opposite. That tension compounds every quarter and rates stay where they are.

### What This Means For Bitcoin

Debasement is not happening today, and section 2 said so plainly. The question is what happens when tightening becomes politically or fiscally intolerable. Bitcoin trades poorly against rising real rates and well against falling confidence in monetary management. Right now the first force dominates. We think the second is the one that compounds, because the conditions creating it are structural and worsening, while a tightening cycle is by definition finite.

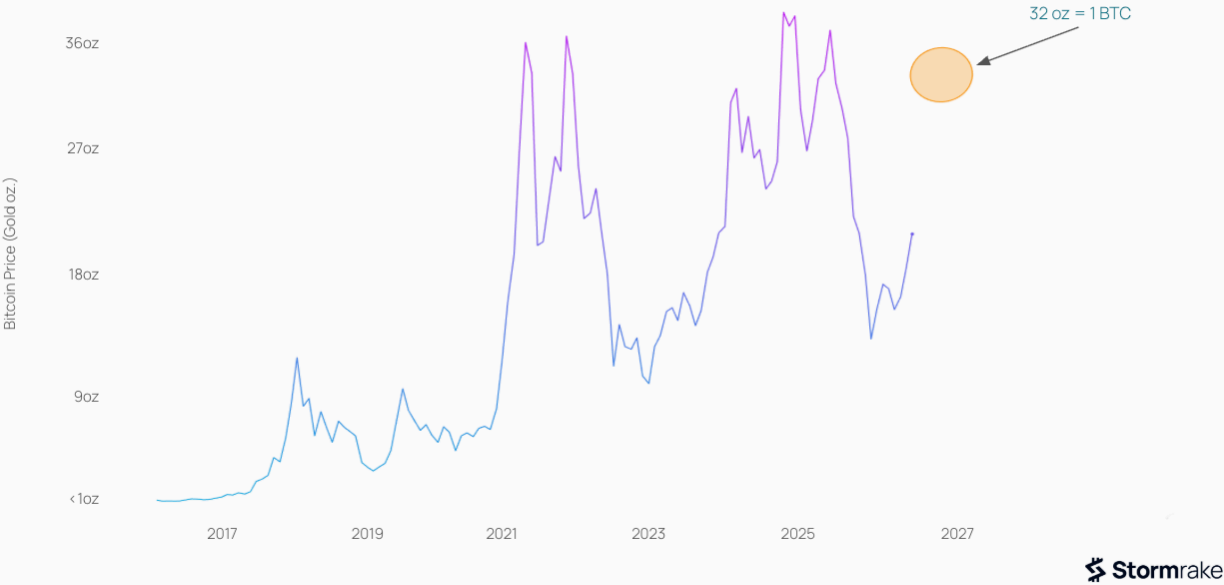
A fixed-supply asset with no authority able to expand its issuance does not carry the failure mode Japan is demonstrating. That property does not lose value because rates are higher this quarter. It gains value with every fresh example of what the alternative costs. Sections 5 and 6 test that against the two assets an investor would hold instead.

# 5 Bitcoin vs Commodities

If the dollar is the thing losing value, it is a poor yardstick. A more accurate test is to price Bitcoin against gold and silver - historical money that predates every currency in circulation. They are three claims on the same debasement, and the question is which captures most of it.

## The Ratios Point To Bitcoin

### Bitcoin Priced in Gold ounces



**Figure 4** Bitcoin Price in Gold ounces, 2017 to 2026. BTC/XAU = 32oz projected target. Source: TradingView, Stormrake Research. Past performance is not indicative of future results.

At every Bitcoin cycle low since 2018, Bitcoin's price in gold has bottomed, then climbed toward a ceiling of roughly 37 ounces that has held across every cycle. Silver has followed the same pattern, toward a ceiling of 3,333 ounces per Bitcoin.

We expect Bitcoin to reach roughly 32 ounces of gold before this cycle peaks, below the historical ceiling and therefore the conservative case. It is also, conveniently, close to a round number in its own right: 32.15 troy ounces is almost exactly one kilogram. Bitcoin currently trades at 20 ounces, against a 2026 low of 12, placing it early in the recovery phase.

## What The Pattern Implies

| Metric                            | Bitcoin                | Gold             | Silver     |
|-----------------------------------|------------------------|------------------|------------|
| Spot price<br>30 Sept 2026        | \$83,367               | \$4,183/oz       | \$61.50/oz |
| Implied price<br>Target: Sep 2029 | \$170,000 to \$200,000 | \$4,546–5,348/oz | \$51–60/oz |

Continued on next page

What The Pattern Implies (continued)

| Metric                              | Bitcoin        | Gold        | Silver      |
|-------------------------------------|----------------|-------------|-------------|
| Implied change<br>Spot to target    | +104% to +140% | +9% to +28% | -17% to -2% |
| BTC outperformance<br>vs each asset | n/a            | ~88%        | ~146%       |

**Figure 5** Bitcoin, Gold and Silver - Implied Price Targets to September 2029. Source: TradingView, ICE, Stormrake Research. Spot data as of: 30 Sept 2026. Past performance is not indicative of future results.

Applying those ceilings to a Bitcoin cycle-top target of \$170,000 to \$200,000 by September 2029 gives the table below. That same range already implies 31.8 to 37.4 ounces of gold per Bitcoin depending on which ends are paired, bracketing our 32 ounce view.

These are conditional outputs, not forecasts, and both ratios need to retest their ceilings for them to hold. The silver result sits awkwardly with a debasement thesis and may not fully retest this cycle. Either way, the divergence is the finding: these three assets are not offering similar outcomes. A fall back to 12 ounces in gold or 680 in silver would mean the metals had resumed outperforming Bitcoin.

Why It Holds

All three assets resist being printed, but not equally. Gold's supply grows 1.5% to 2% a year, and more than half of silver's demand is industrial. Bitcoin issues fresh supply at roughly 0.8% a year and halves again in 2028.

The bigger difference is settlement. Gold needs vaults and custodians; Bitcoin settles globally within ~ 10 minutes with no intermediary. That property was tested this year by a sovereign under sanctions: since March, Iran has accepted Bitcoin for transit tolls through the Strait of Hormuz, worth an estimated \$600 million to \$800 million a month, because unlike a frozen stablecoin wallet, it cannot be seized. The same conflict driving the oil shock behind the Fed's hikes is being settled in Bitcoin. We do not believe that is reflected in current pricing, giving room for higher prices.

We do however want to provide a counterpoint: gold's drawdown profile across a cycle is a fraction of Bitcoin's. Choosing Bitcoin over gold from here is a different volatility trade, not a strictly better one.

ETF demand tells the same story at scale. Since January 2024, ETFs have absorbed:

- Bitcoin: ~270% of new supply
- Silver: ~11% of new supply
- Gold: ~9% of new supply

The gap partly reflects Bitcoin's issuance schedule, but it is the mechanical reason ETF flow moves Bitcoin far more than either metal.

What This Means For Bitcoin

Bitcoin's price in gold and silver is in the phase that has followed every prior cycle low, the monetary case behind it has just been tested in the field, and ETF demand is absorbing supply at a rate no metal approaches. On that evidence, pullbacks against gold and silver look cyclical rather than structural.

## 6

## Bitcoin vs Equities

**The Rotation We Called Has Begun**

In our Q3 outlook we called for Bitcoin to begin outperforming the S&P 500. It has begun. We also made one point precisely: the rotation would not require equities to fall, only Bitcoin to do better. That is exactly how it has played out. The S&P 500 sits at 7,683, up roughly 12% on the year and setting new all-time highs, yet the BTC/SPX ratio is up 38.82% so far this quarter. Over the same period, Bitcoin's distance from its all-time high has narrowed from more than 51% in July to roughly a third today.

Anyone waiting for an equity drawdown as the signal to rotate has already missed a 38.82% relative move while the index made new highs.

**The Quarterly Chart**

## Bitcoin vs S&amp;P 500 Ratio, Quarterly

**Figure 6**

Bitcoin versus S&P 500 Ratio, Quarterly. Bullish engulfing quarters marked at prior cycle troughs. Source: TradingView, Stormrake Research. Past performance is not indicative of future results.

Plotted quarterly, the BTC/SPX ratio has a repeatable feature: bullish engulfing candles appear at the troughs of the pair and have marked the start of sustained Bitcoin outperformance. It has happened twice, in Q2 2019 and Q1 2023. What makes those instances worth noting is that each marked the same moment: the point where capital stopped treating Bitcoin as the thing to sell.

Q3 2026 is printing the third. After a run of red quarters, its body now covers the whole of Q2's decline, and it sits right at the ratio's moving average. At the time of writing the engulfment is all but confirmed. A close holding above Q2's open would place this quarter alongside 2019 and 2023. The quarter's low of 7.76 is the level that would invalidate the structure. Two prior instances is a thin sample and we would not lean on it alone, but it is consistent with everything else in this section.

## Valuations Give It Room

In Q3 we made a point worth repeating, because it is what has played out. We did not call for an equity crash. We argued the rotation did not require one: both assets could rise, with Bitcoin simply rising faster. That is exactly what happened. The S&P 500 set fresh all-time highs through the quarter while Bitcoin outperformed it by 38.82%.

We expect that to continue through Q4, and the reason is the gap between the two starting points. US equities trade at a Shiller CAPE of around 40, a level exceeded only at the dot-com peak, and they are doing so at record index levels. Bitcoin sits roughly a third below its own all-time high. When one asset is priced near the top of its recorded history and the other is still well below it, the asymmetry favours the second, and closing that gap does not require equities to fall.

### What This Means For Bitcoin

The rotation is not a forecast waiting to be confirmed. It is already measurable. For Q4 the question is whether the gap keeps closing, helped by ETF demand and the size of the gap still to close.

The honest risk is a genuine equity drawdown. Correlations rise in liquidity events, and a falling stock market would likely take Bitcoin with it in the short term. Bitcoin outperforming a rising market is a different claim from Bitcoin holding up in a falling one, and section 12 treats them separately.

## FUNDAMENTAL

*Macro sets the backdrop. Fundamentals show who is actually buying. This section looks at demand through the spot ETFs and at the cost basis of recent buyers on-chain, the two measures that tell us whether the recovery off the low is being built on real capital.*

# 7 Demand And Supply

## The Institutions Came Back

### Cumulative BTC ETF Net Inflows Over Time

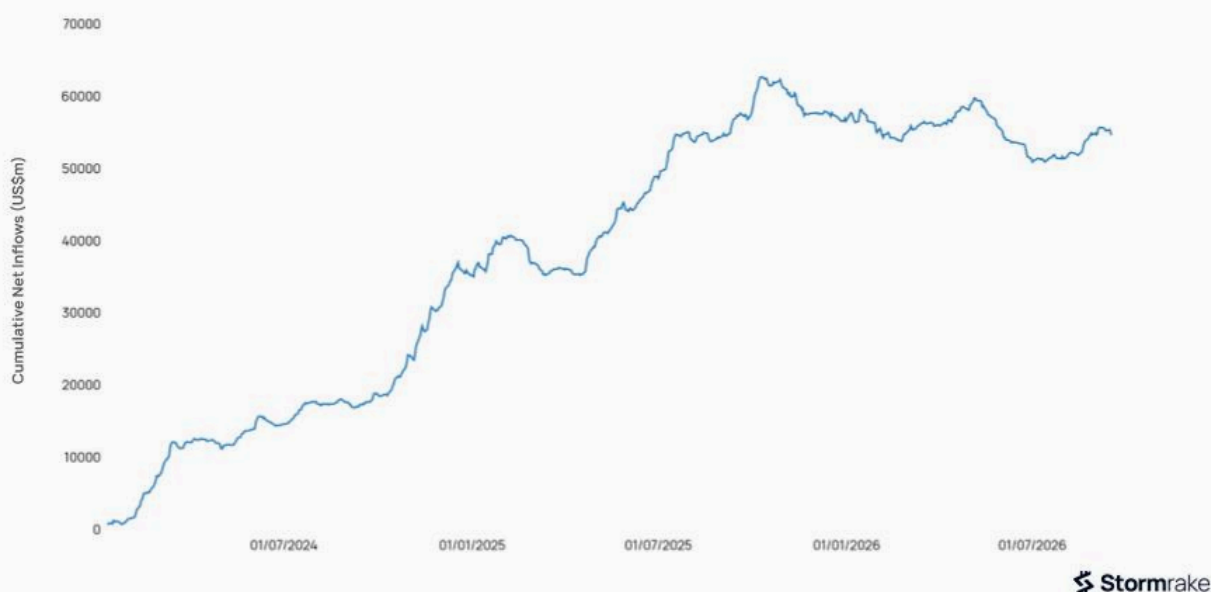


Figure 7

Cumulative Bitcoin Spot ETF Net Inflows, January 2024 to September 2026. Source: Farside Investors, Stormrake Research.

From mid-August to 5 September, US spot Bitcoin ETFs took in roughly \$3.8 billion over three weeks, the strongest run of 2026. On 19 and 20 August they absorbed close to 17,000 BTC in two sessions, against roughly 450 BTC mined each day. Two days of buying took more than a month of new supply off the market.

The sequence showed who was driving it. Over the weekend of 22 and 23 August, with the ETF window closed, volume thinned and price drifted lower. When the window reopened on Tuesday, buying resumed and Bitcoin broke \$80,000 for the first time since May. That is the flow driving price, not following it.

## September: Tested, Not Broken

The run ended in the week to 11 September, with \$462.7 million of net outflows. The following week brought the CLARITY vote and the rate hike within 48 hours, and roughly \$746 million left the ETFs across 15 and 16 September as Bitcoin dipped to a monthly low near \$75,900.

Then institutions bought the dip. Inflows returned on the 17th, and on the 18th the ETFs took in \$433 million, the largest session since 3 September, leaving the week marginally positive. September's net flow to the 18th stood at \$313.6 million.

Two qualifications keep this honest. That Friday was concentrated, with Fidelity and BlackRock accounting for almost all of it. And ETF flows for 2026 as a whole remain negative, so this is capital returning after leaving rather than a trend continuing. But the test that mattered was whether institutions would leave on two hostile headlines in the same week. They did not.

### Retail Are Not Here Yet

If retail were driving this move, weekends would be the strongest sessions, because weekends are when retail trade. Through August and September they have been the weakest. Retail participation has historically arrived late in a cycle, after the trend is established and widely reported. Its absence here is consistent with an early-stage move, and it is what the window described in section 1 looks like from the inside.

### On-Chain: The Cost Basis Of Recent Buyers

## Bitcoin Price vs. STH Realised Price



Figure 8

Bitcoin Price versus Short-Term Holder Realised Price, 2022 to 2026. Source: BGeometrics, Stormrake Research.

Short-term holder realised price is the average cost of coins that have moved in roughly the last 155 days. Price above it means recent buyers are in profit in aggregate, the condition that sustains accumulation. It is a time-based measure rather than a retail one, so the August ETF buying sits inside it.

It peaked at \$113,516 on 9 October 2025, three days after Bitcoin's all-time high, then fell 41% over the ten months that followed as each wave of buyers paid less than the last. It bottomed at \$67,202 on 18 August, within a day of the ETF surge, and had risen to \$71,208 by 11 September, the most recent reading available at the time of writing. Two independent measures, one flow-based and one on-chain, turned in the same week.

Bitcoin now trades comfortably above that level, and the level itself continues to rise as new buyers establish cost basis higher. A sustained loss of it would mean

recent buyers are underwater in aggregate, which is the condition that turns holders into sellers.

#### **What This Means For Bitcoin**

Demand is being carried by institutions while retail remains absent, and the on-chain cost basis confirms the turn independently. September tested that demand with two hostile events in one week, and it held.

That combination is what an early-stage move looks like, and it is temporary by nature. When retail arrives, the window has closed. What would change our reading: consecutive weeks of net ETF outflows, a shift in the weekend pattern indicating retail have begun to participate, or a sustained loss of the short-term holder cost basis.

## TECHNICAL

*Fundamentals show who is buying. Technicals show where the market sits in its cycle and which levels matter from here. This is also where our work turned first: our technical signals confirmed the bottom was in while Bitcoin was still trading below \$65,000, well before the break of \$83,000 made it obvious. This section sets out where those signals place the market now.*

## 8

## Market Cycle Stage

## Psychology of A Market Cycle

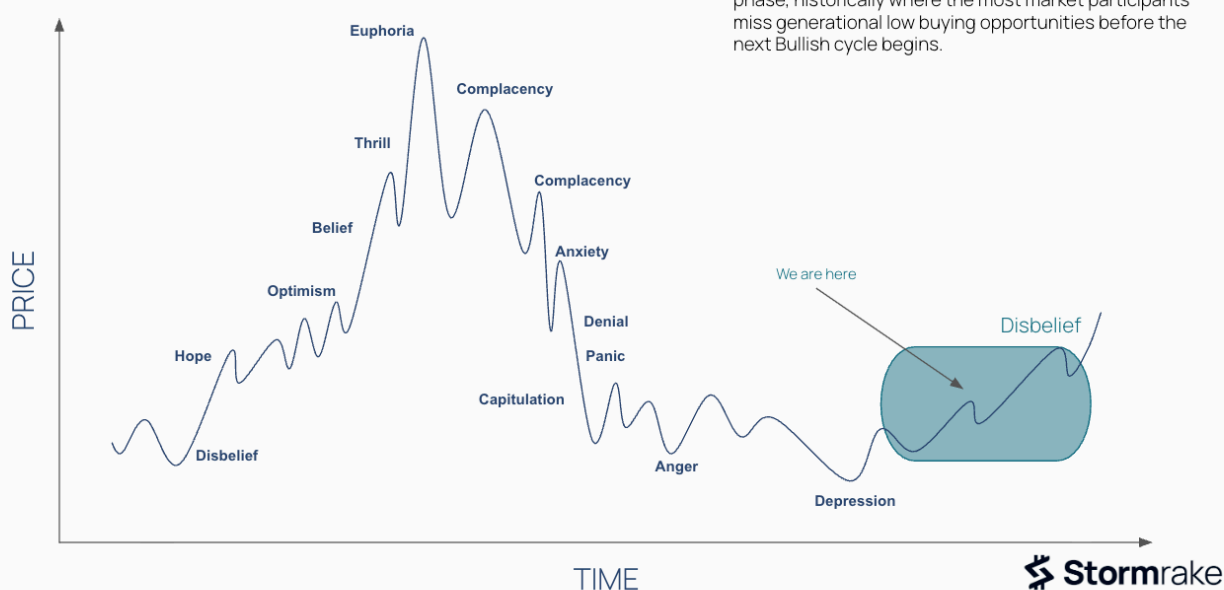


Figure 9

Psychology of a Market Cycle. Source: Stormrake Research.

Our Q3 outlook placed sentiment in Depression, the low point of the cycle, where demand is absent and sellers are exhausted. The chart above marks where we believe the market sits now: inside Disbelief, the phase that follows it.

The price action this quarter maps onto that phase closely. Depression gave way at the \$57,800 low in July. The first leg out of it came in August, as institutional flows returned and Bitcoin broke \$80,000. The pullback that followed in September, to a low near \$75,900 on the CLARITY vote and the rate hike, is the dip marked on the chart: a higher low that did not break the recovery. The move since, through \$83,000 and into the mid-\$80,000s, is the second leg.

That is where the arrow sits. Price is up nearly 50% from the low, yet it remains inside Disbelief, because the recovery is still widely read as a bounce within a bear market rather than the start of the next expansion. The data in section 7 supports that reading: the move is being carried by institutional flow while broad retail participation has yet to return.

What comes next on the chart is the break out of Disbelief into Hope, the point at which the recovery starts to be believed. Historically, Disbelief is where most participants miss the opportunity. The information is available, but confirmation

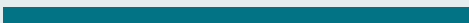
arrives only once price has moved, and buying into a market that has just fallen 55% carries a higher psychological cost than waiting.

What this means for Bitcoin. The defining feature of this phase is that it is widely doubted while it develops. By the time it is broadly accepted, it has usually become the next phase.

## 9

## Reading Pullbacks: The Probability Record

Bull markets do not deliver returns in a straight line, and every pullback that occurs within one carries the same psychological cost: the investor who has watched a position move in their favour begins to ask whether the cycle has turned. The data below addresses that question directly, through what has actually happened across the three prior Bitcoin bull markets rather than through opinion.

| Consecutive red weeks    | Probability of a green weekly candle                                                           | Sample                                                             |
|--------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| After 1 red week         |  <b>61%</b>   | 83 of 135 instances                                                |
| After 2 red weeks        |  <b>70%</b>   | 37 of 53 instances                                                 |
| After 3 red weeks        |  <b>70.6%</b> | 12 of 17 instances                                                 |
| <b>After 4 red weeks</b> |  <b>100%</b>  | 5 occurrences · 0 exceptions · across all three bull market cycles |

**Figure 10**

Probability of a Green Weekly Candle Following Consecutive Red Weeks, measured from 2015 - 2025. Source: TradingView, Stormrake Research. Past performance is not indicative of future results.

Across all three cycles, the probability of the next weekly candle being green compounded with every additional red week. A single red candle produced a green follow-through 61% of the time across all cycles combined. Two consecutive red weeks raised that to 70%. Three consecutive red weeks reached 70.6%. Four consecutive red weeks have been followed by a green candle 100% of the time across five separate occurrences, with no exception across the 2015 to 2017, 2020 to 2021 or 2023 to 2025 cycles.

The monthly data carries the same structure with greater force. Two consecutive red monthly candles during a confirmed bull market have resolved green 83.33% of the time. Three consecutive red months have produced a green month 100% of the time in every instance on record.

The consistency across three structurally different market environments – a retail-driven 2017 mania, a liquidity-flooded 2020 recovery and an institutionally-anchored 2023 cycle – is what gives the data its weight. The same underlying dynamic appears regardless of the macro backdrop: in a bull market, extended red streaks have historically represented exhaustion of selling pressure rather than the beginning of a new downtrend.

The mirror signal is equally important for Q4 positioning. Monthly green candle streaks beyond four candles show a consistent degradation in continuation probability. In the first bull run, the probability of a green month following four consecutive green months fell to 25%, and reached 0% after five. The same dataset that argues for accumulating into weakness argues for managing risk into extended strength. The two positions follow from the same underlying pattern.

## 10

## The Ten Days That Define The Year

The most common error investors make in a bull market is attempting to reduce exposure during a pullback and re-enter at a better level. The data below sets out the cost of that decision precisely.

Across the last two full Bitcoin bull cycles, a handful of trading days routinely produce the majority of a year's return. 2018, 2022 and 2026 are excluded, as each was a bear market year and this effect is a bull market specific phenomenon. The 2024 figure makes the point directly: a year that returned +121% in full would have returned -4.1% without its ten best days. The same test cut +304% down to +38% in 2020, and +156% down to +21% in 2023. In 2019 and 2021, the effect was more severe still: the ten best days alone would have returned more than the entire year did, meaning the remaining 355 days were net negative in both cases.

2025 makes the point most starkly of all. Bitcoin printed a fresh all-time high of \$126,272 in October, in what was by any measure a bullish year. Yet the full calendar year closed at -6.3%. The ten best trading days alone would have returned +80%; the other 355 days were enough to erase that gain and more. A year containing a new all-time high still finished in the red for anyone not positioned for the days that mattered.

| Year | Full annual return | Without top 10 days |
|------|--------------------|---------------------|
| 2017 | +1,296%            | +241%               |
| 2019 | +94%               | -40.0%              |
| 2020 | +304%              | +38.1%              |
| 2021 | +59%               | -45.2%              |
| 2023 | +156%              | +21.2%              |
| 2024 | +121%              | -4.1%               |
| 2025 | -6.3%              | -48.0%              |

Figure 11

The Ten Days That Define The Year. Source: TradingView daily closes (2019–2025); CoinMetrics (2017), Stormrake Research. Past performance is not indicative of future results.

The distribution is a defining characteristic of the asset rather than an anomaly. Returns do not accrue gradually across a year. They arrive in short, concentrated bursts that carry no advance notice, and the cost of being absent on any one of those days is the full upside of that session, unrecoverable. An investor who holds through a drawdown and captures the recovery can recover. An investor who sells into a drawdown and misses the reversal captures almost none of the year's return, regardless of how well they time everything else, as 2025 shows even in a year that technically finished at a new high.

This is the statistical underpinning of the Q4 thesis. The window between the current price and the bear market invalidation level is where those days will be concentrated. Waiting for a cleaner entry is a decision with a historically measurable and consistently severe cost, one 2025 shows can apply even when the year itself contains a new all-time high.

## 11

## Structure And Levels

The preceding sections have built the case from several directions: the macro backdrop is hostile but the fiscal arithmetic behind it strengthens the long-term case, Bitcoin is outperforming both gold and equities, institutional demand has returned while retail has not, and market psychology has moved into Disbelief. This section maps that onto the chart and sets out the specific levels that define the quarter.

Stormrake's view is direct: the bear market structure has been invalidated, the higher-timeframe trend has turned, and the levels below define where that turn is confirmed or questioned.

### The Structure Has Flipped

A bear market is a sequence of lower highs and lower lows. It ends when that sequence breaks, and the level that breaks it is the most recent lower high.

That level was \$83,000, the second lower high formed during the April 2026 rally, which is precisely why the Q3 Outlook named it as the bear market invalidation point. The weekly close above it did not simply clear a round number. It removed the last lower high in the structure.

What followed confirmed it. Bitcoin has since printed a new higher high on both the daily and weekly timeframes, which is the second half of the structural change. Before that, price set a higher low at \$74,900, well above the \$57,800 cycle bottom. Lower highs and lower lows have become higher lows and higher highs. On structure alone, the bulls are in control.

### The Parallel To 2023

The clearest historical analogue is March 2023. On the monthly chart, the push through \$83,000 is the second strong green candle following the initial bounce off the cycle low, in the same position and with the same shape as the one that printed three and a half years ago.

The distinction between the first candle and the second is the whole point. The first candle off a bottom is the reflexive bounce, the move almost everyone dismisses as a bear market trap. The second is the confirmation that the bounce has done its work and the market has moved into the next phase. That is what has just been printed.

The parallel also sets expectations. What followed March 2023 was not another 50% in ninety days. It was a longer and less dramatic stretch that delivered the majority of the move over the quarters that came after. The cheapest entry of this cycle has already been and gone. What remains is the part that rewards patience rather than timing.

### The Bear Market Trendline And The 50 EMA

Two technical signals turned in August, while Bitcoin was still trading below \$65,000. The break of \$83,000 has since confirmed both.

The first was the 2026 bear market trendline, the descending line connecting every lower high since the October 2025 peak. On 17 August, Bitcoin closed a daily candle above it for the first time in this bear market and held the reclaim the following session. It did so alongside an inverse head and shoulders that had been forming since June, with its neckline at roughly \$65,000, and after weeks of compression inside a symmetrical triangle. Price ran to \$70,033 within 24 hours of

the break. The same signal marked the 2018 and 2022 cycle lows: in both cases price chopped for a period afterwards, and in neither case did it revisit the low.

The second was the 50-period exponential moving average on the daily chart, the level whose reclaim has marked the end of every recent bear market. What separates a genuine break from a fakeout is volume, and whether enough drawdown has already played out. The failed attempts in 2014-15, 2018-19 and 2022 either lacked volume or came too early in the cycle. August's break came ten months on from the all-time high, with volume behind it.

Neither signal needed a price to reach \$83,000 to fire. Both had already turned while Bitcoin traded in the low \$60,000s, which is why our Morning Notes were flagging the low as it formed rather than after it.

Key Levels At A Glance

| Level                             | Zone             | ATH DD        | Signal                       | Assessment                                                                               |
|-----------------------------------|------------------|---------------|------------------------------|------------------------------------------------------------------------------------------|
| <b>\$100,000</b><br>Psychological | Psychological    | <b>-20.8%</b> | Round-number resistance      | Recovery stops being debated. Retail typically returns at or above six figures.          |
| <b>\$92-93K</b><br>Supply zone    | Supply zone      | <b>-26.7%</b> | Prior resistance             | Last meaningful overhead supply before six figures. Some selling into strength expected. |
| <b>\$87,500</b><br>Yearly open    | Yearly open      | <b>-30.7%</b> | Annual pivot                 | Reclaim turns 2026 green. Narrative shift draws first wave of returning participants.    |
| <b>\$83,000</b><br>✓ Achieved     | Structure flip   | <b>-34.3%</b> | Lower High #2, now reclaimed | Q3 invalidation level, now reclaimed. Primary support expected to hold on pullbacks.     |
| <b>\$74,900</b><br>Invalidation   | Structural floor | <b>-40.7%</b> | Weekly higher low            | Thesis invalidation on a weekly close below. Reopens range to the \$57,800 cycle low.    |

Figure 12

Key Levels At A Glance. Source: TradingView, CoinGecko, Stormrake Research. \$83,000 highlighted: already achieved at time of writing. ATH drawdown calculated from \$126,272 (06 Oct 2025). Past performance is not indicative of future results.

Key Execution Levels

\$83,000 – The Level That Flipped

\$83,000 was the ceiling of the bear market. It was the second lower high from the October 2025 all-time high, it rejected price in April 2026 with a bearish moving average crossover, and the Q3 Outlook named it as the single level that would end the bear thesis.

It has now been reclaimed on a weekly closing basis, which is the specific condition Q3 required: not a wick, not an intraday spike, but a sustained close demonstrating genuine buying conviction. Levels of that significance do not usually flip back quickly. Having acted as resistance for five months, \$83,000 becomes the primary support for the quarter, and holding it on any pullback is what keeps the structure intact.

\$87,500 – The Yearly Open

The yearly open carries no structural weight, but it carries psychological weight that matters for participation. Bitcoin spent most of 2026 beneath it, which is why coverage of the asset has been uniformly negative. A sustained reclaim flips the

year positive, and the narrative shift that follows is typically what draws the first wave of returning participants.

### **\$92,000 to \$93,000 – The Last Supply Before Six Figures**

This zone represents the final area of overhead supply between the current price and \$100,000. It is where buyers from the late-2025 distribution phase are closest to breaking even, so some selling into strength should be expected. Clearing it on a weekly close removes the last technical obstacle to the six-figure retest.

### **\$100,000 – Where The Debate Ends**

\$100,000 is psychological rather than structural, but it is the level at which the recovery becomes impossible to characterise as a bear market rally. Section 7 established that retail participation has not returned. History suggests it returns at or above levels like this one, which is also the point at which the accumulation window described throughout this report closes.

### **Thesis Invalidation: \$74,900**

Every thesis requires a clear invalidation condition. Ours is a weekly close below \$74,900.

That level is the higher low printed before the break of \$83,000, and it is what makes the current sequence a bull structure rather than a bear market rally. A weekly close beneath it would undo the higher-low sequence, reopen the range between \$74,900 and the \$57,800 cycle low, and require us to revisit the framework set out in this report.

We do not expect it. Institutional flow, the on-chain cost basis and the relative-value work in sections 5 and 6 all point the other way, and \$83,000 sits between current price and that level as the first line of defence. But the level exists precisely to tell us when the market has not followed the most probable path.

## 12

**Stormrake's Q4 2026  
Outlook**

## Scenarios And Close

The bear market is over, and that is now a matter of record rather than opinion. We named \$83,000 as the level that would end our bear thesis, and it has been reclaimed on a weekly close. The structure has flipped from lower highs and lower lows to higher lows and higher highs. What follows is a question of pace, not direction.

Our base case for Q4 is consolidation, not continuation. Bitcoin has run nearly 50% off the low in roughly two months. The most likely path from here is a quarter spent building a range between the \$74,900 higher low and the \$92,000 to \$93,000 supply zone, rather than an uninterrupted push to six figures. Some readers will interpret sideways price action as the rally failing. We would read it as the opposite.

A consolidation is the more bullish outcome, not the lesser one. A straight run to \$100,000 in Q4 would be driven by momentum and leverage, with no base constructed beneath it and nothing to fall back on when the move stalls. Consolidation does the structural work instead. It allows the 50 EMA and the broken bear trendline to rise beneath price, converting former resistance into support. It transfers supply from the traders who bought the breakout to holders with longer horizons. And it keeps retail absent, which section 7 identified as the defining feature of this phase and the reason the window remains open. The 2023 analogue in section 11 followed exactly this path: the second monthly candle confirmed the turn, and what came next was a patient stretch rather than another vertical leg. The data in section 9 points the same way, with extended green streaks showing degrading continuation probability while red weeks inside a bull market have resolved higher with striking consistency.

The bull case is six figures before year end. It requires three things in sequence: \$83,000 holding on any pullback, a sustained reclaim of the \$87,500 yearly open, and a weekly close through the \$92,000 to \$93,000 supply zone. The catalysts exist. Crude has fallen from \$106 to the high \$80s, which eases the supply-side pressure behind the Fed's next decision. The midterms remove an event risk once resolved. ETF flows demonstrated in September that institutions buy these dips rather than leave. If those align, the path is open. It is also the outcome that closes the accumulation window fastest.

The bear case requires undoing everything, and we think it is unlikely. It would mean a weekly close back below \$74,900, turning the entire move into a vertical rally that retraces as fast as it rose. That would invalidate the higher-low sequence and reopen the range down toward the \$57,800 cycle low. The evidence runs against it. The bear trendline break in August has marked the final low in both 2018 and 2022 without price ever revisiting the cycle low. The short-term holder cost basis has been rising since 18 August. Institutional flow held through a failed vote and a rate hike in the same week. We name the level because every thesis needs one, rather than us expecting it to be reached.

**The Window Is Still Open,  
But It Is Not The Same  
Window**

The cheapest and most optimal entry of this cycle has come and gone. We said in Q3 that the accumulation window was open and would not remain open indefinitely, and part of it has now closed. Bitcoin is up nearly 50% from the low.

What has not closed is the larger part. Bitcoin still trades roughly a third below its all-time high. Retail has not returned en masse yet. The broader bull market has not begun. Section 10 showed that a handful of days produce the overwhelming majority of any bull market year, and those days arrive without notice, concentrated in exactly the stretch between where price sits now and where the recovery becomes obvious to everyone.

That is the whole argument of this report. Missing the low is not the same as missing the move. The returns have historically accrued to those positioned before the conditions that precede expansion are fully priced, and on the evidence set out across these twelve sections, they are not yet fully priced.

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