💡 Has Bitcoin Bottomed?

Bitcoin started selling off from its all-time highs of over $126K last October, tumbling to under $58K two months ago. Question is, have we seen the worst of this Bitcoin bear market yet?

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SEP 06, 2026 ∙ PAID

- 📶 Welcome to The Informationist. Each week I take you inside the decisions that move markets and make sense of the forces at work.
- ✅ One topic, exposed and explained, so you can make sharper decisions with your own money.
- ➡️ You're on the list. If another investor would want this read, forward it their way.

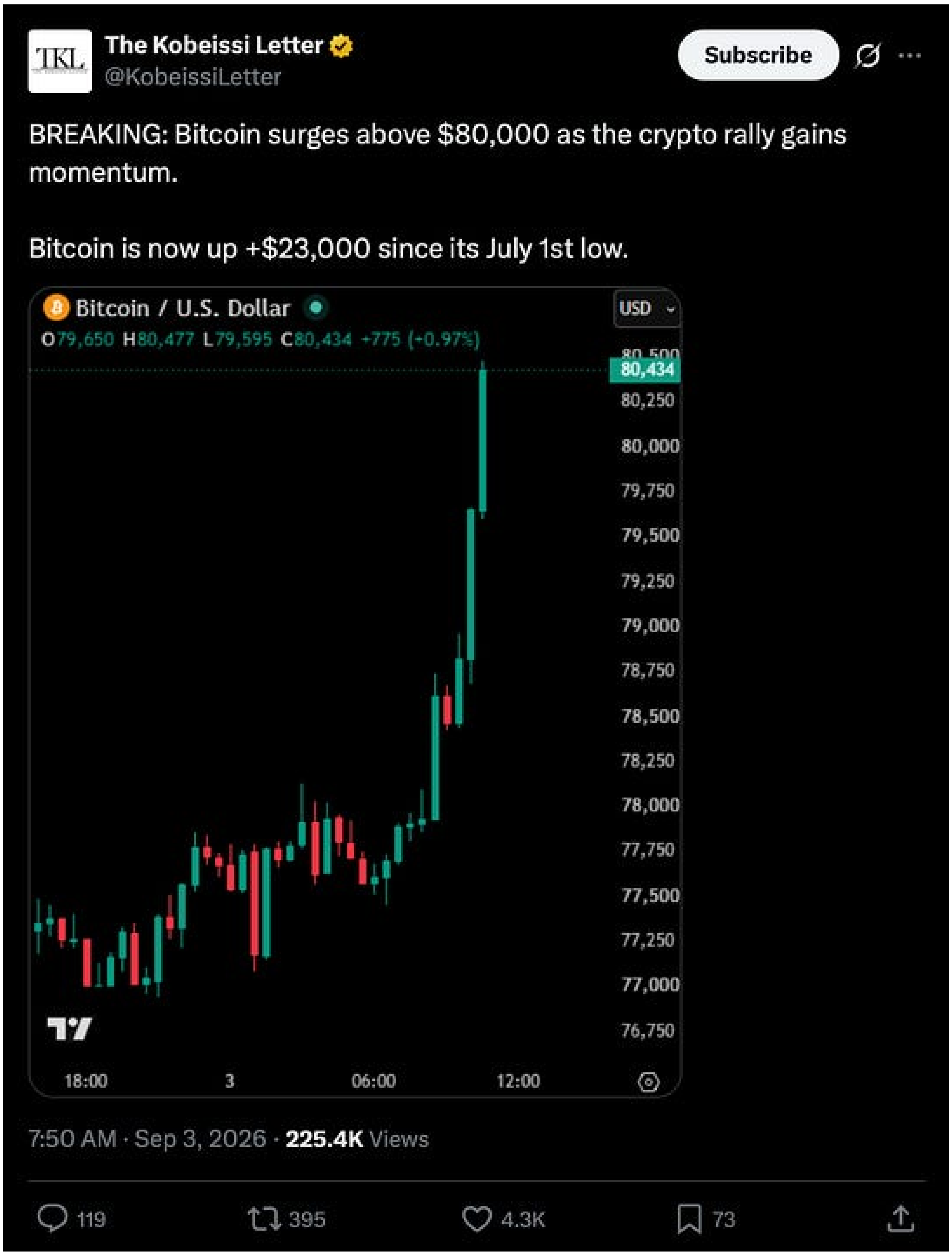
Full disclosure, and as many of you already know: I hold bitcoin and hard assets personally and professionally, and I sit on the board of a bitcoin treasury company, so weigh my opinion accordingly. Nothing here is individual advice, and I don't know your personal situation. If you have an advisor, these are conversations you should be having with them.

Today’s Bullets:

- Tale of the Tape
- The Case for the Bottom
- The Fine Print

- Can They Stand Up to the Macro?

Inspirational Tweet:



The bottom is in, the bottom is in!

I have to admit, when we look at a chart like the one above, as pointed out by Kobeissi, the Bitcoin rally does appear to just be gaining momentum.

That said, we've seen much stranger things than a sudden spike and then a *just-as-sudden* sell-off from this asset before.

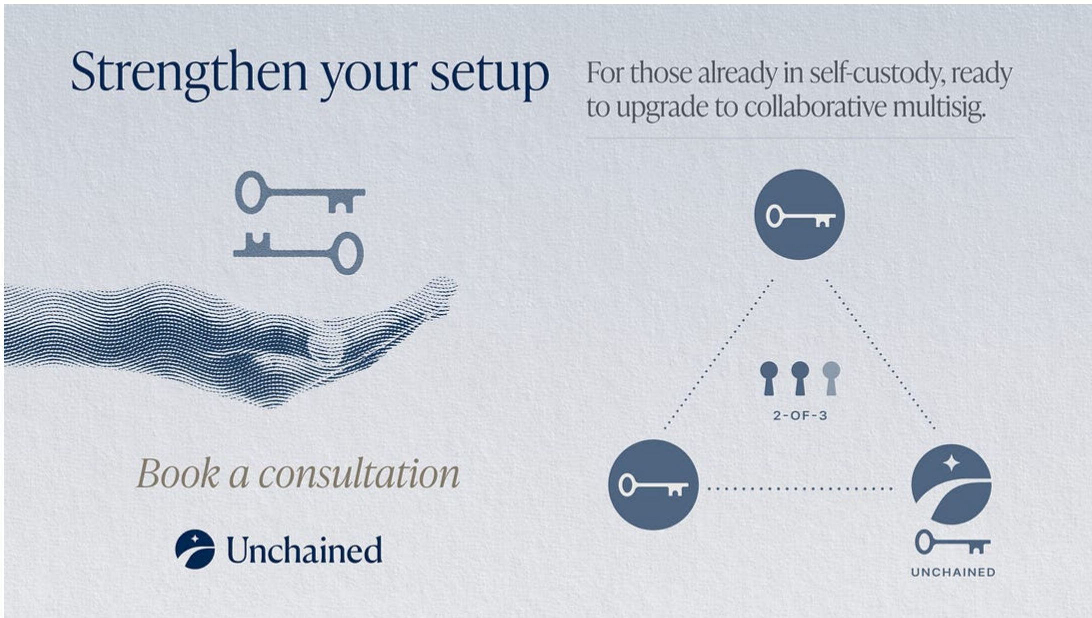
It's Bitcoin after all, and **Bitcoin loves to do exactly what the least number of people expect.** Especially after what has been such a welcome relief rally from over 10 months of pure pain in this market.

Then again, there does appear to be real evidence that Bitcoin may have bottomed out here. From cycle peaks and valleys to on-chain metrics, there are plenty of signals we can read.

Question is, *are any of them strong enough, deep enough in their history to be solid indicators for this type of declaration? And if so, what exactly are the most useful ones telling us, and why? And perhaps most importantly, can they stand up to the current, and possible coming, macro-economic environment?*

Great questions, all of them, and ones we will cover in deep enough detail here today. But don't worry, and don't feel intimidated by the thought of analytics or math, because we are going to do this *nice and easy, as always.*

So, pour yourself a big cup of coffee and settle into your favorite seat, as we make sense of the calls for a Bitcoin bottom with this Sunday's *Informationist*.



Reduce risk in your bitcoin setup

The recent Coldcard incident is a good reason to review how your bitcoin is secured. If you already self-custody and want to eliminate your reliance on a single device, Unchained can help.

A multisig vault requires multiple keys to move bitcoin. When those keys are stored on different devices, a problem with one device does not give an attacker everything needed to spend the bitcoin.

Throughout the Coldcard incident, Unchained has been helping hundreds of Coldcard users on their platform move bitcoin into new vaults, review their setups, and make informed decisions about what to do next.

Strengthen Your Setup is Unchained's Premium Service Suite for bitcoin holders who want to upgrade to collaborative multisig. Across multiple one-on-one sessions, a dedicated bitcoin expert guides you through creating your first vault and provides advanced security training.

You leave with a fully configured vault, a tested recovery plan, and a setup reviewed by a bitcoin expert.

If you use a Coldcard or hold your bitcoin in a single device and have questions about what to do next, or know someone who does, contact Unchained.

Strengthen your setup with Unchained

Tale of the Tape

To start this section, we must go back to the trading day of **October 10th**, last year.

And what a day it was.

There I am, sitting at my desk in my own office, same as usual. Outside, it's a near-perfect, crisp October fall Friday in Las Vegas. The kind of day that begs you to take the day off, go golfing instead.

I should have, because inside a storm was brewing. A trading market hurricane.

First, the **S&P 500** opened green, sitting a hair below the record it had set two days earlier. By the close it had given all of that back and a whole lot more, **down 2.7%** on the day. The Nasdaq Composite dropped right along with it, ending **down 3.6%**.

In direct contrast, both **gold and silver** ended **up on the day.**

Then there was **Bitcoin**.

Having closed at **$121,705** on Thursday evening, Bitcoin seemed to hang in there, rallying alongside the general markets, and touching an intraday high of $122,587 that morning.

All is good. Maybe we'll make another all-time high soon.

Or maybe not.

Because the markets began to soften, and *Bitcoin drifted right with them.*

From $122K to $120K, to $118K, and settling at just above $117K by the close of trading in New York.

Ouch, that was painful. Or so we thought.

Because it was not over.

Remember, Bitcoin itself doesn't ever stop trading. We just get a closing price struck at 8pm Eastern Time, nightly.

So Bitcoin kept trading.

And at approximately 1:45pm my time on the Pacific, a mere 45 minutes after the NYSE closed. Out of nowhere.

The bottom. Literally. Fell out.

Bitcoin traded from $117,209 to $113,048, down over $4K in 15 minutes, before climbing back up to $114,364.

Then it dropped again, *another $4K*, to $110,209. Recovered for a few minutes to $112,354.

Then again. ***Fifteen minutes of punishing selling.***

All. The. Way. To.

$105,617.

A fall of nearly $7K.

A total flush. Down $11,600, about 10%, *in less than 45 minutes.*

We're not going to get into the reasons behind this leveraged flush, but it's instructive to understand *just how quickly things can change in Bitcoin.*

After the dust settled and we all licked our wounds, Bitcoin seemed to find footing for a couple of weeks before it began to really grind lower, starting in November, with a steep drop-off to below $100K by the end of the month.

The selling plateaued in December with Bitcoin trading between $85K and $95K.

Then it dropped again by the end of January. Another sharp sell-off down to $60K in early February, marking over a 50% drop in just a few months.

By the middle of April, Bitcoin seemed to find its footing and climbed all the way back up above $80K in May.

Some investors were calling a bottom at that time because Bitcoin had already dropped over 50%.

And of course, hindsight being 20/20, this was optimistic.

Because by mid-May, Bitcoin started falling again. With a final push down to $57,748 on July 1st.

As I said before, a *punishing period for Bitcoin.*

Even worse, the markets had marched higher and higher in the same period to crest and reach new all-time highs, again and again, driven by the AI-trade.

But just a few weeks ago, Bitcoin began to recover. There are many reasons this latest wave of buying can be attributed to, and we will get to that in a bit. But for now, take a look at where Bitcoin has come from.

All the way back to over $82K. But then, jobs numbers came in three times consensus, and Bitcoin, gold and silver all got sold together. Bitcoin has since retreated back to $79,850 as I write this on Friday afternoon.

Of course, this could all change again by the time you're reading this, as that's two days from now, and this is Bitcoin, after all.

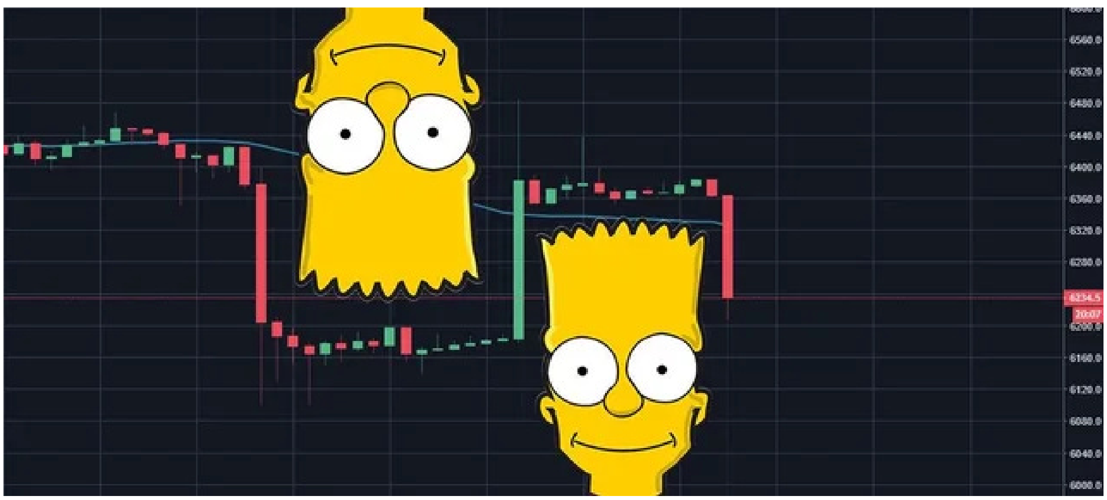
But that is not the point. The point is that Bitcoin has had a severe and prolonged drawdown, tipped off by the leveraged wipeout on October 10.

Confidence was shattered for short-term holders after an apparent exodus of OG's (original holders from long ago) from Bitcoin. Bitcoin-related companies, like Strategy, were vilified on Twitter and in the media, and relentlessly sold.

It was a gut-wrenching and brutal period for new and long-time investors alike. Perhaps because there was no blow-off top, no Bitcoin mania or hysteria this past run-up to the all-time high. This may be a factor in Bitcoin's favor, though, as we will talk about in a bit, too.

In any case, with the turmoil, the Bitcoin Fear and Greed index sat near all-time lows, **signaling massive investor fear for months.**

But as we have seen before, Bitcoin can have violent moves in either direction. And often it happens in a mirror image of a recent move, on no news at all. A total round trip that has earned the nickname of *The Bart*. And it looks like this.



So the question, and we are all in the right to ask it, is: *has Bitcoin, in fact, bottomed for this so-called cycle?*

And if so, *how can we prove it against the last few times Bitcoin has "bottomed"?*

Or are we, as some investors fear, just being set up for another *Bart*?

The Case for the Bottom...