



Harry's Take

August 16, 2022

Bitcoin Could Bottom by Year-End, While the Nasdaq/S&P 500 by the End of 2023

I'm looking at the wave counts for the Nasdaq and for Bitcoin, and Bitcoin looks like it has one more wave down to complete a major five-wave, A-wave bottom by the end of this year or by very early 2023. Below, I repeat an update of a chart I have featured recently that does indeed project a major bottom by year-end, even though it could be retested with a C wave a year or more from now. But either way, this would end up being a major low for Bitcoin, not just another wave down. And my target is as low as the \$3,177 low in December 2018 (as shown in the chart below) or as high as \$4,001, as projected from the second major lows in early 2020 that came after the 2017 peak.

Bitcoin Bubble Clearly Burst at 17,631 Low; Downside 3,177, or -95.4%



Source: Investing.com

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But the S&P 500 and the Nasdaq look only to have completed a first wave down and to be in a two-wave bounce that looks like it is about to peak and reverse into a third wave down. I roughly expect that to begin soon and then bottom by the end of this year or very early next year (January or early February), as Bitcoin makes its fifth wave and more conclusive bottom, as shown above. Let me remind you, I am merely making the best projections I can based on the information available today, and this scenario could change ahead.

How could I resolve this difference, a major bottom in Bitcoin but not yet in the Nasdaq? Bitcoin has tended to lead the Nasdaq and the S&P 500, but by several weeks, not a whole year. The best resolution, looking back at the first tech bubble, comes from comparing Amazon, the lead company in the dot-com tech sector bubble into early 2000, with Bitcoin today—and, in a broader sense, from comparing the Internet Index back then with the crypto sector at present.

This chart shows that in the first tech bubble, Amazon peaked earlier, on December 8, 1999, versus the Nasdaq on March 10, 2000. It then bottomed

just over a year earlier on October 1, 2001, vs. October 10, 2002, for the Nasdaq. And note that Amazon did not bounce that strongly after its earlier bottom.

In the 2000-2002 Tech Crash, Amazon Bottomed 1 Year Before Nasdaq



Source: Investing.com

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Hence, it would be totally consistent for Bitcoin to put in its major low (even if roughly retested later) between December and January of this year, as I best project at this early point, but then for the Nasdaq and S&P 500 broader markets to not make such a major fifth-wave low until as late as late 2023, one year or so later, which is also my best projection today.

The most important insight here is that the worst of the damage could very well be done in the S&P 500 and Nasdaq if Bitcoin does make a major bottom as low as \$3,177 to \$4,001 by year-end, as previously discussed.

This makes this two-wave bounce here since June in the broader stock market into August an even more important time to get out of stocks as well as out of Bitcoin and cryptocurrencies (for those who haven't), which have already been crucified much more. This third wave down for stocks normally would be at least as great in magnitude as the first wave down we just saw

into June, but this now makes it more likely to be much stronger into late this year or early next year. And that stock low could follow the Bitcoin low late this year, going down by the end of 2023 as much as 86% on the S&P 500 and 92% on the Nasdaq from the all-time highs already very likely in.

Harry

Got a question or comment? You can contact us at info@hsdent.com.