

BITCOIN: CYCLICAL ANALYSIS AND OUTCOMES FOR 2016



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Introduction

Life is composed of a multitude of cycles. No event happens without a relationship to multiple cycles. Cycle Analysis attempts to forecast future events by projecting into the future cycles which have shown a past correlation to the event in question.

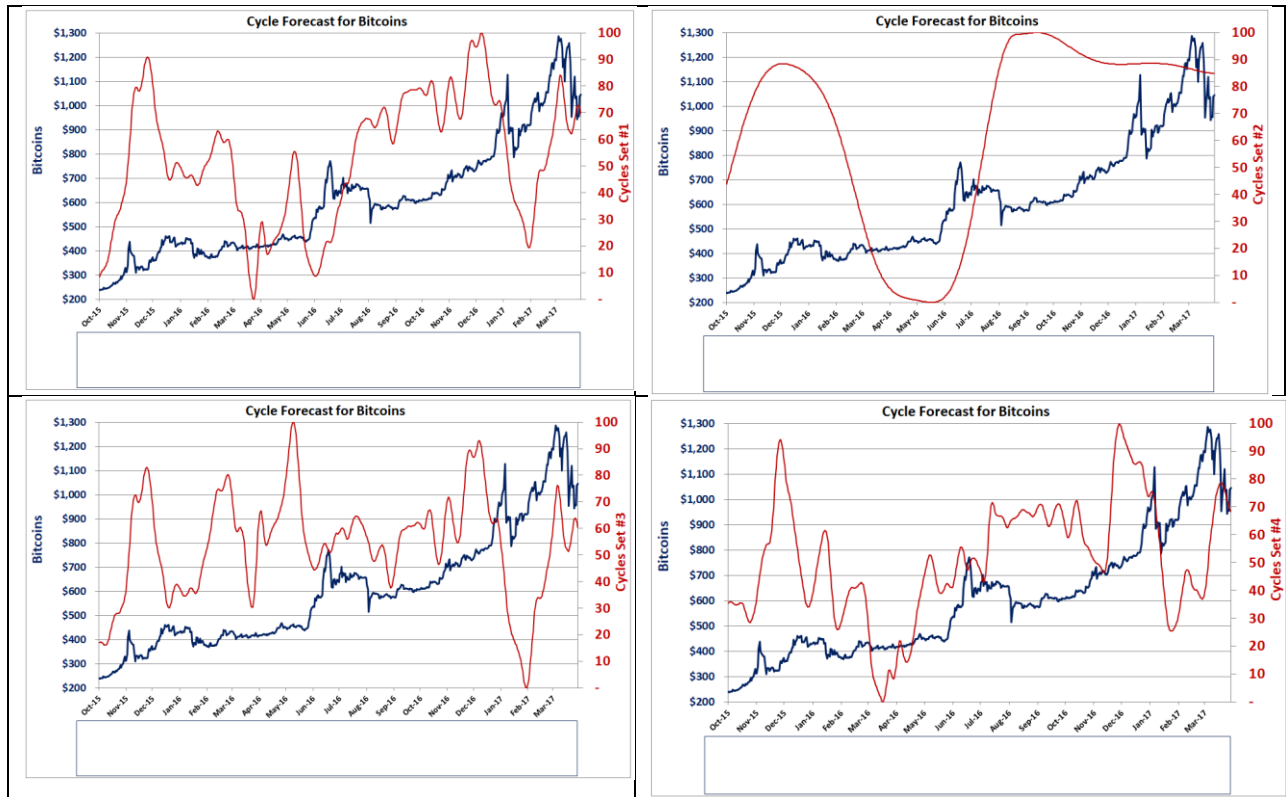
Seldom does a single cycle provide a reliable forecast. Combining all the cycles that have shown a strong correlation to the subject of study produces rather flat cycles. Through my research over the years, I have found the most reliable forecast are found when combinations of cycles are grouped into Sets, and two to four Sets are used to make forecasts.

The up and down movements of a Cycle Set is not sufficient for making reliable forecast either. Particular patterns within the Cycle Set must be identified. These patterns do have a strong enough correlation to the event being studied to forecast with a high probability future movements.

There are four Cycle Sets I have found for Bitcoin. Usually, two or three Cycle Sets will emerge. I was a bit surprised to find four. These Cycle Sets and the corresponding price movements for Bitcoin for 2016 are shown below.

Cycle Set #1 is displayed a number of times with each chart showing a pattern or patterns you should learned to recognize. I thought it would be easier to understand than showing you one charts with all the patterns and notes explaining the patterns.

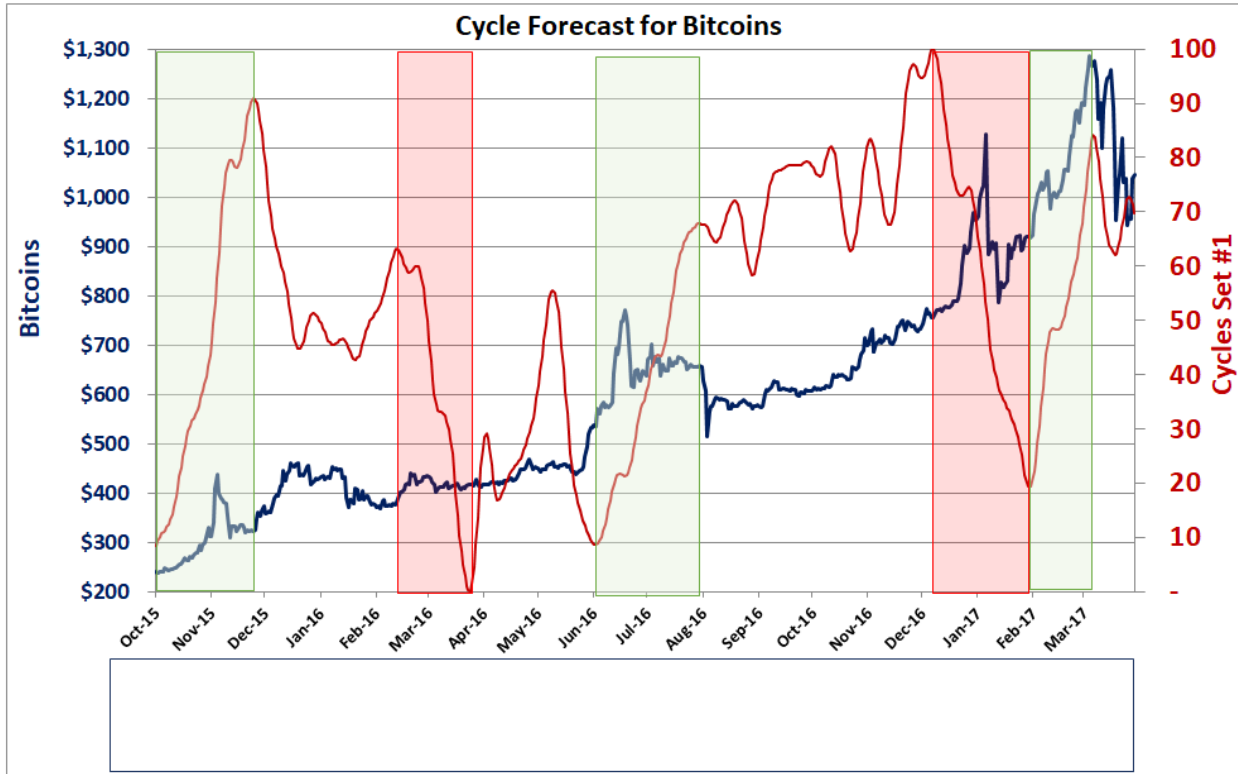
Current Cycle Sets



Cycle Set #1

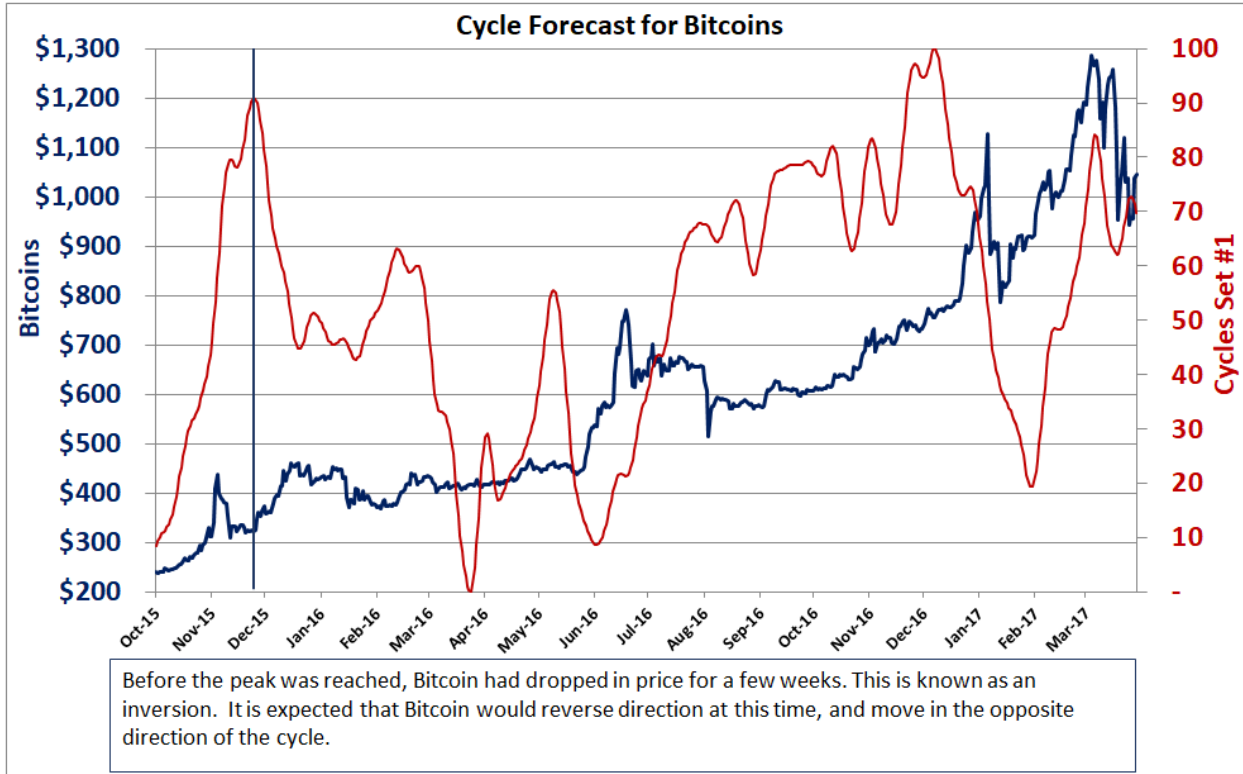
Sharp Rises and Falls

Definition: A movement of 60 or more cycle points that appears to be almost a straight line in one direction.



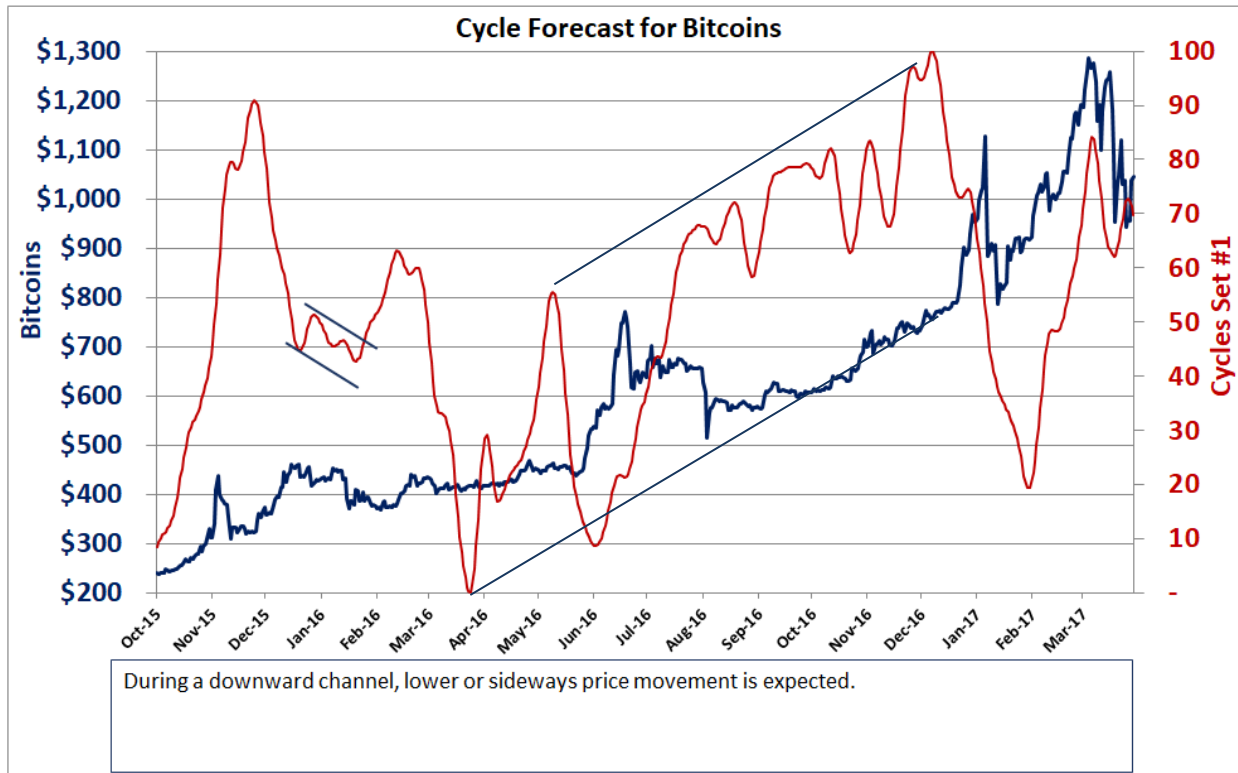
Inversions

Definition: An inverse movement between the Cycle Set and price. Inversions happen frequently in Cyclical Analysis, but they are not useless. When price is trending strong in the opposite of the cycle forecast, a reversal in price is highly likely to occur when the cycle peaks or bottoms. This is often an excellent reversal signal.



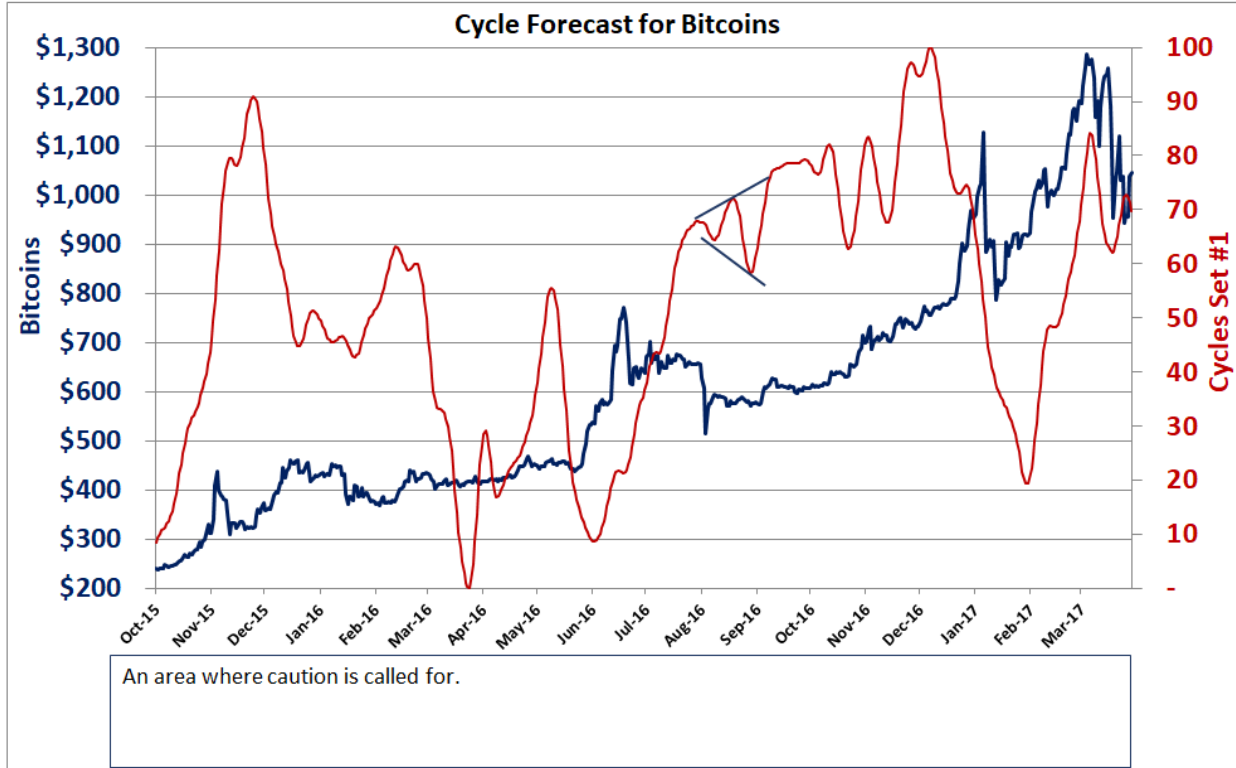
Channels

Definition: Two peaks and two bottoms that form a channel moving in an up or down direction.

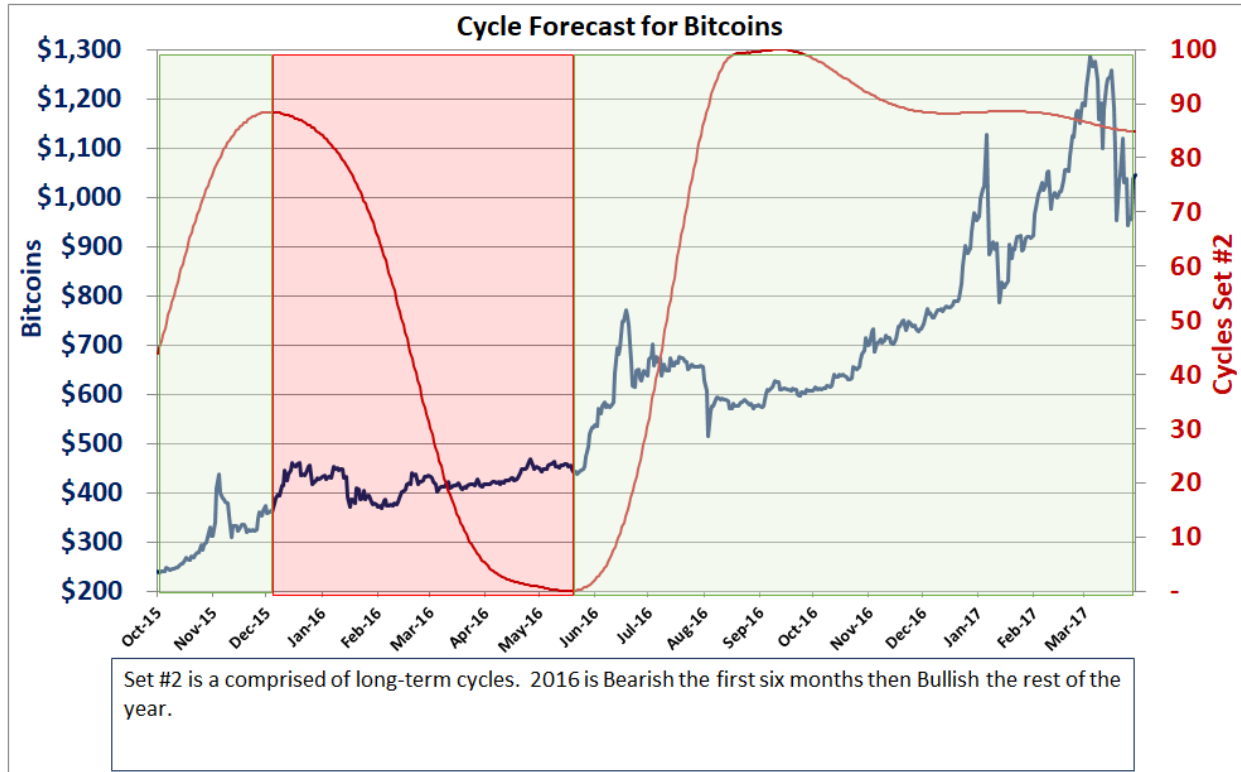


Wedges

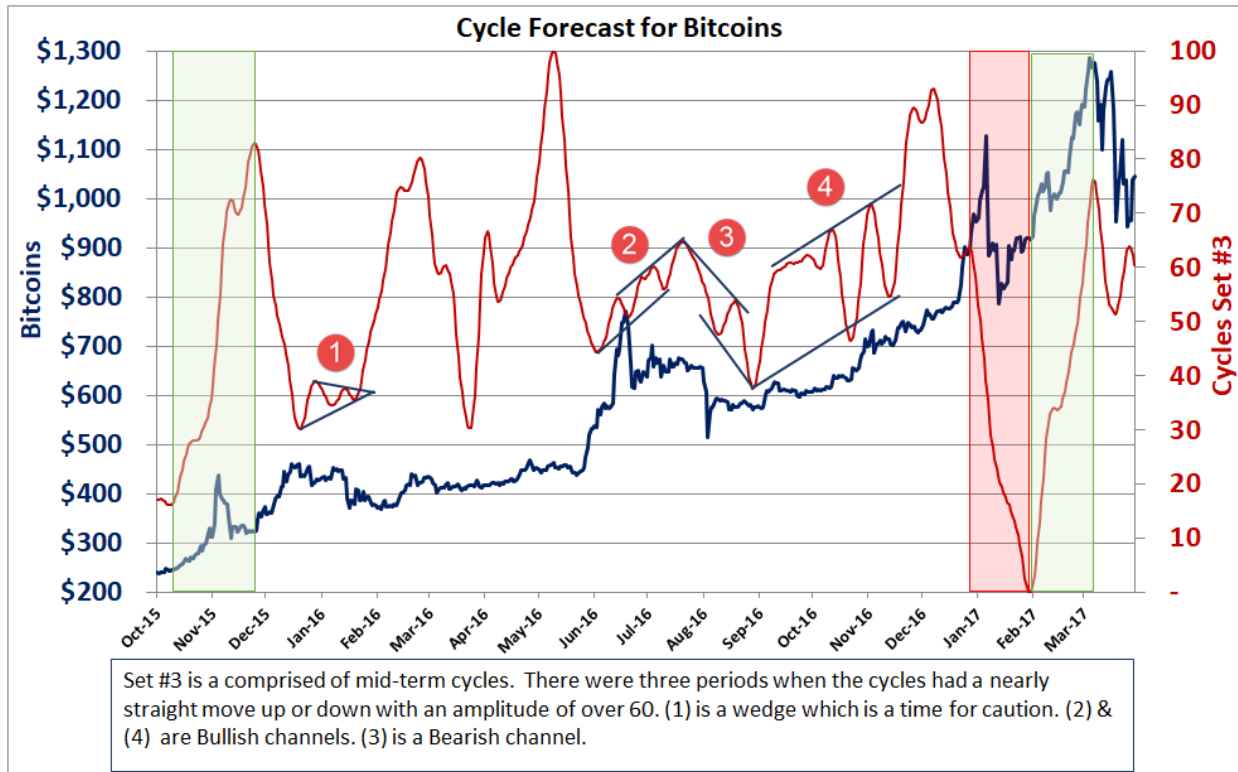
Definition: A period of higher highs and lower lows. This pattern has proven to be problematic. These periods should be viewed with a great deal of caution. Best of stand aside, or suck it up and be prepared to weather the storm.



Cycle Set #2



Cycle Set #3



Cycle Set #4

