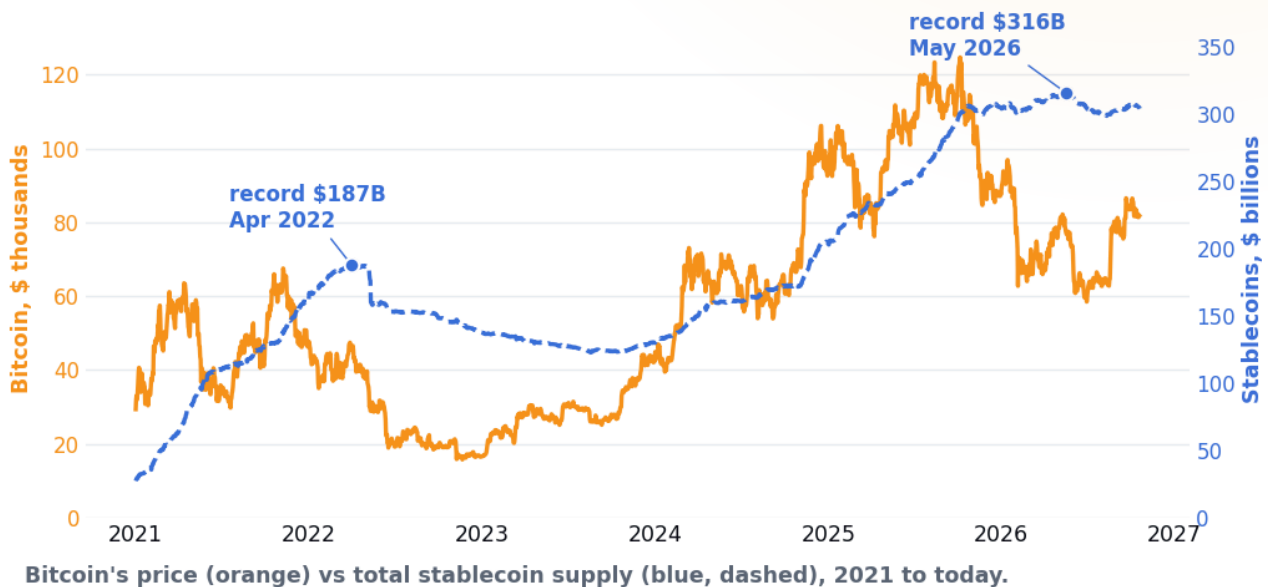


THE DRY POWDER TEST

Does stablecoin growth predict Bitcoin's next move? There is \$304 billion in stablecoins, and everyone calls it dry powder waiting to buy Bitcoin. This study tests that on every month since 2021.

Two tests: what Bitcoin did after the months stablecoins grew fastest, and after every month they hit a new record. Plus the two biggest records, why the dry-powder story breaks down, and what the pile actually tells you.



0.70

raw correlation, supply vs price

-5%

Bitcoin 3 months after the fastest growth

21/33

record months lower 90 days later

Educational, not financial advice. Stablecoin supply is the total circulating supply of US-dollar stablecoins from DefiLlama. Bitcoin is Bitstamp daily closes.



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WHY THE CHART FOOLS YOU

WHAT IS COMPARED	CORRELATION
Stablecoin supply vs Bitcoin's price, monthly since 2021 (70 months)	0.70
The change over 12 months vs the change over 12 months (58 readings)	0.01

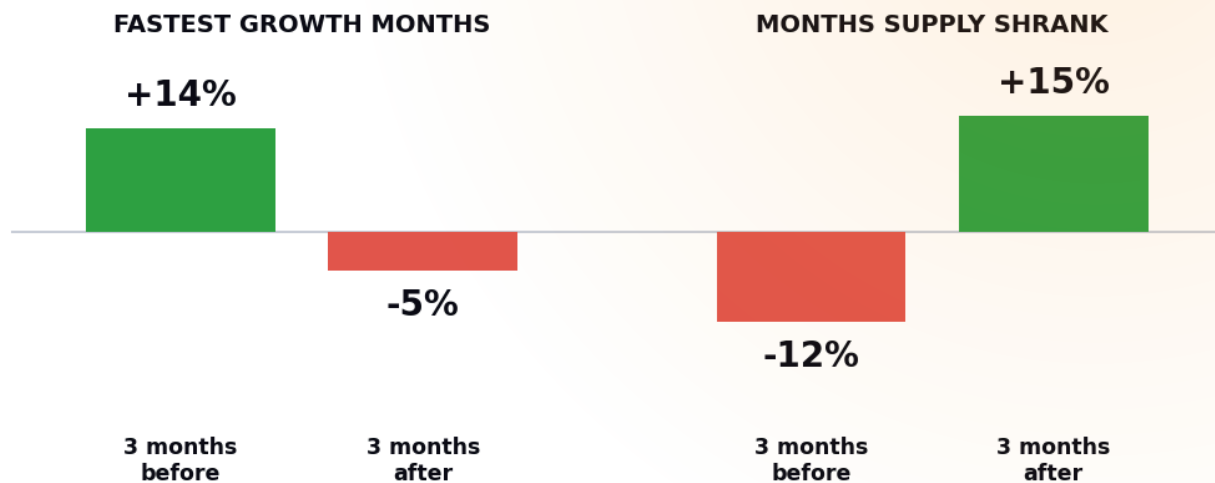
Correlation runs from -1 to 1. Near 0 means the two move independently.

Put stablecoin supply and Bitcoin's price on one chart and they look tied together. The raw correlation since 2021 is 0.70, which most people would call strong. The problem is that both lines rose over time as crypto got bigger, and any two things that grow together will show a high number like that.

The fair test strips the shared trend out. Compare how much each one changed over the same 12 months and the correlation drops to 0.01. Year by year, the size of the stablecoin pile and Bitcoin's move have had nothing to do with each other. So the real question is about timing, and that is what the next two tests measure.

TEST 1

THE MONTHS STABLECOINS GREW FASTEST



Bitcoin's typical return before and after, 16 months in each group, 2021 to 2026.

MONTHS GROUPED BY 3-MONTH SUPPLY GROWTH	MONTHS	SUPPLY GROWTH	BITCOIN, 3 MONTHS BEFORE	BITCOIN, 3 MONTHS AFTER	HIGHER 3 MONTHS AFTER
Fastest growth (top 25%)	16	+24.9%	+13.6%	-5.1%	38%
Middle 50%	32	+7.1%	+2.2%	+4.9%	56%
Supply shrank (bottom 25%)	16	-4.6%	-11.8%	+15.2%	62%
All months	64	+7.1%	+0.5%	+4.4%	53%

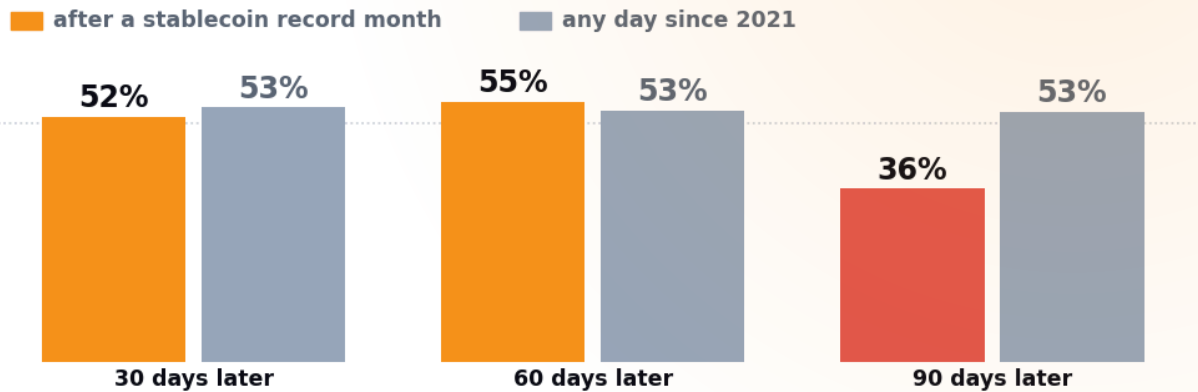
Typical (median) values. Monthly closes, January 2021 onward. Every month in the bottom group saw supply shrink.

If stablecoins were dry powder waiting to buy, the fastest growth would show up before Bitcoin's rallies. It showed up after them. In the fastest-growth months Bitcoin had typically already climbed 14%, and over the next 3 months it fell 5%. When supply shrank, Bitcoin had already dropped 12%, then rose 15%.

The fastest-growth months were Apr 2021, May 2021, Jun 2021, Jul 2021, Aug 2021, Sep 2021, Nov 2021, Dec 2021, Jan 2022, Feb 2022, Mar 2024, Apr 2024, Dec 2024, Jan 2025, Sep 2025, Oct 2025. Most of them sit at or just after Bitcoin's big runs: the 2021 tops, March 2024, the turn of 2024 into 2025, and the October 2025 cycle top.

TEST 2

EVERY MONTH STABLECOINS HIT A RECORD



how often Bitcoin was higher, after the 33 record months vs any day since 2021.

	AFTER A RECORD MONTH: TYPICAL RETURN	HIGHER	10%+ PULLBACK ON THE WAY	ANY DAY: TYPICAL RETURN	HIGHER	10%+ PULLBACK ON THE WAY
30 days later	+0.0%	52%	39%	+1.1%	53%	35%
60 days later	+0.7%	55%	55%	+2.1%	53%	50%
90 days later	-4.4%	36%	67%	+1.7%	53%	61%

33 record months since January 2021, measured from the first record day of each month. A pullback means Bitcoin closed 10% or more below the starting price at some point in the window.

Stablecoin supply set a new all-time high in 33 months since 2021. A month or two later, Bitcoin looked like it does on any other day. By 90 days the gap opened up. Bitcoin was lower 21 of the 33 times, against a normal rate of 47%.

Is a record a pullback signal? Not a short-term one. The 30-day odds were the same as any other day. Over 90 days a record leaned weaker, which fits Test 1: records tend to arrive late in a run, after the move has already happened.

ERA	RECORD MONTHS	90 DAYS LATER, TYPICAL	HIGHER	THAT ERA'S NORMAL 90 DAYS	HIGHER
2021 to 2022	16	-3.5%	44%	-11.3%	38%
2024 to 2026	17	-9.9%	29%	+1.5%	52%

The honest split. In 2021 to 2022 the record months actually beat that era's average, because the 2022 crash drags the average down.

TWO RECORDS

THE PILE WAS THERE. THE PRICE FELL.

RECORD DAY	STABLECOIN SUPPLY	BITCOIN THAT DAY	BITCOIN'S NEXT LOW	BITCOIN FROM THE RECORD
Apr 2, 2022	\$187.4B	\$45,820	\$15,766 (Nov 21, 2022)	-65.6%
May 17, 2026	\$315.5B	\$77,412	\$58,526 (Jun 30, 2026)	-24.4%

Daily closes. Supply from DefiLlama, Bitcoin from Bitstamp.

Two records stand out. The 2022 record came just before Bitcoin's worst year since 2018. The 2026 record, the largest pile of stablecoins ever, came in the middle of a bear market, and Bitcoin still had another leg down to go.

Across the whole bear, from the October 6, 2025 top of \$124,728 to the June 30 low of \$58,526, Bitcoin fell 53%. Stablecoin supply never dropped below \$299 billion in that time and peaked at \$316 billion. The dry powder sat there the whole way down.

WHY IT BREAKS DOWN

A THERMOMETER, NOT A TRIGGER

Stablecoins get minted when money is already coming in. New dollars enter crypto through stablecoins first, so supply grows fastest while a rally is already under way. That is why the fastest growth lines up with the months after big runs.

They shrink when people cash out. When a crash hits, holders redeem stablecoins for dollars and supply falls. The pile follows the market rather than leading it.

A pile is not a plan. Most stablecoins sit in trading accounts, payments, savings products and other blockchains. There is no rule that sends them into Bitcoin, and no way to know when anyone will spend them.

What the number does tell you. At about \$304 billion, stablecoins measure how big crypto's cash layer has become. That is a real and useful number. It is just not a timing signal.

THE RULE

A big pile is not a buy signal.

WHAT THIS STUDY DOES NOT SAY

Why it starts in 2021. DefiLlama's history before about 2020 is missing a large part of the market. It shows about \$0.06 billion in mid-2018, when the real figure was a few billion. Measuring growth across those years would mostly measure the data filling in, so every test here starts in January 2021.

It is two cycles. The record months cluster in two eras, 2021 to 2022 and 2024 to 2026. Months next to each other share most of their 3-month or 90-day window, so the real number of independent episodes is small. Treat the results as a lean, not a law.

Part of the 2022 shrink was a collapse, not cashing out. The TerraUSD stablecoin imploded in May 2022 and took a large chunk of supply with it. The broader decline that year still came from redemptions as money left crypto.

Stablecoins are not the only sideline cash. Exchange dollar balances, ETF flows and money that has not entered crypto at all are not counted here.

Data as of October 20, 2026. Stablecoin supply from DefiLlama (total circulating US-dollar stablecoins), Bitcoin from Bitstamp daily closes. Scripts Stablecoins/st_charts.py and st_ath.py. This is education, not financial advice.

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