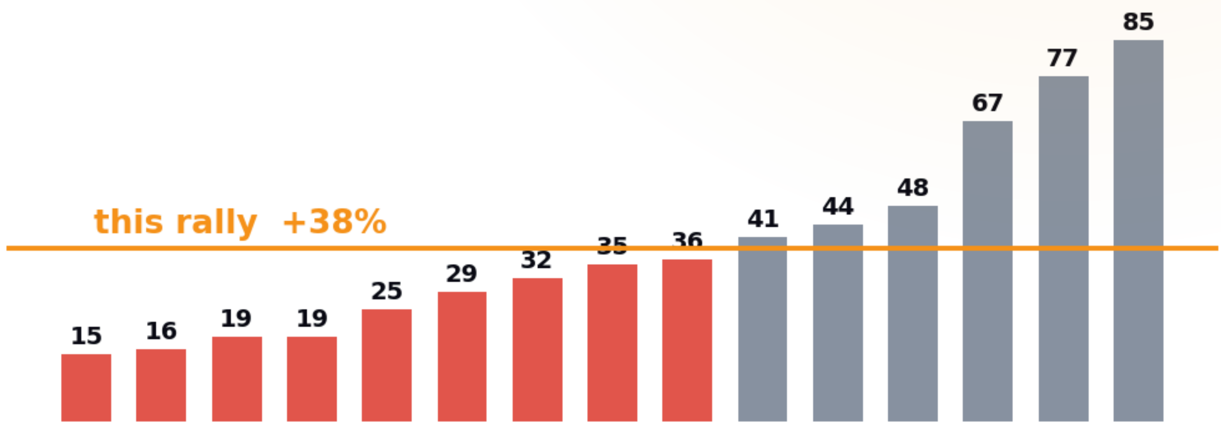
THE PULLBACK PLAYBOOK

Bitcoin just rallied 38% off its July low, and everyone is asking the same question. Is the bottom in?

This guide answers a better one. What happens AFTER a rally this stretched, in both worlds, and which levels tell you which world you are in.



the 15 failed bear market rallies since 2011, peak size off the low

+35%
median peak of a failed bear rally

-67%
median fall after those peaks, to the final low

-22%
median pullback even when the bottom WAS in

Educational, not financial advice. Every figure is computed from daily closing prices with the construction shown, and where the honest answer is mixed, the guide says so.

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WHERE THIS RALLY SITS

PAST THE MEDIAN FAKE-OUT

Since 2011 there have been 15 bear market rallies of 15% or more that later failed, meaning a lower low followed. Each bear also produced exactly one rally that turned out to be the real bottom. At the time, the two were indistinguishable.

BEAR	RALLY STARTED	FROM	PEAK GAIN	LOW TO PEAK	THEN FELL TO THE FINAL LOW
2011	2011-09-16	$5	+25%	9d	-63%
2011	2011-10-09	$4	+16%	1d	-50%
2013-15	2013-12-01	$955	+19%	3d	-85%
2013-15	2013-12-07	$693	+41%	3d	-82%
2013-15	2013-12-18	$520	+77%	19d	-81%
2013-15	2014-04-10	$363	+85%	54d	-74%
2013-15	2014-10-05	$324	+32%	38d	-60%
2018	2017-12-30	$12,640	+36%	7d	-81%
2018	2018-02-05	$6,874	+67%	27d	-72%
2018	2018-04-06	$6,618	+48%	29d	-68%
2018	2018-06-28	$5,848	+44%	26d	-62%
2022	2022-01-22	$35,091	+35%	66d	-67%
2022	2022-06-18	$18,957	+29%	56d	-36%
2022	2022-09-06	$18,789	+19%	6d	-30%
2022	2022-09-21	$18,466	+15%	45d	-26%

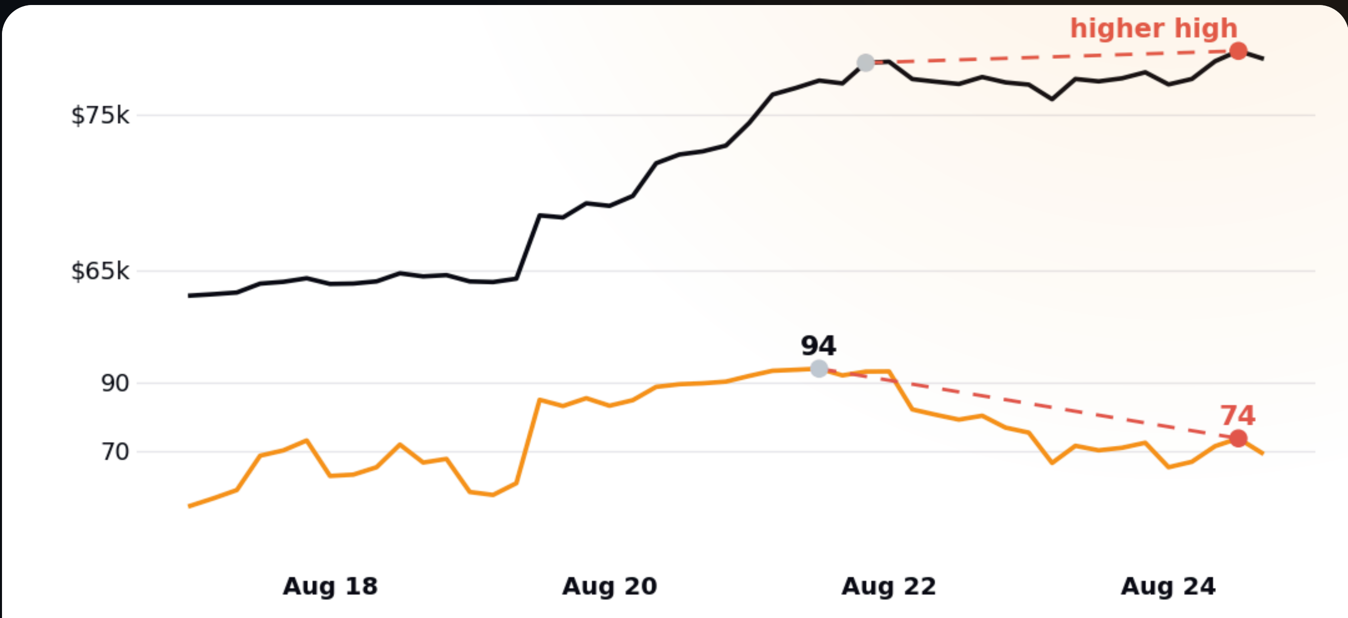
All 15 failed rallies. Peak gain is measured from the running low; the last column is the drop from that rally's peak to the bear's eventual bottom.

The median failed rally peaked at **+35%** off the low and topped out a median **26 days** after it. The current rally is at **+38%** and 54 days off the July 1 low. It is past the median size, and 6 of the 15 ran further, so size alone does not prove anything. It simply says we are standing where most of them stopped.

THE MOMENTUM CRACK

HIGHER PRICE, WEAKER ENGINE

On 21 August, Bitcoin printed $78,325 while the 4-hour RSI peaked at 94, the most overheated reading since 2013. Three days later price pushed higher, to $79,090, and RSI could only reach 74.



price makes a higher high while 4-hour RSI falls from 94 to 74

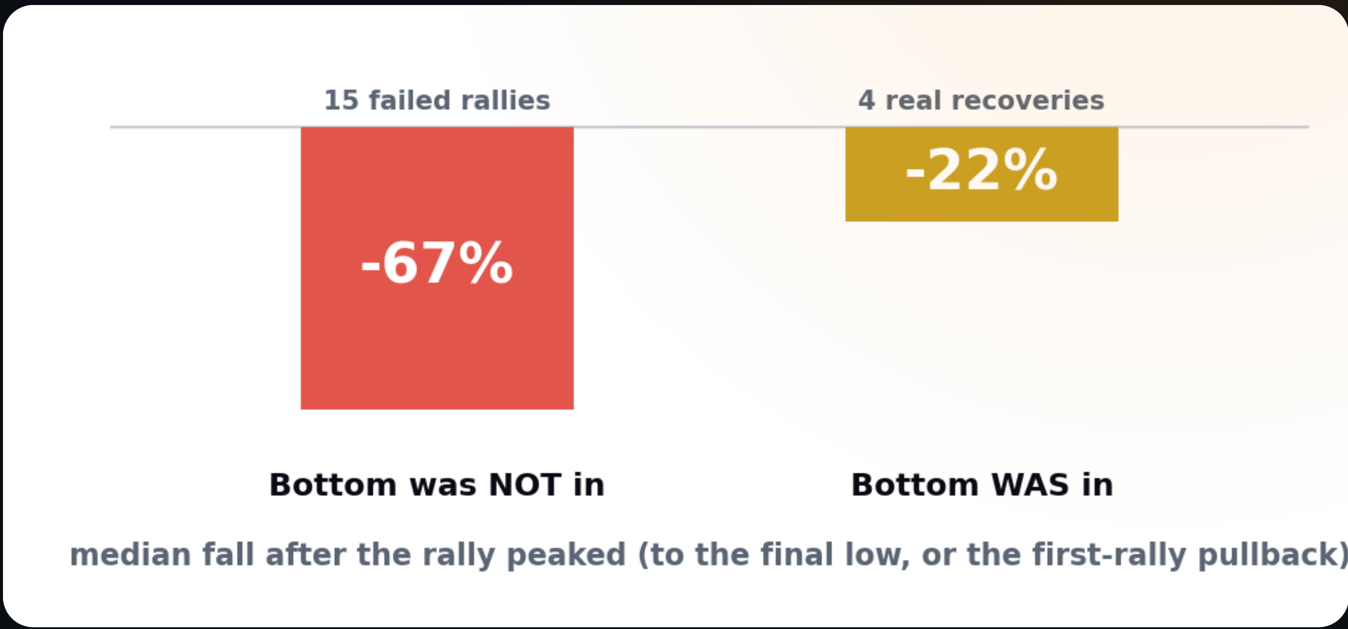
What that means mechanically. RSI measures how one-sided recent bars are. When price makes a new high but RSI makes a much lower high, the new high was built by fewer and weaker buyers than the last one. The crowd that forced the first spike, the $4 billion of liquidated shorts, is spent, and the follow-on buying is thinner.

And what it does not mean. Divergence is a warning, not a timer. Strong trends can carry a divergence for days before it matters, and some divergences repair themselves. It earns a place in the evidence pile, not a verdict on its own.

SCENARIO ONE

IF THE BOTTOM IS NOT IN

Take the 15 failed rallies and measure what happened after each peak, all the way to the bear's eventual bottom.



The median fall from a failed rally's peak to the final low was **-67%**. The mildest case lost 26% and the worst lost 85%. This is why chasing a bear market rally is the most expensive mistake in the record. You are buying the exact prices the next leg erases first.

Timing agrees. The last three bears set their final low 13.4, 12.0 and 12.4 months after their cycle tops. The October 2025 top was 10.6 months ago. Every historical analog says the window for a final low is still open for roughly another 2 to 3 months, which is exactly the stretch September and October occupy.

SCENARIO TWO

IF THE BOTTOM IS IN

Now the version almost nobody making the bearish case will show you. Suppose July 1 was the real bottom. What did the market do after each genuine bottom of the past?

BOTTOM	FIRST BIG RALLY PEAKED	THEN PULLED BACK
November 2011	January 2012	-41%
January 2015	March 2015	-27%
December 2018	April 2019	-6%
November 2022	April 2023	-18%

Pullback = the largest drop within 90 days after the first 15%+ rally's peak.

Even the four real recoveries pulled back a median **22%** after their first big rally. Price does not travel in one direction, least of all after a forced, liquidation-driven vertical move.

BOTH ROADS DIP FIRST

This is the point of the whole study. In the bear scenario the next big move from a peak like this was down. In the recovery scenario the next move from a peak like this was ALSO down. The scenarios disagree about the destination, not the next stop.

THE CALENDAR

SEPTEMBER IS NEXT

The month that starts in a week is one of Bitcoin's three worst. Since 2011, September's median return is **-2.9%** and it has closed red in **9 of 15** years. Only August and December have worse medians.

BEAR-YEAR SEPTEMBER	RETURN
2014	-18.7%
2015	+2.6%
2018	-6.0%
2022	-2.9%

Septembers inside bear-market years. Red in 3 of 4.

Honesty requires two admissions here. First, August has the worse record of the two, and August is precisely the month that just broke against the seasonal case, up 26% in a bear year for the first time ever. Second, a -2.9% median is a lean, not a law. Seasonality earns a seat in the evidence pile for the same reason divergence does, and no more.

That said, the bet is on the record. We expect September red, and if it closes green the seasonal leg of this framework takes its second loss in a row and should be weighted down accordingly.

THE FUEL GAUGE

WHAT POWERED THIS, AND WHAT IS LEFT

This rally was ignited by force. Over **$4 billion** of bets on lower prices were liquidated inside a week, roughly $3 billion of it in a single day, the largest short wipeout in at least five years. A liquidated short is an automatic market buy. Nobody in that chain chose to buy, and nobody in it will buy again tomorrow.

Squeeze fuel is a tank that only drains. Once the crowded shorts are cleared, the move needs organic demand to continue, and the divergence on the previous page is what it looks like when that handover is not going smoothly.

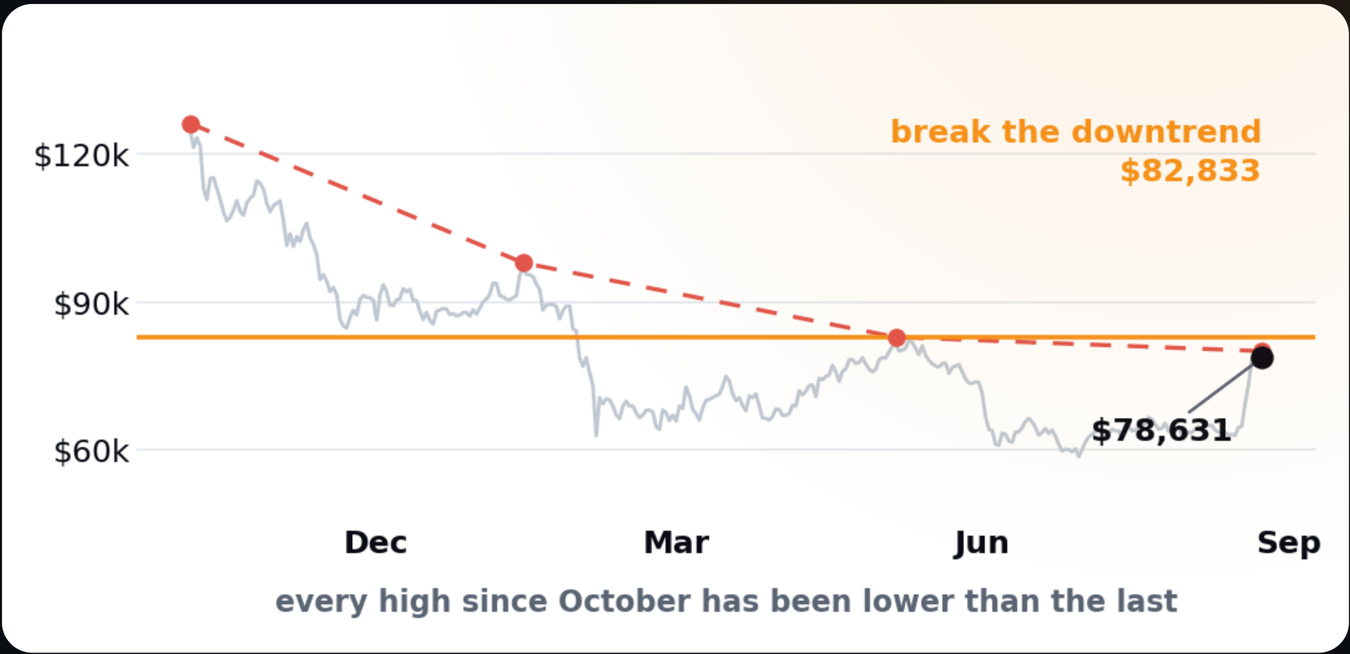
The second tank is filling instead. Every green day converts more sidelined doubters into late buyers at the top of the range, people buying because the bottom-is-in story is everywhere. If the market turns, their stops and liquidations become the accelerant on the way down, exactly as the shorts were the accelerant on the way up.

That is the mechanical meaning of a trap. It is not a conspiracy. It is what leverage does on both sides of a crowded boat.

THE FRAMEWORK

TWO LINES DECIDE EVERYTHING

Everything in this guide compresses into two prices.



LINE	LEVEL	WHAT CROSSING IT MEANS
The May high	$82,833	A daily close above it breaks the sequence of lower highs that has defined this entire bear. The downtrend framing is over, and the honest response is to re-evaluate and accept the market is changing, not to argue.
The July low	$57,735	A close below it means the pullback was not a pullback. The bear's final leg is in progress and the 12-to-13-month bottom window is doing what it has always done.

Between the two lines, both scenarios remain alive and the base rates above are the best guide. The discipline is to let the lines decide, and to commit in advance to believing them, which is the entire reason to write them down before the move rather than after.

BEHAVIOUR

WHAT THIS MEANS IN PRACTICE

This is not trade advice. It is the discipline that follows from the numbers if you accept them.

Chasing here has the worst record in the book. Buying a bear rally at or past its median peak preceded a median 67% drawdown when the bottom was not in, and a median 22% pullback even when it was. In both worlds, patience got a better price than momentum did.

The asymmetry favours waiting. If the bottom is in, history says the first big rally gets retraced, and a buyer who waits participates in almost all of the recovery anyway. December 2018's buyer who waited through the April 2019 pullback missed almost nothing of what followed. The chaser of July 2018 waited years to break even.

And the record cuts both ways. The month-to-month calls this framework produced went 7 for 8 this year, and the 8th was August, which just cost it a perfect record. A framework that cannot lose does not exist. One that states in advance where it is wrong, and then honours it, is the best available substitute.

THE HONEST LIMITS

WHAT THIS STUDY DOES NOT SAY

It does not predict the next candle. Fifteen failed rallies and four real bottoms are small samples. Medians describe the middle of small distributions with wide tails, and the -6% case of 2019 shows the pullback can be nearly nothing.

It does not say the July low breaks. The two scenarios genuinely disagree about that, and this guide deliberately refuses to pick between them ahead of the lines. The near-term pullback read is shared by both. The destination is not.

The seasonal leg is the weakest leg. September's edge is a modest median across 15 years, and the same seasonal logic just went wrong about August in record fashion. It is included because excluding a leg after it loses is how frameworks quietly become unfalsifiable.

And 87.5% does not transfer. The monthly record is real, and it is also exactly the kind of streak that regresses. Each call stands on its own evidence, which is why every one of them, including this one, ships with the level that proves it wrong.

All returns computed from daily closes. Rally construction: first close 15% above the running low, segment runs until the low is lost, windows extend 200 days past each bear's true bottom so every bear contributes its genuine recovery. Divergence prints from Bitstamp 4-hour closes.

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