THEMATIC RESEARCH · BITCOIN MARKET STRUCTURE

Is the Bottom Forming? The On-Chain Floor vs. the Macro Ceiling

Conviction holders absorbed a record volume of coins into the June low while US spot ETFs bled a record $4 billion-plus. The transfer from weak hands to strong hands is real — we verify it independently below. But ownership tells you who holds the coins, not when the price turns: this cycle has already produced two accumulation signals that failed. What follows is the framework, the backtest, and the three signposts that would graduate "floor forming" to "trend turning."

TON618 CAPITAL RESEARCH · BTC $64,063 · −48.7% FROM THE OCT 2025 HIGH · AS OF 7 JUL 2026 · DOWNLOAD PDF

Floor, not yet turn

THE VERIFIABLE COHORT'S POSTURE, IN ITS OWN VERNACULAR: HODL · A TURN WOULD SHOW IN THE 2-OF-3 SIGNPOSTS OF §7

The on-chain evidence of a forming floor is genuine and independently verifiable — long-term holders have accumulated through the entire decline, the market trades below its aggregate cost basis (NUPL -0.18, MVRV-Z -0.37), and the June panic-seller has a documented, price-insensitive buyer on the other side. **But our backtest says the signal is necessary, not sufficient:** accumulation flips in deep drawdowns beat the base rate over the following month (+12% mean vs +4%), actually *lag* the drawdown-matched base rate at six months, and twice this cycle were followed by a further 25–28% decline. The floor is on-chain; the ceiling is macro. Until flows, price, and the US bid confirm — two of the three signposts in §7 — the evidence describes a range being built, not a trend that has turned.

−48.7%

BTC drawdown from the $124,824 all-time high (6 Oct 2025). Cycle low so far: $58,525 on 30 Jun.

+337,390

BTC added to long-term-holder supply in 30 days (84th percentile of the 4-year sample) — accumulating continuously since 29 Jan 2026.

−75,003

BTC of net June ETF outflow ($4.1–4.7B depending on dollar-conversion method; §3) — the worst month since the funds launched. July has opened with two inflow days out of three.

-0.18

NUPL — aggregate unrealized P&L is negative; the average coin is underwater. Historically a capitulation-zone reading (2015, 2018, Mar 2020, Jun–Nov 2022).

1 Executive Summary

The weak-hands-to-strong-hands transfer that marks every late-bear phase is happening, and it is verifiable — but on the evidence, it times the floor, not the turn. The transition from "floor forming" to "trend turning" would be observable in three public signposts — ETF net flows, the 50-day moving average, and the US spot premium — and as of this writing none of the three has confirmed. The single most important honest fact in this note: the two loudest accumulation signals of this cycle — the December 2025 long-term-holder flip at $88,474 and the record April 2026 accumulation spike at $78,539 — were each followed by a further ~25% decline. Conviction buyers set floors; they do not ring bells.

2 Investment Context

- **Cycle position:** BTC peaked at $124,824 on 6 Oct 2025 and printed $58,525 on 30 Jun 2026 — nine months and −53% peak-to-trough, now $64,063 (+9.5% off that low). Prior bears bottomed 12–14 months from the peak at −77% to −86% (2015, 2018, 2022); this one is so far shallower, consistent with a maturing, ETF-intermediated asset — and nine months in, still inside the historical bottoming window.

- **The regime is new:** this is Bitcoin's first bear market in which US spot ETFs are the marginal seller. There is no historical base rate for how an ETF-era bottom forms — a limitation we carry explicitly through the backtest in §5.
- **The macro ceiling:** a hawkish Fed under Chair Warsh with 2026 cuts largely priced out, a firm dollar, and a persistent fund-share supply overhang are what put BTC here. On-chain floors historically hold once the macro stops *worsening*, not before.
- **Why the floor/turn distinction matters:** in every prior cycle, the cost of waiting for confirmation of a turn was a modestly higher entry point; the cost of mistaking a floor for a turn was months of further drawdown, absorbed at the moment of maximum uncertainty. That asymmetry is why this note insists on treating "who owns the coins" and "when the price turns" as separate questions.

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3 The Claim, Verified — What We Could and Could Not Confirm

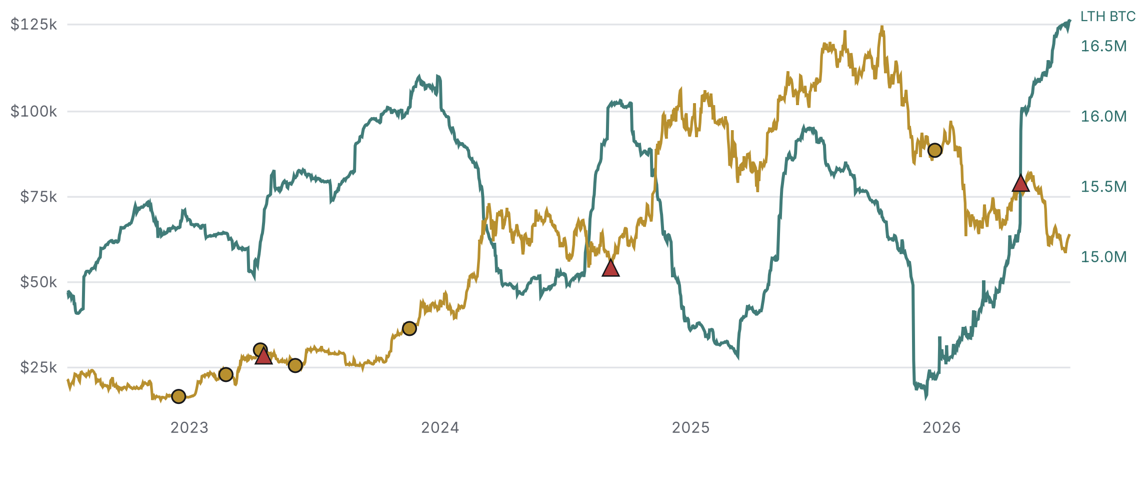
The reported claim. Bitfinex desk research, widely circulated in early July, reported that large-wallet cohorts accumulated ≈270,000 BTC (≈$16.7B) in the two weeks into early July, concentrated near $59,000 — described as the largest single on-chain accumulation spike on record, exceeding the COVID and FTX lows. Glassnode separately reported the 155-day ("long-term holder") cohort flipping from net distribution to net accumulation, with ≈54% of supply held at an unrealized loss.

What we verified independently (BGeometrics long-term-holder series; Signal Ledger daily harvest; local CoinMetrics price history):

- **The LTH cohort is accumulating, and has been for five months.** Long-term-holder supply stands at 16,691,194 BTC, up 337,390 in 30 days (84th percentile of the four-year sample). The 30-day change has been positive continuously since 29 Jan 2026 — conviction cohorts absorbed the entire decline from $80K to $58K, the direct analog of 2022's whale behavior at $30K/$25K/$20K.
- **The market trades below its aggregate cost basis.** NUPL -0.18 and MVRV Z-Score -0.37 (7 Jul harvest). Negative NUPL has occurred only in the deep-capitulation zones of prior cycles: 2015, late 2018, March 2020, and June–November 2022. This independently corroborates the direction of the "54% of supply underwater" claim.
- **The June ETF bleed was a record, and it is turning.** Net June outflow was -75,003 BTC — the worst calendar month since launch and, in BTC terms, roughly twice the previous record (Feb 2025, −37,243). In dollars that is ≈−$4.7B at June's average price on our vendor's flow series; press tallies of the same month report ≈$4.1B — a vendor-methodology gap we disclose rather than adjudicate (the BTC-unit figure is the one we verify). The turn: the 5-day flow z-score has recovered from −2.7 at the June trough to −0.8, and two of July's first three sessions printed net *inflows* (+3,638 and +3,315 BTC).

What we could not verify in-house, and carry as cited third-party color only: the specific 270,000 BTC whale-wallet figure (whale-address cohort data is not served by our entitled sources — CoinMetrics gates the address-balance bands, BGeometrics does not carry them), the "largest on record" superlative, and the negative US spot premium. Accumulation-address metrics also carry heuristic noise — custody migration and OTC reshuffling can masquerade as conviction demand — so the precise figure should not be treated as gospel. Our verifiable series (the 155-day cohort) tells the same directional story and is the series we backtest.

EXHIBIT 1 · CONVICTION ACCUMULATES WHILE PRICE FALLS — AND THE SIGNAL HAS ALREADY FAILED TWICE THIS CYCLE



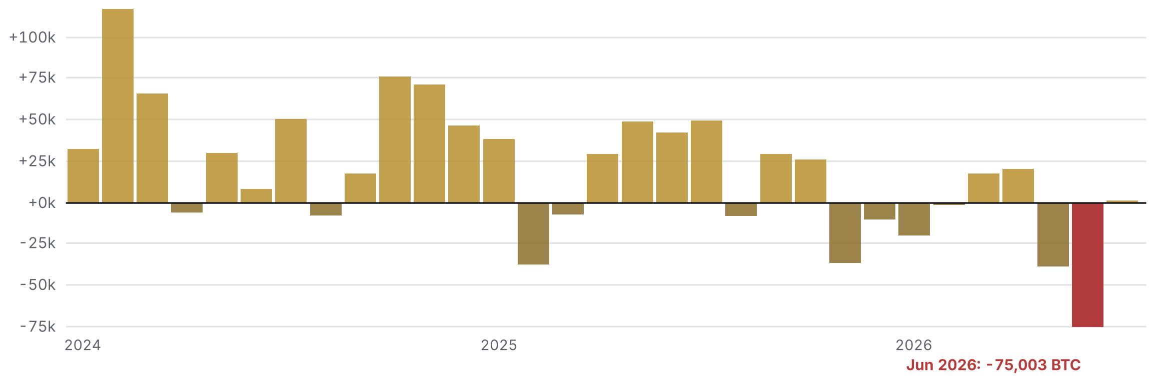
BTC price, gold (left, $) vs long-term-holder supply, teal (right, M BTC), Jul 2022–Jul 2026. LTHs distribute into tops and absorb bears; markers = signal dates.

4 The Divergence — Who Is Selling to Whom

June 2026 produced the sharpest ownership-transfer divergence of the ETF era: the US fund complex disgorged a record -75,003 BTC while the long-term-holder cohort added 337,390 BTC over the trailing month. The mechanical reading: **US fund-share sellers (retail and advisors redeeming IBIT et al.) supplied the coins; price-insensitive conviction cohorts — predominantly offshore and large-holder, per the negative US spot premium — took them.** In 2024–25 the ETF complex was the marginal buyer that drove the advance; its sellers are now being absorbed at −50% prices without breaking the market structure. That absorption is what a floor looks like while it forms.

Two structural cautions. First, this is the first ETF-era bear: there is no historical precedent for how long fund-share liquidation can persist — and June's record outflow alone was ≈12% of the complex's accumulated holdings. Second, part of the measured LTH build is mechanical rather than fresh demand: coins aging past the 155-day threshold today were *bought in early February at ≈$78,700* — underwater top-half buyers graduating into the "conviction" cohort by the calendar, not by choice. The record April 2026 build (+1.24M BTC/30d, the largest in our sample) was substantially October–November top buyers aging in. This artifact inflates accumulation magnitudes mid-bear — one more reason to trade the *flip*, not the headline size.

EXHIBIT 2 · THE OTHER SIDE OF THE TRADE: RECORD FUND-SHARE LIQUIDATION



US spot Bitcoin ETF complex, monthly net flow in BTC, Jan 2024–Jul 2026 (Jul is 3 sessions). June 2026 (red) is the worst month on record: -75,003 BTC ($4.1–4.7

5 The Backtest — What Accumulation Signals Are Actually Worth

We tested two signal definitions on the verifiable series, sample July 2022–July 2026 (the vendor window; effectively one full cycle):

- **FLIP:** the 30-day change in LTH supply crosses from negative to positive while price is >25% below its all-time high — the Glassnode-style “returned to accumulation” event. Six episodes.
- **SPIKE:** the 14-day LTH build exceeds +1.5 standard deviations in a >25% drawdown — the “record accumulation” event of the current headlines. Three episodes.

What the test actually does, in plain English. Every time one of these signals fired over the past four years, we froze the calendar and asked three simple questions: What did the price do over the next one, two, three, and six months? Before it recovered, how much *more* did it fall (the “max further decline” column — the pain a buyer on signal day had to sit through)? And how long until the local low was in? Then we asked the question most backtests skip: compared to *what*? It is not fair to compare these episodes against all of history, because the signal only fires when the market is already deeply beaten down — and being deeply beaten down is, by itself, bullish on long horizons. So the benchmark in Table 3 is every day in the sample that was similarly down more than 25%, signal or no signal. The signal only earns its keep if it beats *that*.

Read Table 1 row by row and the texture is as informative as the averages. The December 2022 flip — a month after the FTX collapse, at −75% — was nearly perfect: the local low was in within two days and the next month returned +26%. The 2023 flips were good-to-mixed. And then the bottom row: December 2025, this cycle, where the identical signal fired at $88,474 and a buyer took −28% of further pain over the next 45 days. Same signal, same definition, opposite outcome — the difference was not the on-chain behavior, it was the macro backdrop each fired into.

TABLE 1 · FLIP EPISODES — LTH 30D CHANGE TURNS POSITIVE IN A >25% DRAWDOWN

SIGNAL DATE	DRAWDOWN	FWD 30D	FWD 60D	FWD 90D	FWD 180D	MAX FURTHER DECLINE (90D)	DAYS TO LOCAL LOW
2022-12-17	-75.2%	+26.3%	+44.9%	+63.6%	+52.4%	-2.1%	2d
2023-02-24	-65.7%	+21.0%	+22.1%	+14.3%	+14.1%	-12.7%	14d
2023-04-15	-55.1%	-10.3%	-17.3%	-0.1%	-11.9%	-17.3%	60d
2023-06-05	-61.8%	+18.3%	+12.7%	+0.7%	+53.0%	-2.7%	9d
2023-11-18	-45.8%	+16.6%	+16.7%	+42.6%	+78.4%	-1.5%	3d
2025-12-22	-29.1%	+1.3%	-23.2%	-23.1%	-27.4%	-28.2%	45d
Mean (hit rate)		**+12.2%** (5/6)	**+9.3%** (4/6)	**+16.3%** (4/6)	**+26.5%** (4/6)	**-10.7%**	

TABLE 2 · SPIKE EPISODES — 14D LTH BUILD > +1.5Σ IN A >25% DRAWDOWN

SIGNAL DATE	DRAWDOWN	FWD 30D	FWD 60D	FWD 90D	FWD 180D	MAX FURTHER DECLINE (90D)	DAYS TO LOCAL LOW
2023-04-20	-58.2%	-4.1%	-5.2%	+5.9%	+0.6%	-11.2%	55d
2024-09-06	-26.3%	+16.6%	+29.2%	+80.1%	+68.3%	+0.0%	0d
2026-04-26	-37.1%	-3.5%	-23.8%	n/a	n/a	-25.5%	65d
Mean (hit rate)		**+3.0%** (1/3)	**+0.1%** (1/3)	**+43.0%** (2/2)	**+34.5%** (2/2)	**-12.2%**	

The spike table is the sharper cautionary tale, because it tests the exact shape of the current headline — “record accumulation” — rather than the quieter flip. Of the three record-pace buying episodes, only one (September 2024) marked the low to the day. The other two, including the largest accumulation reading in the entire sample this April, were followed by another quarter of a bear market. If “biggest buying spree ever” were a bottom signal, April would have been the bottom. It wasn’t.

TABLE 3 · DRAWDOWN-MATCHED BASE RATES — THE 819 SAMPLE DAYS >25% BELOW ATH, NO SIGNAL REQUIRED (N SHRINKS WITH HORIZON AS FORWARD WINDOWS RUN PAST THE SAMPLE END)

HORIZON	MEAN FORWARD RETURN	HIT RATE	N
30 days	+4.0%	56%	789
60 days	+9.6%	60%	759
90 days	+16.0%	63%	729
180 days	+43.6%	81%	645

Three findings, stated plainly:

1. **The flip has real short-horizon information.** Mean +12.2% over the following 30 days (5 of 6 positive) versus +4.0% for merely being in a deep drawdown. If the flip means anything, it means the next month is usually good.
2. **At six months the signal is a net negative versus the base rate.** Flip episodes averaged +26.5% at 180 days — *below* the +43.6% drawdown-matched base rate. Long-horizon returns in this sample came from being down 25%+ at all, not from catching the accumulation event. The signal is a timing refinement, not a regime call.
3. **It is not sufficient — and this cycle has already proven it twice.** The December 2025 flip (at $88,474) preceded a further −28% slide over 45 days; the April 2026 spike — the largest accumulation reading in the entire sample — preceded another −25%. Mean further decline after a signal was −11 to −12%; the worst case −28%. Whales accumulate *toward* bottoms, all the way down.

The common sense underneath the numbers. Why should accumulation behave this way — genuinely informative, yet chronically early? Because accumulation is a *supply* fact and a bottom is a *demand* event, and they are answered by different actors. A conviction buyer is a value buyer: he bids where price meets his estimate of worth, absorbs whatever panic supply shows up, and — crucially — does not chase. His buying removes coins from the market and thins out the sellers, which is why the month after a flip is usually good: the marginal panic-seller has run out of coins to hit him with. But that same buyer will not pay up 10% to start a trend; he is the floor, never the rocket. For price to actually turn, someone *price-insensitive in the other direction* has to show up — a flow buyer, which in this cycle's structure means the ETF complex — and flow buyers respond to macro conditions, not to on-chain value. That is the whole architecture of this note in one sentence: **the cohort we can verify builds the floor; the cohort tracked by the signposts in Table 5 has to build the turn.** It is also why the signal decays by six months — once the drawdown itself is deep enough, long-horizon returns are dominated by the eventual macro turn, which arrives on its own schedule and owes the accumulation date nothing.

Limitations, disclosed rather than buried: six flip and three spike episodes is a small sample; the window covers essentially one cycle whose recovery (2023–24) unfolded under an *easing* Fed — the opposite of today's macro; the series is a single vendor's methodology (BGeometrics realized-cap computations); and the 180-day base rate is flattered by that same recovery. We treat the backtest as evidence about signal *ordering* (floor before turn), not as an expected-return forecast.

6 Scenarios

TABLE 4 · SIX-MONTH SCENARIO FRAMEWORK (HORIZON ≈ EARLY JAN 2027)

SCENARIO	PROB.	KEY ASSUMPTION	BTC TARGET	RETURN VS $64,063
Bull — the turn confirms	30%	ETF flows flip durably positive, macro stops worsening (Warsh pauses rhetoric, DXY rolls), signposts confirm within 60 days	≈$85,000	+33%
Base — the range holds	45%	On-chain floor holds $55–59K; macro ceiling caps rallies at the 50/200-DMA ($66.5K/$74.6K); choppy accumulation range into Q4	≈$66,000	+3%
Bear — the floor breaks	25%	Macro re-rates (hawkish surprise, liquidity shock); June low breaks; historical post-signal worst case (−25–28%) repeats from here	≈$48,000	−25%

Probability-weighted expected return: **≈+5%** over six months — positive but unremarkable, with a fat left tail. That is precisely the profile of a floor that has not yet confirmed: the distribution of outcomes has improved markedly from the June extreme, but it still carries a live left tail — better odds, not yet settled ones. (We note the drawdown-matched 180-day base rate of +43.6% argues for a friendlier skew; we discount it because the sample's recovery was Fed-assisted in a way today's macro is not.)

7 What Would Confirm a Turn — Three Signposts

The observable state of the market, in one word, is HODL — not a directive, but a description, in the cohort's own vernacular, of what the verifiable holders are doing: not selling, absorbing supply, and waiting. Whether the floor they are building becomes a turn is a question three public, checkable signposts will answer:

TABLE 5 · CONFIRMATION SIGNPOSTS — STATUS AS OF 7 JUL 2026

#	SIGNPOST	THRESHOLD	CURRENT STATUS
1	**ETF flows flip**	10-session net flow positive (or 5-day flow z-score > +0.5 held for two weeks)	**Not met — improving.** 5d z −0.8 (from −2.7 at the June trough); 2 of last 3 sessions net inflows
2	**Price reclaims the 50-DMA**	Daily close above $66,468 held 5 sessions	**Not met — close.** Price $64,063, −3.6% below; 200-DMA overhead at $74,616
3	**US spot premium turns positive**	Coinbase–offshore premium positive on a 5-day average	**Not met** (third-party reads; negative through June — the bid remains offshore)

How to read them together: any one signpost alone has flickered before in this bear. Two together would mean something structural — that the price-insensitive *seller* of the past nine months (fund-share redemption) has been replaced by a price-insensitive *buyer*, which is the demand-side event the backtest says accumulation alone cannot supply. All three would mark a change in market structure.

What would falsify the thesis: a daily close below the 30 June low of $58,525. The floor claim is that conviction demand absorbs panic supply at that shelf; a close below it means the absorption failed, and the historical worst case from a failed signal (−25–28%) then projects the high-$40Ks. That level is the thesis's tripwire; it is not a prediction.

8 Risk Factors

- **LTH cohorts can capitulate.** The 2022 analog cuts both ways: long-term holders accumulated from $30K down — and a portion finally capitulated at the November 2022 low. A macro shock that forces conviction sellers invalidates the floor from the inside.
- **No ETF-era precedent.** Fund-share liquidation is a new structural seller with no historical base rate. June's record outflow was ≈12% of the complex's accumulated holdings *in a single month*; sustained redemption at that pace would overwhelm cohort absorption.
- **Macro dominance.** Every failed signal in our sample failed against a deteriorating macro backdrop. A hawkish-surprise Warsh Fed, a dollar squeeze, or a liquidity event out-ranks any on-chain signal on our own track-record weighting.
- **Measurement risk.** The headline whale figures are one vendor's address-clustering heuristics (unverifiable in-house); our own LTH series embeds a mechanical aging artifact that inflates mid-bear accumulation; single-vendor methodology risk applies to both.
- **Small-sample inference.** Nine episodes across one cycle. The confidence appropriate to Tables 1–2 is directional, not statistical.

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DATA, METHODS & LIMITATIONS

Data as of 2026-07-07. Prices: CoinMetrics community daily reference rate (local cache, 2010-07-18–2026-07-06; last close $64,063). On-chain: BGeometrics (bitcoin-data.com) long-term-holder supply (155-day cohort, daily, 2022-07-08–2026-07-07 — the vendor's free window bounds the backtest sample) and US spot ETF aggregate net flows in BTC (complete from launch 2024-01-11); NUPL and MVRV Z-Score from the same vendor via the fund's Signal Ledger nightly harvest. **Proxy disclosure:** the headline "270,000 BTC whale accumulation" and negative-US-spot-premium claims are third-party (Bitfinex desk research via CoinDesk; Glassnode via CoinDesk) and could not be independently verified with the fund's entitled data sources; the backtested series is the 155-day long-term-holder cohort, which is related but not identical to whale-address cohorts. LTH supply embeds a mechanical 155-day aging artifact discussed in §4. Backtest: n=6 flip and n=3 spike episodes over a single cycle; forward returns are simple holding-period returns; base rates are drawdown-matched over the same window. Scenario probabilities are analyst judgment. Macro characterizations (Fed stance, dollar, spot premium) are qualitative. An adversarial claim-verification pass was completed 2026-07-07: every derived figure was independently recomputed from the underlying data and all third-party citations checked against their sources; two corrections resulted — the June ETF outflow as a share of the complex's accumulated holdings (≈12%, previously misstated as ≈6%) and disclosure of the vendor-methodology gap between our $4.7B June-outflow conversion and the ≈$4.1B figure in press tallies of the same month.

SELECTED SOURCES

- BGeometrics (bitcoin-data.com): long-term-hodler-supply-btc; etf-flow-btc; nupl; mvrv-zscore — retrieved 2026-07-07.
- CoinMetrics community API: BTC daily reference rate (local cache).
- CoinDesk, "Bitcoin whales bought 270,000 BTC in two weeks even as ETFs bled a record $4 billion" (3 Jul 2026); CoinDesk, "Bitcoin long-term holders have returned to accumulation" (2 Jul 2026, citing Glassnode); crypto.news (4 Jul 2026); BGeometrics blog, "Whale accumulation into a bear" (Jun 2026) — third-party claims cited, not independently verified.