

MacroTactical Crypto #6

The Three Big Hype Cycles of 2021

The three most-hyped bull market financial stories of 2021 are:

- Meme stocks
- Innovators and disruptors
- Web3

Needless to say, the meme stocks and the disruptor craze are dying or dead. PTON is the ultimate “peak of the cycle” lol. All the money that poured into ARKK at the top is now leaking out gradually day by day. It is no coincidence that the [gushing FT Cathie Wood article](#) marked the last chance to disembark the ARKK before it took on water. That’s how hype cycles work.

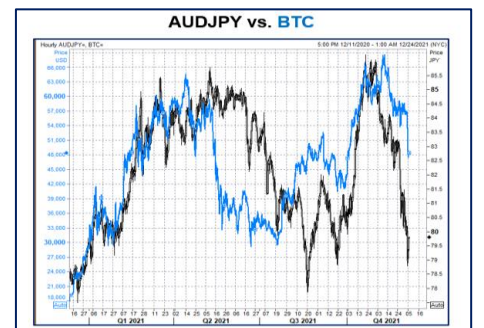
You can see in the chart at right that ethereum followed ARKK higher with a 3- to 6-month lag throughout the entire COVID rally. ARKK peaked in February and ETH peaked in May. The Web3 hype cycle has run consistently three to six months behind the ARKK hype cycle.



Contrary to ARKK, though, ETH managed to squeak out a new cycle high after the May top. But it has now failed to hold that old ATH (4385) and looks set to follow ARKK’s lead. It appears to me that the ultimate peak of this crypto cycle was the touch of the meme level (69k) and the renaming of the Staples Center in mid-November.

Here’s a quick recap of my bearish thesis, established November 17. Again, I am not a permabear on crypto, I just happen to be very bearish right now. The thesis is fully outlined in [MTC#4](#) (17NOV) and [MTC#5](#) (26NOV). Here is a quick summary:

- Fed cycle has peaked, USD is rallying and the “dollar debasement” narrative is dead. USD is ripping higher.
- We are in the bearish part of the BTC halving cycle.
- Crypto.com stadium naming is textbook peak for hype cycle.
- Meme stocks coming back to earth.
- ARKK was the most-hyped expression of the WFH / disruptor hype cycle, and it has peaked.
- First week of the month is usually very bullish crypto due to inflows and this month, crypto prices went lower in the first week. Not bullish.
- Massive build out of crypto business and mass exodus from TradFi to crypto is similar to what you see at the peak of emerging market cycles when investment banks make splashy, expensive EM hires after a 3-year bull market.
- AUDJPY points lower (see chart). Crypto is a risky asset and I expect risky assets to stay under pressure as the velocity of the pivot from the Fed requires continued rerating of overhyped infinite-duration assets.



As always, I could be mistaken! ETH above 4900 would be convincing proof that my thesis is wrong. Until then, 3010 is the target on ETH. Thanks. [Click here to sign up for crypto updates \(free\) or my macro daily \(\\$490/year\) or both.](#)

Current trade ([From MTC#4](#)):

Short ETH at 4210. Take profit 3010. Stop loss 4902.

I will track the trade ideas and report on performance once per quarter.

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