

# The Damped Spring Report

“Shifts in growth, inflation, risk premium and positioning all lead to opportunities in markets”

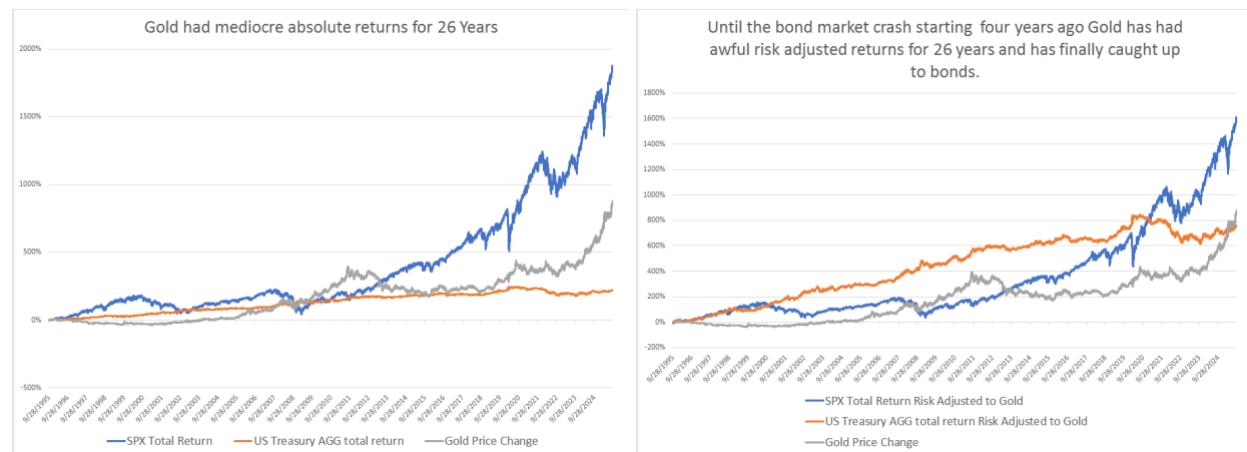
9/30/2025

**We love gold and strongly advocate a large allocation as a diversifier in a beta portfolio. Our allocation in our DS Beta investment vehicle is 10% of AUM. We love gold and we love holding beta passively too! (“Always Own Beta” DSR [here](#).) We love gold even more, however, because most investors do not own enough gold in their passive beta portfolio.**

**We are not blind to what is happening in the world. Fiat is being debased via large fiscal deficits, the willingness of monetary authorities to keep money easy, and both fiscal and monetary authorities making it easier for banks to lever up and create money. We love gold for all these reasons. As an aside, some of the things we love about gold are factors that affect the price of crypto, but we have not yet replaced any of beta portfolio’s gold holdings with BTC or other crypto allocations. Gold is our jam. It is very unusual for us to short gold in our alpha portfolio, but today we have done just that.**

## My Gold Journey

Speaking for myself now (Andy), I imagine my history with gold is like most of yours: During our decades-long careers, there was always a colleague – the “gold bug,” who went on about gold non-stop. One of my closest friends and colleagues at Salomon was a gold bug who owned a single large bar of gold that he painted black and used as a doorstop. This was in 1995. Over the last 30 years, gold has massively underperformed stocks and, since 2021, when measured at equal risk has finally done better than bonds.



## In 2010-2013 I became a gold bug

After 24 years of ignoring gold as an asset, and, frankly, with only the most cursory understanding of macro in general, I joined Bridgewater Associates. If a firm could be characterized as institutional gold bugs, it was Bridgewater. While learning everything I could absorb about macro, I opened my mind to the possibility that gold was an important holding for all beta portfolios.

As far as I understand from my direct experience with Ray and all he has written and said publicly before I joined and since I left, he has been a long-time consistent advocate for a large allocation to gold. The All Weather fund always held gold in a sizable allocation passively. The whole firm believed in gold, despite being the most skeptical gold bugs you could imagine. They constantly and actively challenged all investment decisions. In this environment I became a convinced gold bug. However strong the firm and I believed in gold as a sizeable core asset in a beta portfolio, gold, like every other part of a beta portfolio, can be traded for alpha if you understand it and have an edge. While I was there, I also saw in action the potential for sizable alpha in trading gold from both the long and short side while long-term loving gold.

As a newly converted gold bug I got lucky at a local low as I left the firm, but the asset still sucked for 9 years. Gold did fine during Covid, but from a risk-adjusted return basis it performed poorly until 2022.



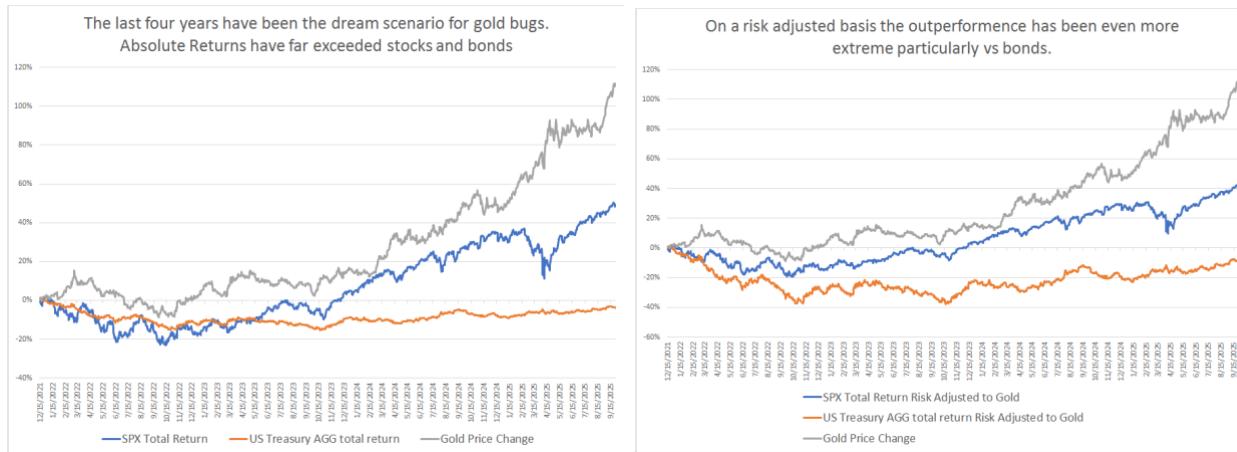
## A brief detour from gold to my bitcoin journey



In the summer of 2017, I met my first bitcoin bro. He ran the gym in which I worked out. He knew I was in markets, and we began discussing BTC. He built a bitcoin mining rig and was mining coins. I found it fascinating and was able to connect it to my love of gold. Leo, the gym owner, was making sales. Although he had been early, he became really involved in 2017 and was experiencing life changing wealth. I was late but curious. That Christmas my social circle was buying full coins, half coins and quarter coins as Christmas presents for their kids. They were all just becoming aware of BTC and, like me, were late to the party. I passed. A week before Christmas, BTC peaked at 18,674 and over the next year realized an 83% drawdown. It took three years for the 2017 Christmas coins to recover to flat. But BTC was not dead to me. During that time, I was working at Brevan Howard. I was not trading for my personal account and just in passive beta. But Brevan was incredibly focused on the Bitcoin and crypto markets generally, so it was front of mind with all of us. Alan made an absolute killing. Despite what many Bitcoin early adopters may think, since 2017 TradFi has been all over this asset class. I will come back to BTC later. But if BTC were to become digital gold and behave consistently to that sort of asset, we would love it too.

### Gold bugs rejoice

In December 2021, the Fed signaled they would begin QT in 2022. Ironically, this marked the beginning of gold outperforming all traditional assets. While gold's absolute returns took almost two years to become positive, its returns versus stocks and bonds were fantastic. The Drumbeats of QT crushed bonds, and stocks fell with the discount rate increase. Most investors were (and most still are) in 60/40 portfolio allocations with no gold. This, along with high inflation and despite higher real rates, was exactly what the gold bugs had been betting on for decades. The bet was a portfolio rebalance.



Despite the bond crash and stock dip, gold did not really take off until Russia invaded Ukraine and the Biden Administration and the West in general seized Russian assets and effectively weaponized the USD and Western assets. Since then, the gold market has exploded higher on an absolute and relative scale. Holding US and Western fiat assets has become much less attractive if they can be seized.

## Why short gold?

Are we nuts? We love gold, it is literally gold's moment in the sun – an event prophesied by gold bugs for decades. We reiterate: gold is an asset to hold in a large allocation in a beta portfolio and beta is free money. All that being said, gold is also an asset like any other and can also be traded for alpha. We think gold is as tough as any asset out there to make money via market timing, but we also think today is the day to be short.

### **In this DSR we will**

- **Outline our reasons to be short gold in a market timing portfolio for the next few months.**
- **Relate that view to our evolving view of BTC.**

### We are bearish gold

To have a view on market timing gold, you need to have a framework of what drives gold and what gold is worth. We expect gold to trade sideways to down as much as 6% over the next two months due to a combination of each element in our framework.

### Gold Price Drivers Framework

Our framework for the fundamental drivers of gold is:

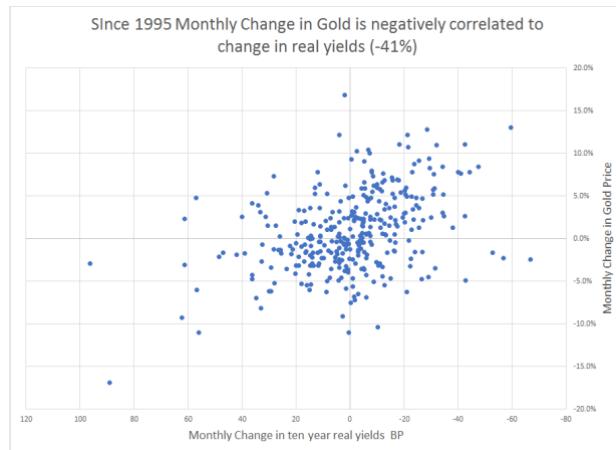
- Gold is a currency that pays zero interest (technically negative interest due to storage and safekeeping costs). When real interest rates rise, gold is less attractive.
- Gold is a relatively fixed supply currency and its price in fiat rises when more fiat supply is printed or when fiat supply is expected to rise.
- Gold has been mostly a unique money-like asset over centuries that protects against ordinary fiat monetary expansion and also large fiat devaluations or debasement. An increase in the probability of a rapid imminent debasement increases the value of gold.
- Gold has a risk premium that is affected by overall market risk premiums and idiosyncratic factors.
- Gold (like any asset) is affected by flows that from market moving players changing their long-term asset allocation destination for any reason whatsoever that are orthogonal to the first three reasons. For instance, it is quite clear that in the wake of the Ukraine war, central banks changed their asset allocation designation out of USD assets into gold due to US and western policymaker choices to weaponize and seize dollar assets.

### Gold outlook by each element of our framework

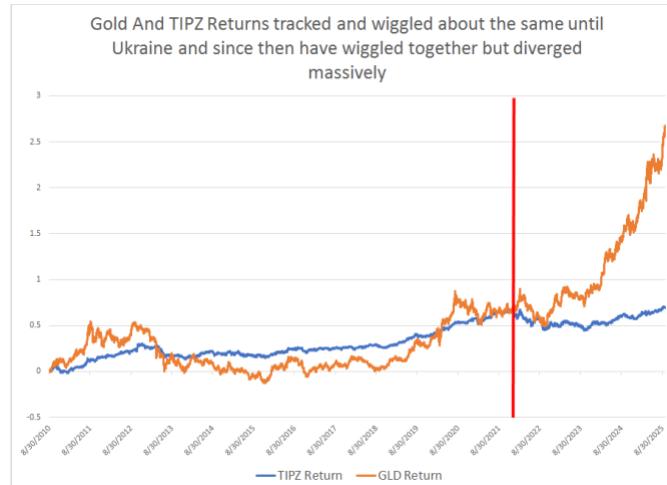
Let us review each bit of this framework.

## Gold is a currency with zero yield

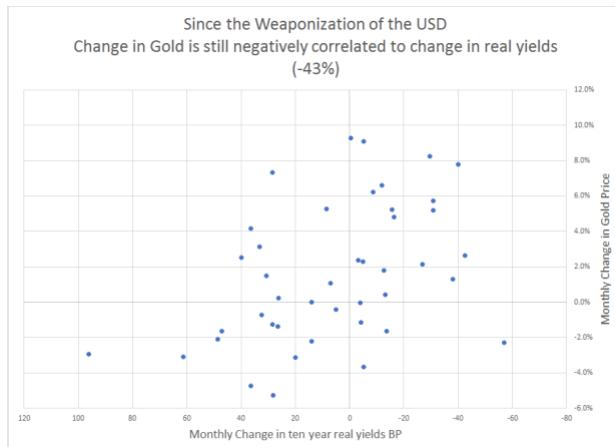
Gold has backed (or was actual) money for millennia. It has little practical purpose in industry. It is used for decoration, a way to adorn one's body or commode with money. Perhaps it has some beauty that is not the beauty of money. The point is it has been and always will be money. Gold is durable, compact, divisible and its supply is relatively fixed, all of which are features one wants in money. However, unlike most fiat money, gold pays no interest. In fact, gold costs money to store and protect. This results in a connection between gold and real interest rates. That connection has been durable for most of recorded history. I am using 30 years purely because that is when I began my goldbug journey. When real interest rates fall (making USD less attractive to hold), gold rallies with a fairly significant correlation.



Throughout the balance of this DSR we will focus on the events of 1Q22. The most important event was the Russia's invasion of Ukraine, which resulted in the Biden Administration seizing Russian assets and weaponizing the USD. Europe aided and abetted this seizure. Did these actions affect Russia's conduct of the war? It does not seem so, but we are not here to argue geopolitics or a counterfactual. What did happen is the weaponization of the USD. That weaponization and other factors during that quarter combined to change how the globe thinks about Treasuries and USD reserves.

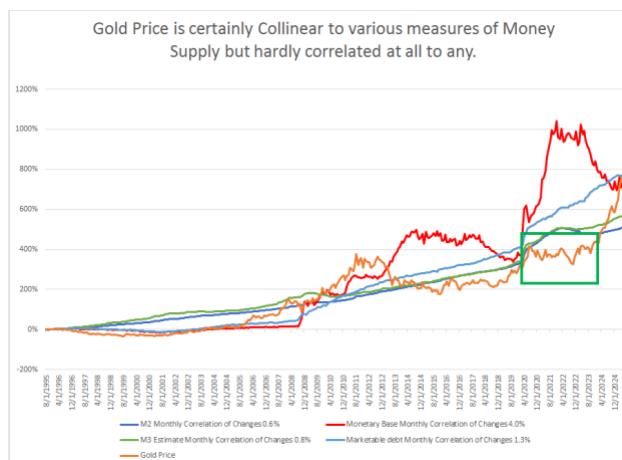


Since 1Q22, despite gold's massive outperformance versus TIPS (and most assets for that matter), the connection between monthly wiggles has remained intact. When yields fall over a month, gold rallies. The ongoing correlation in changes in real yields and changes in gold suggests something else is going on. **This driver suggests that real yields matter to the price of gold and thus real assets like TIPS remain a decent alternative to holding gold.**



### Gold increases in price in fiat terms as fiat money is created

Gold is relatively fixed quantity money. The USD and other fiat currencies are not fixed, and their supply reliably increases every year. Anything with a relatively fixed supply that is either money or close to money will increase in price in fiat terms as the supply of USD and other fiat increases. We refer to this as trend debasement. We consider the trend itself to be mostly compensated by the interest paid on the fiat currency and so the trend itself is not "bullish." But the pace of debasement is volatile and gold increases in price along with faster than long term trend debasement and heightened expectations of future debasement.



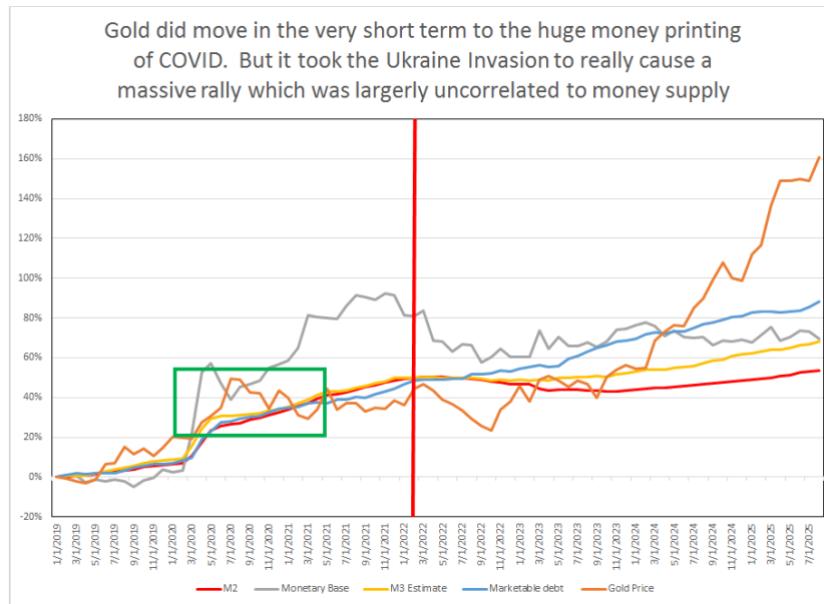
Over the long run, as money has expanded gold has rallied. However, even after a sudden massive impulse of money expansion (as seen in 2020-21), gold sat around for awhile. So basically, we think that the pace of "debasement" is a long-

term factor for gold, but “actual debasement” does not really impact gold in the short term. This suggests two things to us:

- The lack of interest paid on gold versus real interest roughly compensates fiat holders for trend debasement.
- Expectations of changes in debasement pace are priced into gold, and those debasement expectations do not change rapidly even after a meaningful actual debasement.

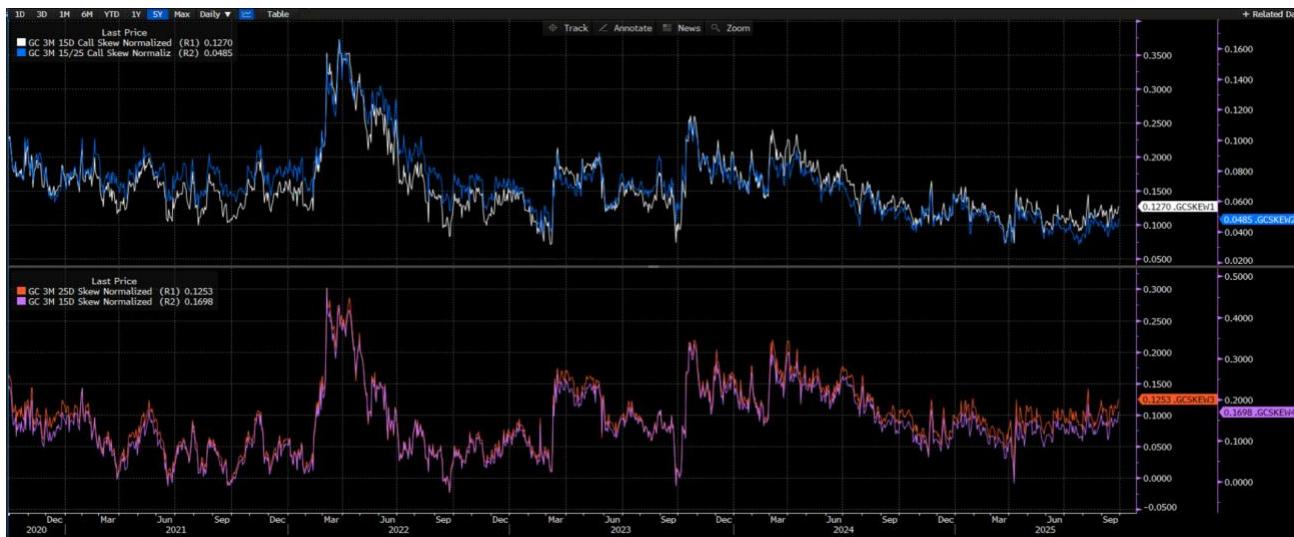


Do not get us wrong: Clearly, when the Covid money printer went Brrr, gold rallied consistent with actual monetary debasement. However, expectations for further debasement did not jump and for good reason. Since the 2020-21 printing, debasement pace has been slow, and one could argue that QT was reverse money printing.



## Gold rises in price as the probability of a sudden monetary debasement increases

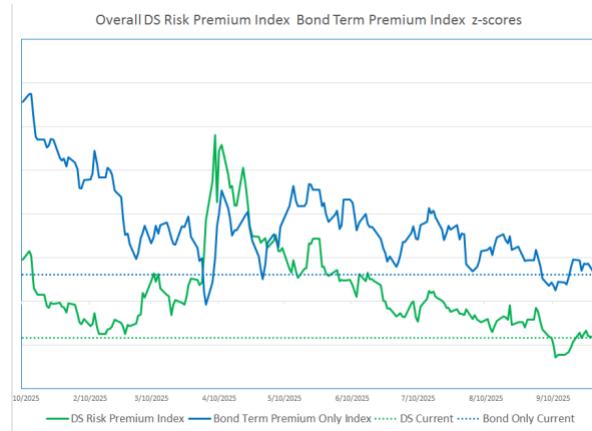
One of the classic reasons to own gold is the risk of sudden debasement. Sudden collapses in currencies can happen. When they occur, gold is often the only real hedge. When currencies collapse, there is a risk that broad fiat currencies collapse so owning another fiat does not fully get the job done. Owning equities can be a hedge for a domestic portfolio as the currency collapse can result in extreme rallies in local currency terms of the local equity market. But equities are a poor hedge for foreign investment as the equity rally can be extreme, but the local currency loss will more than fully offset the gain. That leaves gold as the only reliable hedge for such an event. However, these are true tail events. This is not the constant trend debasement we mentioned above. Even Covid's massive and sudden debasement did not cause broad distrust and abandonment of the fiat currency market. When we look at the recent strong rally in the gold market, we try to evaluate if market participants are meaningfully increasing the probability of a sudden large debasement. While we see the back and forth between the administration and the Fed about interest rates and threats to Fed independence, we think about what is happening with this lens. What we think matters is where "Fed Credibility was before the rally in Gold and what the change has been." Our view is the level of Fed credibility was already very low, and the change was correspondingly low. We do not see a credible Fed suddenly becoming deeply NOT credible. In terms of market pricing, we would expect significant negative skew, with OTM calls heavily bid relative to puts and fewer OTM calls. We do not see people paying up for sudden debasement hedges.



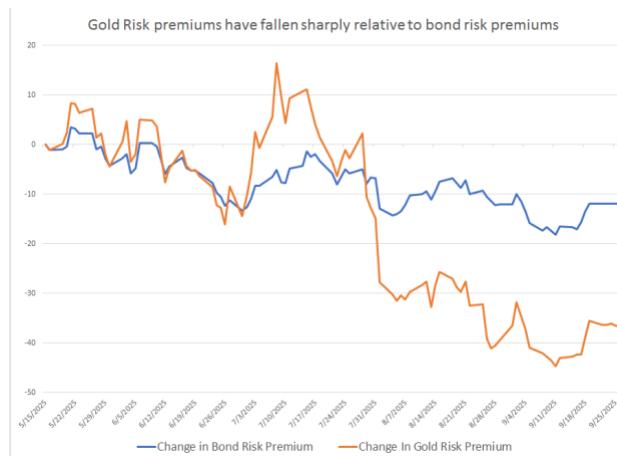
## Gold is an asset and has a risk premium

An absolute key part of the Damped Spring Investment Framework is risk premium. We believe every asset has a risk premium to compensate one for delaying consumption, taking risk, and buying a risky asset. We further believe that the drivers of risk premiums broadly are the expected portfolio risk and the supply of assets relative to the amount of money and credit that is available to own assets. Down a level, we think that risk premium arbitrage occurs across global

markets such that any asset with a high expected risk-adjusted return gets bid up by investors, thereby pushing down its expected risk-adjusted return and risk premium. Of course, risk and risk premiums are not able to be measured directly. Nonetheless, we look at markets and attempt to determine if risk premium levels are attractive or not, and, more importantly, what policy levers and animal spirits are likely to occur to generate a change in risk premium levels. Our assessment of risk premium is they have become more depressed in level over this year than warranted by the forward supply and demand for assets and the relative risk of assets. We have reduced our SmartBeta allocation to broad assets to its minimum (maximum cash).



Our individual gold risk premium model starts with the idea that gold may have a zero or negative risk premium based on its unique diversification benefit. While our model has low confidence, the recent significant reduction in risk expectations from holders of gold suggests risk premiums on gold are particularly unattractive.



### Gold responds to major portfolio rebalance flows

So, lets review: Gold is reliably trading correlated to changes in real rates, trend debasement is not a factor, there is no obvious bidding up of imminent substantial debasement risk, risk premiums are quite low across all assets and particularly

gold. While risk premiums may account for some of the massive outperformance something else must be going on.

We are certain (and the data confirms) that global central banks and particularly China have been rebalancing their holdings of gold relative to other USD assets since 1Q22. **We believe this rebalancing is over.**

We are less convinced that US domestic investors are buying a lot of gold. However, many investors are finally waking up to the idea that gold bugs have been saying forever and that skeptical gold bugs like me and Bridgewater Associates have been saying for decades. They are waking up to the idea that gold is a unique portfolio diversifier. Of course, it is also highly likely that investors are not waking up to that idea at all and are simply chasing returns as they always do.

Jeff Gundlach did not talk about gold decades ago and now says:

**DoubleLine's Jeffrey Gundlach believes holding a 25% gold position isn't excessive**

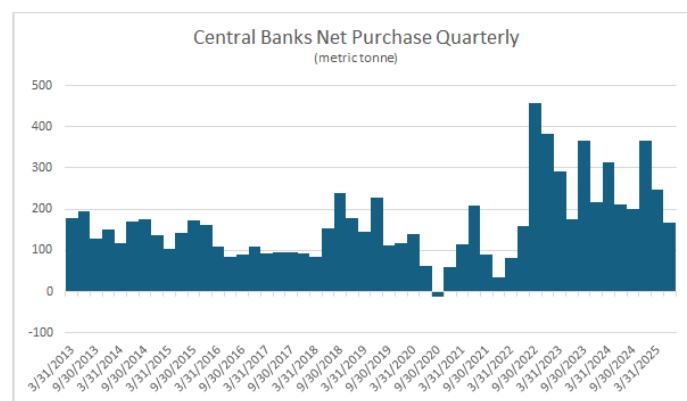
Mike Wilson has never mentioned gold as a portfolio asset before, as far as we can tell, and yet:

**Morgan Stanley CIO favors 60/20/20 portfolio strategy with gold as inflation hedge**

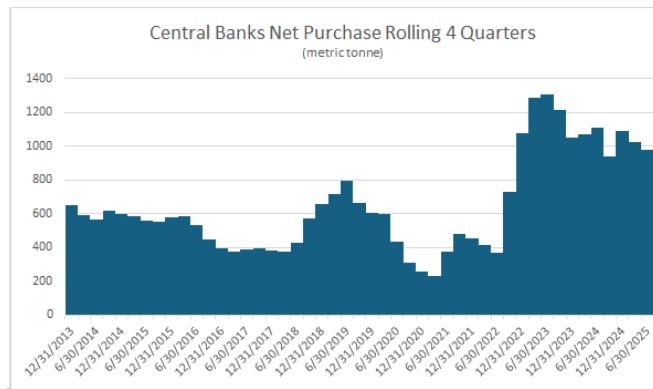
**We see little evidence that portfolio rebalance is occurring in US end investor portfolios beyond a bit of momo chasing.**

### Central banks

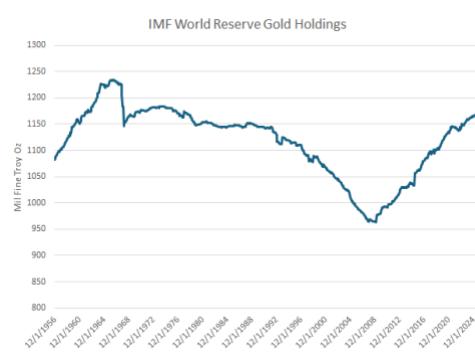
When the Biden administration weaponized USD assets in response to Russia's invasion of Ukraine, central banks decided to shift out of USD assets held as reserve assets into gold. Since that post-Ukraine invasion spike, the rate of central bank gold purchases has declined:



On a rolling quarter basis, central bank gold purchases have peaked and are slowing:



Since the 2008 lows, reserve ounces held by central banks have grown along with reserve fund growth. However, at the same time gold has been seen as a poor performer relative to other reserves. Post-Covid and post-Ukraine invasion, the amount held has grown:

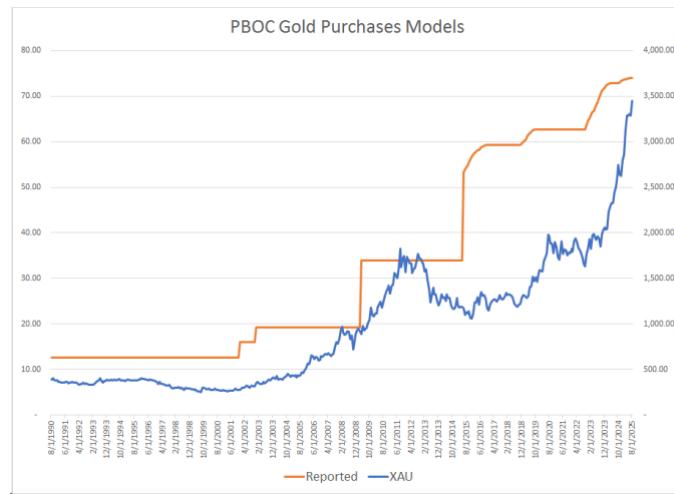


Since Ukraine war began, gold reserves are up a sizable 27 MT, but a tiny 2.5% of gold reserve holdings. Price has been a much bigger factor on the reserve rebalance. In just three years, the market value of gold reserves held by central banks has doubled to 22%. Simply put, the market price change has had an enormous impact on reserve balances, obviating the need for further purchases. As shown above, the central banks are slowing purchases. Price matters! Real yields on Treasuries are becoming attractive.

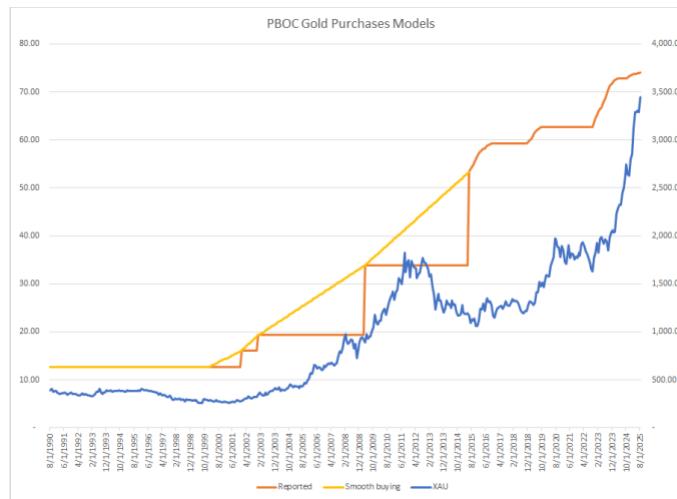


## China

Drilling down into China's history of gold purchases, SAFE has not regularly reported its gold holdings until recently. Clearly, the jumps in SAFE's gold holdings from 2001-2008 and from 2008-2015 did not accurately report the activity during those periods. Some important dates: Permanent MFN status was granted in late 2000. China doubled its gold holdings quickly but then did not report for six years. During that time, SAFE clearly bought! By 2009, China had tripled its holdings. Then silence for another six years, until China showed a near doubling in 2015. We have no idea when they bought; they could have even sold during these six years of silence.

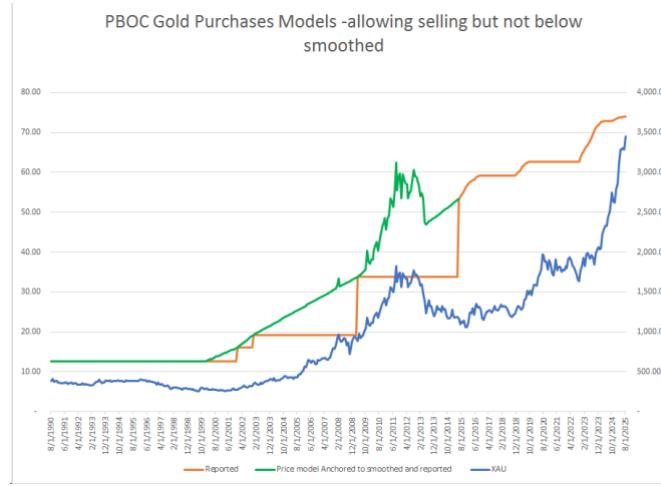


Let us try to model their behavior in the quiet periods. Here we start by showing linear purchases:

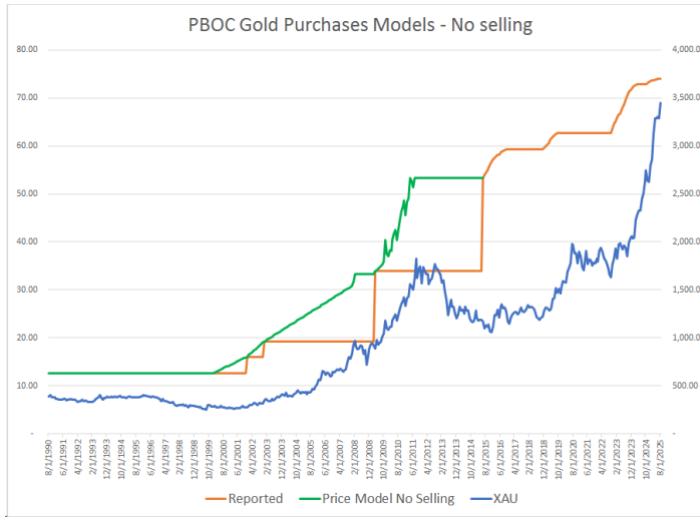


The problem with linear purchase is obvious. Since 2015, China has reported more often and reported quick buys and then reported many months of pausing. Most recently, China reported sharp buying soon after 1Q22 and then slowed.

An extreme alternative model to smooth buying is one in which you assume the market price reacted to the buying and model the buying from the price. By anchoring to the smooth buying model end, you can end up with something that allows selling but not much.



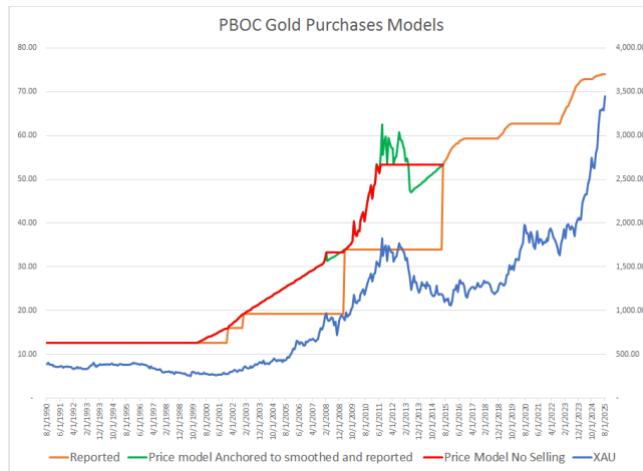
We finally end up with a model that buys rapidly but knows its destination and thus does not sell but simply pauses when the target is reached. While we will never know what China did, we think this is the most plausible outcome. SAFE shifts its asset allocation on a particular date based on whatever factors and then executes consistently until it reaches its target or decides it should pause due to either price or some other factor. From our personal experience working to understand SAFE, we would not rule out selling in anyway, but even by assuming pauses, a signal can be gleaned to trade markets.



Why would China pause or sell? It seems logical that the reason China bought in the first place could change. Furthermore, China is constantly weighing the price of all reserve assets it owns and the risk of holding those assets. For some reason, we see market participants suggesting that central banks in general and China in particular are entirely bureaucratic and political in their reserve management

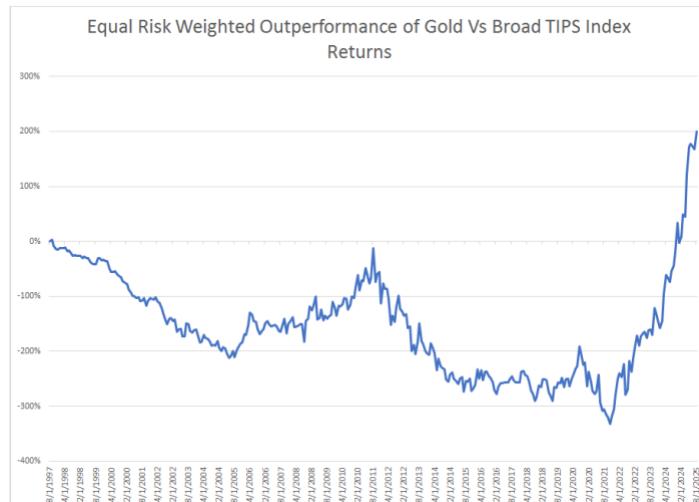
process. Anyone who has met with anyone from SAFE knows this is only partly true. The team at SAFE changes over time but assuming they are not market savvy is a bad idea. Other reserve managers like Sovereign Wealth Funds in the Middle East and Norway and central banks like the SNB are aggressive sophisticated investors. We think SAFE is too.

So, let us say the possible models are shown here:



Notice in this purely theoretical model, SAFE has about what they wanted in the 90s. SAFE wanted much more after MFN status was obtained and caught up smoothly through 2009. SAFE then went hog wild through 2011 until it paused (or dumped sizable amounts) in 2012. SAFE likely never sold gold, although I was at BW in 2010-13 and the possibility they had bought a ton and were selling was broadly discussed. Seems more likely that SAFE bought a ton and then paused.

The point of this thread is that China's buying of gold is not smooth, is likely to have many spikes in buying and when the spikes pause (or possibly in 2011-13 actually trimmed), the gold market can correct rapidly. Are we due for another spike or a pause? From a return standpoint a pause couldn't be more obvious just as in 2011-2013



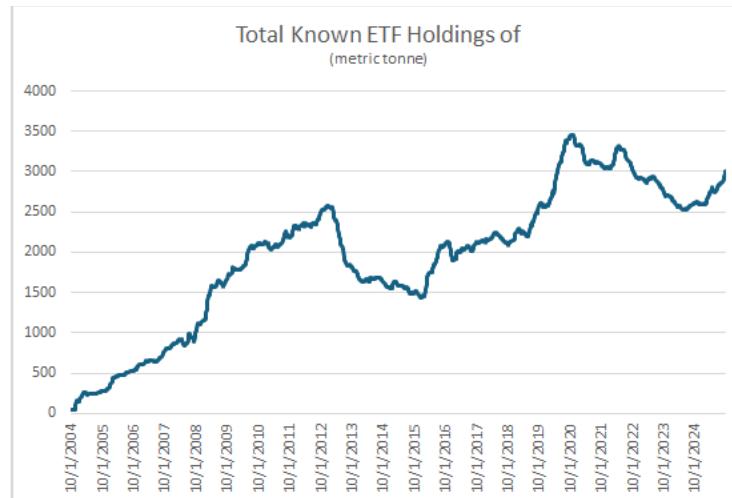
The USD trade surplus is not going away. There will be more USD inflows into the private sector from trade. To the extent that PBOC is willing to let its currency appreciate, they do not build reserves. CNY has strengthened meaningfully, which they may choose to allow. The weaponization of the USD with Russia undoubtedly scared China and others for sure. However, they have already acted on that fear. Russia and Ukraine peace likely would release the seized assets. Should China's fear increase as Ukraine either remains at war or is resolved. Was China's fear justified from the beginning? China is far far more important as an exporter to the US and the West. Is it realistic for the US and the West to weaponize against China? I guess if China was going to seize Taiwan, it may have a justifiable fear. Is that likely?

The Biden administration weaponized the USD. The Trump administration does not really like doing anything the Biden administration did. The current administration is clearly focussed on securing a good deal for the US with China. Trump wants it and is going to get a deal. Taiwan stability may be part of the "Deal," and no Taiwan invasion means less (or no) need for gold versus US assets. To us that means much less fear amongst the PBOC for seizure of assets. Lastly, the pricing of gold sucks versus other USD reserve assets. SAFE knows this and you do not have to be a Nobel laureate anyway to say, "Hmmm, maybe we pause."

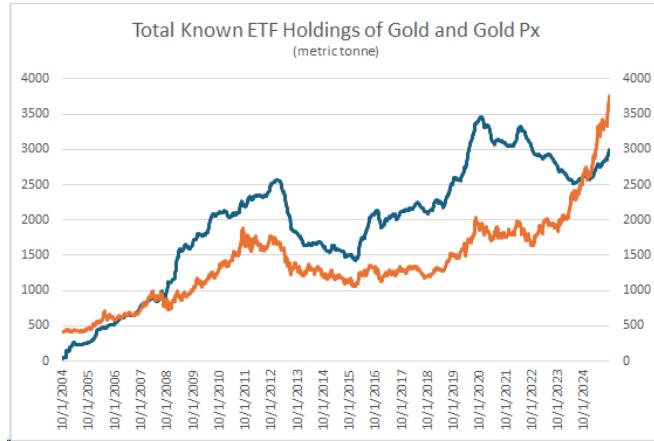
### US end investor rebalancing

As mentioned, we love gold and have advocated holding gold in a beta portfolio at a higher allocation than almost any other beta portfolio models we know. We are happy to see major investors and CIOs are recognizing the value of gold. However, we think they are price chasing NOT gold bugs. Their clients are not buying.

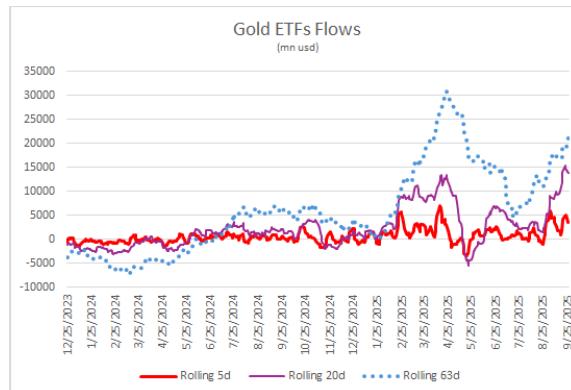
ETF Holdings of gold in tonnes is up recently, but remains well off the highs:



Gold's price was loosely correlated to ETF gold holdings until Covid. Since then, ETF flows have had little to do with the rally until recently when some FOMO seems to have contributed to the increase in price:



Recent ETF buying has slowed:



While ETF flows may return, the big story driving gold is not significant end-investor demand.

### Price as an indicator

The Damped Spring Alpha process considers price as an indicator of future prices. For assets with strong fundamental drivers, price-based indicators have low weight in our framework. Gold, like other commodities and assets with fewer fundamental factors to assist in providing signals, weighs price-based indicators more than other assets.

Our research has considered technical analysis carefully. Over decades of research, we have conducted a systematic analysis of pretty much every technical analysis tool described in John Murphy's book "Technical Analysis of the Financial Markets." We used many numerical techniques to test patterns systematically across many asset classes and concluded that we were unable to find any edge that could not be explained with something as simple as a momentum indicator. That said, the work confirmed that momentum was and is a useful leading indicator. Perhaps more

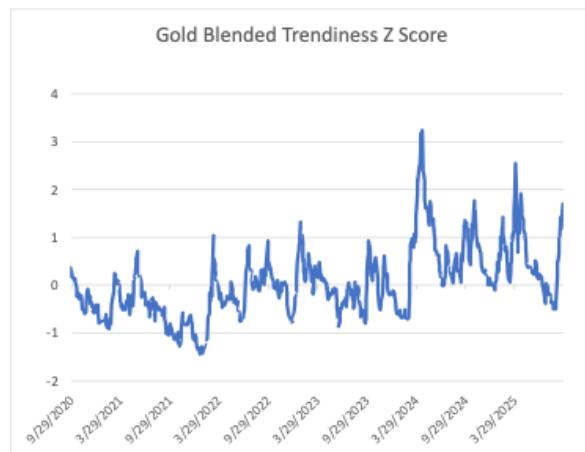
importantly, however, what we concluded is that momentum is a great indicator, and we did not find an edge using other technical analysis. It is extremely important to acknowledge that while we did not find edge, we did not prove that one does not exist.

At Damped Spring, we have partnered with two technical analysis experts. While we cannot prove they have reliable edge (mostly because proving alpha versus luck is practically impossible with only a few decades of data even for our own alpha), we have been quite pleased with their market insights, which are driven by individual methods and different processes. As we believe in the Glengarry Glen Ross "ABC" principle - "Always Be Closing," if you want daily high quality systematic and technical analysis research join DSMMA where @Niklentz and @JimmyJude13 collaborate for investor member benefit. We also are confident that pure and relatively simple momentum indicators are useful. @danielsimonyi provides clients with all manner of data-driven analysis, including the momentum indicators shown below plus a ton more at DS Data. Details of the [DSMMA](#) and [DS Data](#) services are available at the links highlighted. After that brief commercial message let us get back to our scheduled program.

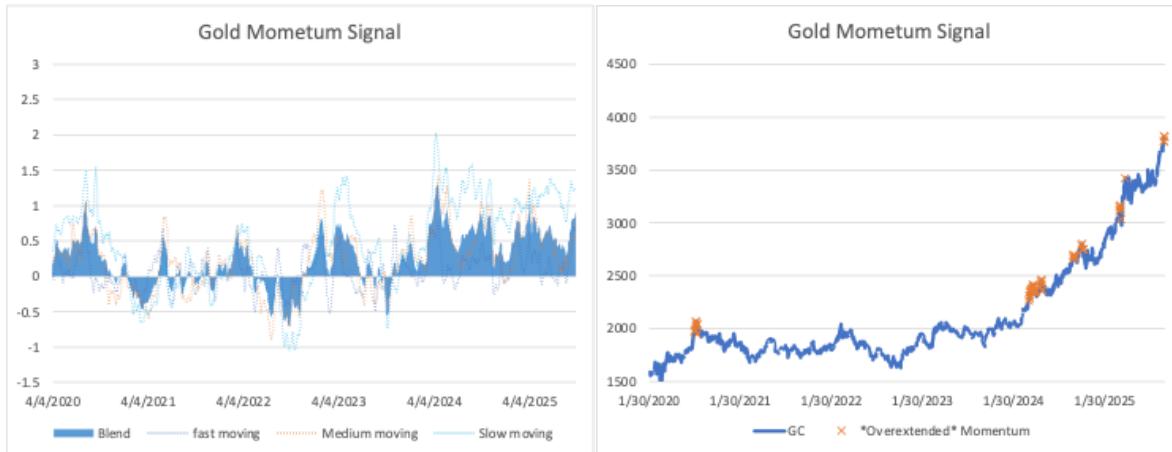
#### Momentum and Trend from @danielsimonyi

It is unremarkable to say that gold is in a strong uptrend, but it is always useful to quantify the strength of a trend. To do this, we blend multiple look-back periods - fast, medium, and slow moving, and create a composite trend score. This allows us objectively to assess trendiness across different timeframes. Based on this approach, the recent trendiness in gold stands out as particularly strong, even when compared to the past five years.

Trendiness indicators are useful to assess whether an asset exhibits trending or mean-reverting behavior. One simple method is to compare the asset's price range to its realized volatility over a given rolling period. If the range is higher than the realized volatility, it may suggest trending behavior. Conversely, a lower price range suggests choppy or mean-reverting conditions. There are many ways to measure this, such as the variance ratio or directional movement indicators. As always, a robust approach is to z-score each individual measure and combine them into a composite trendiness indicator for a more balanced signal.



There are also many ways to measure momentum. Here, we present a generic momentum signal for gold that captures price changes over a given lookback period adjusted by a volatility estimate. In other words, a risk-adjusted momentum measure. As with the trend/mean-reversion framework discussed earlier, we use a blend of fast, medium, and slow-moving indicators to build a composite momentum score. While momentum is currently strong across most timeframes, historically, similar levels have often coincided with local tops and were frequently followed by sideways or choppy price action.



To summarize, gold is showing strong trending behavior and very strong momentum. By triangulating this view with other flow-based indicators such as ETF flows, changes in open interest, managed money positioning, trend-following positioning, and options market activity, although not all of these are currently at extreme levels, these measures could suggest an overextended move and a local top and the potential for choppy or negative price action ahead. As a result, we believe it is worth considering a short delta structure in gold.

@JimmyJude13 Technical analysis



I needed to see how gold ended the week to get a better grasp of the technicals. In the big picture, gold made three significant 'ABC' type wave formations within its last April-May consolidation. The first and largest defined waves (green) were actually an exhaustive wave 5 from its ramp up at the beginning of 2025, hence the need for the 5-month consolidation to re-energize. All these 'ABC' waves were like pumping the pedals on your bike, each ABC gave it a little more umph. The Fibonacci extensions map out exactly how much energy each "pump" supplied. So far, price has stalled at a key Fib cluster, the 1.272 extension of the first large wave and the 1.618 extension of the middle wave. That confluence has capped the move for now and could well mark the zone where gold begins a more meaningful retrace. That said, there is still one final major Fib extension above, near the 4000 area, the 1.618 extension of the first large "ABC." That is the ultimate energy potential from the consolidation. If gold holds high ground in the 3700–3800 range over the next several weeks, it will signal intent to hit that target. Conversely, a break below 3650 would break the current bullish sequence and set up a back test of the top of the consolidation zone at 3450–3500, where it will find extremely strong support.



In the short term, gold finally showed some weakness off that Fib resistance cluster, but the pullback never extended far enough to test meaningful downside support at 3744. Instead, it closed the week holding high in its range. Taken together, the larger timeframes give gold a clear technical reason to stall or even top here, yet the shorter-term charts have not broken their bullish sequence to signal it is ready to roll over and give us one of those 'elevator down' type retraces.

[@NikLentz Technical Analysis](#)

Gold futures ("GC") are showing signs of overextension for several reasons. One of the main things I look at is the distance from the 20 EMA and the 50 SMA. By looking back 1500 periods and creating a series of standard deviations, we can judge how stretched price is. Right now, we are about 2 standard deviations away from both the 20 and 50. While it can certainly extend further, the 2 standard deviation mark is generally a good place to consider a countertrend trade. You can see the levels below:



After that, we will look back to the last Fed meeting to mark the most recent news pivot. With the Fed day high near 3744 and the low at 3679, that range becomes the first line of defense and the key levels to watch. You want to see GC close below 3679 before pressing harder on any bets. A daily close under that low would be a signal that momentum has flipped. When we shorten the timeframe, an easy way to track momentum is with the 200 SMA on an hourly chart. GC managed to hold above that level through most of the rally, with only one day during which it threatened to trade below. On this 1-hour chart, we would want to see red candles start stacking up and then a failed check back to the average.



When we extend the timeframe, the long-term trend following flip point for gold comes in near 3200. That means even if we saw a sharp selloff, a 20 percent correction would still see many investors holding their long-term positions. In the

short term this setup is bearish because of the overextension, but in the bigger picture it is still very bullish.



While RSI is not the best tool for calling tops, I have built a custom model that factors in volatility patterns to better map true extremes for the asset class. On that measure, gold is very overextended. The issue is that we are still trading above the recent news pivots, weekly highs and lows, and last month's levels, which keeps the short-term chart looking bullish. To really flip momentum, we would need to see those levels break and force late buyers out of their positions. On a 30-day view, 3600 looks like the level that would start to pressure the late entries and push recent trades underwater.



## Summary

Short-term: Overbought and vulnerable to a pullback; watch 3679 as the trigger level.

Medium-term: Below 3600–3540, late entries start to unwind.

Long-term: Trend is still intact above 3200; dips into correction zones should be viewed as potential long-term buys.

### Adding it all up

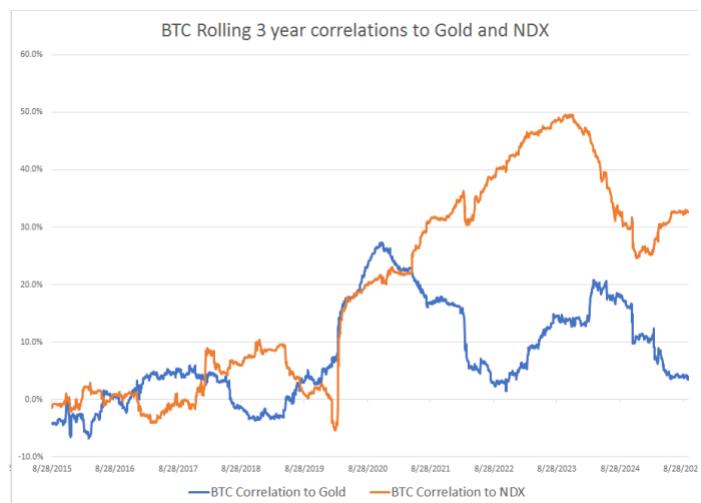
Gold is behaving consistent with our framework and is being driven by flows that are likely to pause or reverse for the similar reasons why they were strong inflows post Ukraine. Our positioning process shows the major flows slowing or reversing, strong but overextended momentum and technicals. We think a short makes sense for market timers with a 1–3-month horizon and have shorted in DS Alpha. Furthermore, we have been overweight gold in our beta portfolio and strongly urge reducing gold holdings versus other non-cash holdings to equal weight from overweight.

### What is the implication for BTC

Firstly, while we are beginning to be convinced in the value of BTC as digital gold we are quite skeptical today. BTC has shown poor standalone correlation to gold, which indicates other explanatory factors. It has been strongly correlated to risky assets. We think for BTC to be included in our beta portfolio, the realized volatility needs to fall and the correlation to gold needs to rise. For alpha, our indicators and flow tools are not ready to make a bet. For beta, we need what we said above to allocate. **However, our conclusions today do not favor shorting BTC and, if anything, we think a BTC long could hedge a gold short.**

### BTC is just not digital gold yet.

BTC is not correlated to gold:



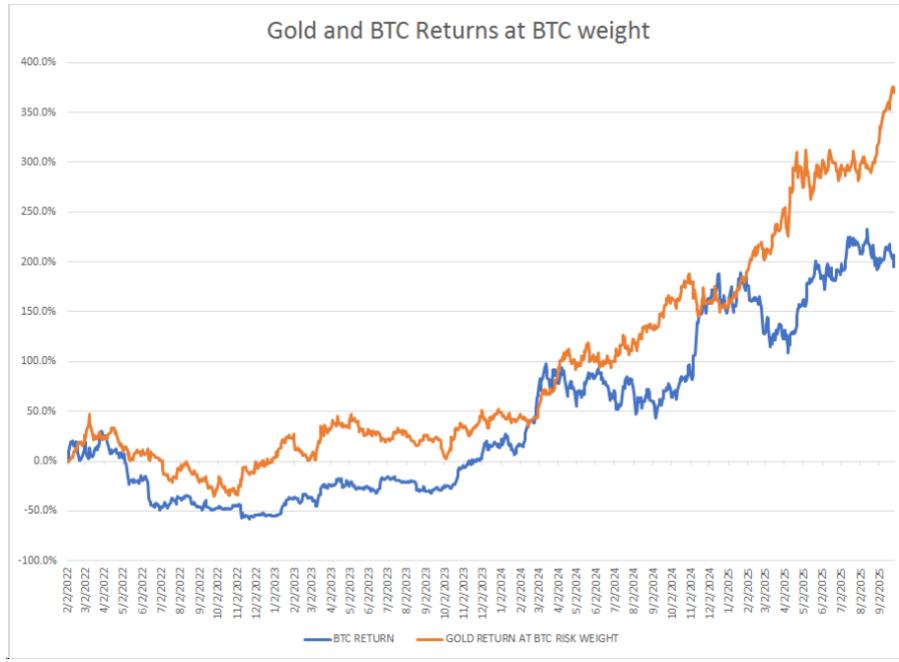
It is still more volatile than gold and even NDX:



Since 2019, the 3-year realized rolling Sharpe has been frankly mediocre. It is not an awful asset; it just is super risky and not correlated to gold. As a diversifier, it is not bad. However, as a balance to growth assets or inflation assets, it is simply unclear what its economic drivers have been over the last five years. We think the fundamentals strongly suggest it is digital gold at heart, but it has yet to become anything like it.



We do not know what it is, so we do not own any and do not know how to trade it. Not our lane. However, if it suddenly and immediately IS in fact digital gold and we are bearish actual gold, the implication is we should be bearish BTC. We are not. It has diverged from the gold over the past six months. We certainly would short it, and gun to our heads, we could see being long as a hedge to a short gold trade. That said we will pass.



## BTC technical analysis

@jimmyjude13

Since completing this DSR, BTC bounced, which was due and improves the picture and established solid support and yet is now at substantial overhead resistance. Here are Jimmy's comments.



BTC's short term chart looks like you turned a gold chart upside down, much like how gold could not get weak enough to test support last week, BTC could not muster enough strength last week on its bounce to test overhead resistance at 115k, which is rare for BTC. Since Trump was elected, the pattern has been light pings of support and deep stabs into resistance. Now BTC is doing the opposite; after not holding support in the 111,500 area, BTC dropped down to

decent swing support from its September lows and cannot bounce, again rare for the current pattern. Not only can it not bounce, but it is doing a tight little 'box' consolidation down at the lows here, which is a high probability continuation pattern.

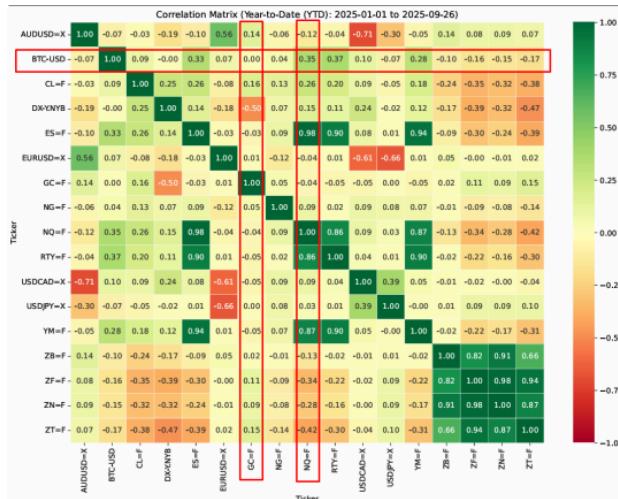


The big issue with that is the September lows are major lows and although there will be support and buyers to defend that area, if it breaches the market will hit a very thin zone of gappy type air pockets from its huge June rally. Though it has decent support points within that zone near its 200-day MA (at 105,000 and the bottom of its channel around 101,000), in between there is nothing. We think the market will get fast and nervous under those September lows at 107,255 and seek those downside targets quickly.

## @NikLentz Technical Analysis

These notes are also a day old

BTC as "digital gold" has never connected with me. To me, it acts more like its own risk asset. I have actually traded it since the early days, when MMA was one of the first spaces BTC maxis tried to infiltrate. It was new enough to still allow entry but gaining in popularity. It responds very well to technicals in the short term, but in general it runs more on narratives. If people are not pitching it as an inflation hedge, they default to calling it leveraged Nasdaq. Neither narrative really fits the script.



Unlike gold, BTC is sitting in the middle of its standard deviation ranges relative to the moving averages. That means there is no clear signal coming from that measure right now.



On a longer-term basis, BTC is well above the yearly opening range at 98,345 and the long-term trend following flip point just below that at 93,467. That sets up a bullish backdrop for any dips that get near the 100,000 level.



When we step back and look at the daily chart, we see price trading below the weekly pivots and not breaking above last month's high. The 20- and 50-day moving averages are starting to roll over and price is sitting under both. It is not a textbook head and shoulders, but it does show repeated failed attempts to push higher. The chart leans bearish for the next 2 to 4 weeks, but we would need a daily close under 107,500 to start building a stronger case for a larger correction. A flush into the 90,000 range is possible and would likely trigger panic, but the broader trend still leans bullish.



We are under the short-term trend and trading near last month's low and close, both sitting around 107,500. That area has a lot of confluence. BTC tends to correct harder than stocks, and a 20 percent move in crypto is not unusual. The levels to watch are 105,800 for a 15 percent correction, 99,600 for 20 percent, and 87,150 for 25 percent. The 100,000 level should be tough to break, and if I were short that would be the first place I would cover.

## Bitcoin — Technical Roadmap

As of September 26, 2025

### Current Setup

Bitcoin has been trading more as a risk asset than as 'digital gold'. It sits in the middle of its standard deviation bands relative to moving averages, which offers no immediate signal from that measure. In the short term BTC is heavily narrative-driven, but technicals remain effective at identifying key levels.

### Long-Term Backdrop

BTC remains well above the yearly opening range at 98,345 and the long-term trend following flip at 93,467. This keeps the broader backdrop bullish and sets up dips toward the 100,000 level as potential long opportunities.

## Medium-Term View

On the daily chart, BTC is trading below weekly pivots and failing to break above last month's high. The 20- and 50-day moving averages are rolling over, with price sitting under both. This suggests a bearish bias for the next 2-4 weeks, though the broader structure remains bullish. A daily close under 107,500 would strengthen the case for a larger correction.

## Key Levels

Level	Price
Yearly Opening Range	98,345
Trend Flip (LT)	93,467
Trigger Level (Daily Close)	107,500
15% Correction	105,800
20% Correction	99,600
25% Correction	87,150
Psychological Support	100,000 (first likely cover for shorts)

## Summary

Short-term: Bearish tilt as BTC trades under the 20- and 50-day MAs; a close below 107,500 would confirm downside momentum.

Medium-term: Corrections toward 105,800 or 99,600 should be monitored for support.

Long-term: Trend remains bullish above 93,467; the 100,000 level is a key psychological floor and likely first cover point for shorts.

## Synthesis

We are bearish gold. We love gold but its time to be short. BTC is not digital gold; we are not ready to add it to either our alpha or beta portfolios but do not hate it here.

## Current Portfolio and Performance

Assumed Portfolio size	\$ 100,000,000						
LTD P/L	\$ 78,563,612						
Total Return	78.56%						
Today's Date	9/29/2025						
					YTD Return in excess of cash	8.50%	
					Portfolio Created		4/15/2019
Date	Position	Entry Price	Amount	Worst case loss	MTM	P/L	Open/Closed
7/30/2025 SPX 10/17/2025 6250/5750 Put Spread	39.87	501	\$ 1,997,487	6.07	\$ (1,693,380)	Open	
9/11/2025 NDX 10/17/2025 22500/21500 Put Spread	111.41	180	\$ 2,005,344	17.50	\$ (1,690,344)	Open	
9/18/2025 SPX 12/31/2025 6650/6850 Call Spread (paired with SFRM6)	114.05	-116	\$ 1,000,000	114.30	\$ (2,909)	Open	
7/3/2025 SFRM6	96.62	2400	\$ 2,000,000	96.68	\$ 588,000	Open	
9/18/2025 SFRM6 (paired with SPX Call spread)	96.79	1600		96.68	\$ (408,000)	Open	
7/30/2025 6AZ25 AUD 10/3/25 .65 puts	0.0108225	924	\$ 1,000,000	0.0001000	\$ (990,760)	Open	
8/14/2025 6IZ5 JPYUSD 10/2/2025 .0068/.0071 Call Spread	0.0000990	404	\$ 500,000	0.000017	\$ (414,141)	Open	
9/23/2025 GCZ 11/24/2025 3750/3850 Call Spread	47.200000	-189	\$ 1,000,000	54.950000	\$ (146,780)	Open	
				9.5%		4.74%	