

BITCOIN CASH (BCH) — POSITION ANALYSIS

Lighthouse Macro | Advisory Analysis

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EXECUTIVE SUMMARY

This analysis applies the Lighthouse Macro 19-point scoring framework to Bitcoin Cash (BCH), synthesizing fundamental network health, derivatives microstructure, and technical trend analysis into an actionable conviction assessment with explicit position sizing methodology.

Bottom Line

Metric	Value
Composite Score	14/19
Conviction Tier	Tier 2 (Strong Setup)
Target Position Size	9.6%
Current Price	\$617 (Jan 14, 2026)
Technical Stop	\$545 (-12%)
Thesis Stop	\$494 (-20%)
First Profit Target	\$771 (+25%)

Framework Scoring

Pillar	Score	Max	Assessment
Technical	6	9	Strong uptrend structure, ideal entry proximity, relative outperformance
Fundamental	4	5	Healthy network growth, clean supply profile, tangible catalyst
Microstructure	4	5	Favorable liquidation asymmetry, sustainable funding regime
TOTAL	14	19	Tier 2: Strong Setup

Three-Sentence Thesis

Bitcoin Cash exhibits robust technical structure (price > 50d > 200d MAs, both rising) with clear relative outperformance versus Bitcoin and **ideal entry positioning 4.7% above 50d MA**, supported by healthy on-chain fundamentals (transaction volume +50% YoY, hash rate at all-time highs) and favorable derivatives positioning (short liquidation asymmetry, sustainable funding). The CashVM upgrade (May 2026) provides a tangible catalyst within the tactical horizon, while the 95% minted supply profile eliminates VC/ETF overhang risk common to newer protocols. Macro regime assessment (neutral-to-supportive transition) justifies **9.6% allocation** via staged entry with defined technical/thesis stops at -12%/-20%.

I. MACRO REGIME ASSESSMENT

Position sizing begins with the macro environment. Strong setups in hostile regimes get scaled down; mediocre setups in supportive regimes get scaled up.

1.1 Liquidity Cushion Index (LCI)

Component	Current	Z-Score	Status
RRP/GDP	\$10-15B / \$29T	-1.5σ	Restrictive
Reserves/GDP	\$3.1T / \$29T	-0.3σ	Neutral
LCI Average	—	-0.9σ	Neutral-Restrictive

Interpretation: The RRP buffer is effectively exhausted (down from \$2.5T peak), but reserve levels remain adequate. System shock absorption is diminished but not crisis-level. QT ended December 1, 2025—we're in early post-QT stabilization phase.

1.2 Stablecoin Supply Dynamics

- **Total Stablecoin Supply:** ~\$187B (USDT: \$137B, USDC: \$45B, DAI: \$5B)
- **30-Day Trend:** +4.2% (expanding)

Interpretation: Growing stablecoin supply indicates dry powder accumulation and capital flowing into the crypto ecosystem. This is a supportive signal for risk asset positioning.

1.3 Regime Classification

Factor	Signal	Weight
Liquidity Cushion	Neutral-Restrictive	Bearish
Stablecoin Supply	Expanding (+4.2%)	Bullish
Fed Policy Cycle	Early easing phase	Bullish
Credit Conditions	Stable (340 bps HY OAS)	Neutral
MRI Composite	Elevated	Bearish

Regime: Neutral-to-Supportive (Transitioning)

The macro environment presents mixed signals. The liquidity cushion is thin and MRI is elevated, but the Fed has pivoted and stablecoin supply is expanding. We're not in a clearly supportive regime, but conditions are improving from restrictive territory.

Regime Multiplier: 0.8x (between Neutral 0.6x and Supportive 1.0x)

II. ABSOLUTE FILTER CHECKLIST

These four filters are non-negotiable. If any fail, the analysis stops here regardless of other factors.

Current BCH Data (January 14, 2026)

Metric	Value
Current Price	\$617.00
50-Day MA	\$589.12
200-Day MA	\$555.73
BCH/BTC Ratio	2.64 (strongly green)
Extension from 50d MA	+4.7%

Filter Results

Filter	Requirement	Current	Status
1. Price > 200d MA	Must pass	\$617 > \$556 ✓	PASS
2. 50d MA > 200d MA	Must pass	\$589 > \$556 ✓	PASS
3. Relative Strength	Must outperform BTC	RS 2.64 (green) ✓	PASS
4. Extension <15%	Within 15% of 50d MA	+4.7% from \$589 ✓	PASS

✓ All absolute filters pass. Proceed to framework scoring.

Key Insight: BCH at \$617 is only 4.7% above its rising 50d MA—this is an **ideal entry zone** (0-5% range). Significantly better risk/reward than chasing extended levels.

III. FUNDAMENTAL ASSESSMENT (0-5 Points)

3.1 Supply Dynamics — Structural Advantage

Circulating Supply: ~19.97M BCH (95.1% of 21M max supply minted)

Bitcoin Cash shares Bitcoin's monetary architecture with a 21 million maximum supply and halving-based emission schedule. With 95% already minted, supply-side pressure is structurally limited.

Asset	% Minted	ETF/VC Overhang	Unlock Risk
BTC	~93.5%	ETF flows dominate	None
ETH	Inflationary*	Moderate ETF pressure	Staking unlocks
SOL	~75%	Heavy VC unlock schedule	High
BCH	~95%	None	None

*Net deflationary with burn mechanism

Implication: Unlike newer protocols with multi-year VC unlock schedules or ETF arbitrage overhang, BCH has no cliff events, no foundation dumps, no ETF selling pressure. This is a clean cap table.

3.2 Network Health — On-Chain Vitality

Active Addresses: ~35,519 active addresses (stable, YoY growth sustained)

Transaction Volume:

- Daily on-chain volume: \$55-85M (24h periods)
- **YoY Growth: +50% in Q4 2025**
- Annual volume: \$50B+ in 2025

Hash Rate:

- **All-time high: 16.55 EH/s** (August 2025)
- Current: Sustained near ATH levels
- 90-day difficulty change: +40%

Interpretation: Mining economics remain robust. Miners are allocating capital to BCH security at record levels, signaling long-term confidence in network viability.

3.3 Protocol Development — Catalyst Assessment

Velma Hard Fork (May 2025) — Completed:

- Removed 201-operation VM cap, 19× stack element increase
- BigInt implementation with 10,000-byte arithmetic precision
- **Result: 100× contract computation capacity**

CashVM Roadmap (May 2026) — Upcoming:

- Quantum-resistant cryptography (256-bit classical security, 128-bit quantum-resistant)

- Smart contract enhancements
- **Timeline: <5 months out (tangible catalyst)**

Cross-Chain Integration:

- NEAR Intents integration: BCH interoperable with 25+ chains, 120+ assets without bridging

Corporate Treasury Adoption:

- **mF International (December 2025): Announced \$500M BCH treasury allocation**

Peter Brandt Endorsement (January 2026):

- Legendary trader publicly endorsed BCH as "payment revolution"

3.4 Fundamental Scoring

Component	Score	Rationale
Network Health	2/2	Active addresses stable, tx volume +50% YoY, hash rate ATH
Valuation	1/2	NVT ~185 elevated but improving; MCap \$12.3B reasonable vs utility
Catalyst	1/1	CashVM May 2026, NEAR live, Brandt endorsement, mF treasury

Fundamental Score: 4/5 ✓

IV. MICROSTRUCTURE ASSESSMENT (0-5 Points)

4.1 Current Derivatives Landscape

Metric	Value	Interpretation
Open Interest	\$806.82M	6.5% of market cap—active derivatives market
24h Futures Volume	\$822.63M	Liquid perpetual market
24h Spot Volume	\$85.14M	Perp-to-spot ratio ~10:1 (elevated)

4.2 Liquidation Structure — Asymmetry Analysis

Recent Liquidation Event:

- December 2025: \$2.54M in short liquidations during rally
- Short positioning squeezed during upward price movement
- Asymmetry ratio estimated >2.0× (shorts above / longs below)

Current Assessment:

Visual analysis of liquidation heatmap (Coinglass data) shows:

- Liquidation clusters predominantly **above** current spot price
- Short positioning creates upside fuel
- Rally would trigger cascading short liquidations → asymmetric upside potential

4.3 Funding Rate Regime

Current Funding Rate: +0.0044% (mild positive)

- Annualized: ~5.8% (sustainable, not extreme)
- 7-day average: Mild positive range

Assessment: Current mild positive funding is sustainable. Not crowded enough to signal reversal risk, not negative enough to indicate maximum contrarian opportunity. This is a neutral-to-slightly-bullish signal.

4.4 Microstructure Scoring

Component	Score	Rationale
Liquidation Asymmetry	2/2	Strong short squeeze potential, clusters above spot
Funding Rate	1/2	Mild positive (+0.0044%), sustainable, not crowded
Holder Distribution	1/1	Moderate concentration with accumulative whale behavior

Microstructure Score: 4/5 ✓

V. TECHNICAL ASSESSMENT (0-9 Points)

5.1 Primary Trend (0-2 Points)

Trend Structure:

- Price (\$617) > 50d MA (\$589) > 200d MA (\$556) ✓
- 50d MA rising consistently ✓
- 200d MA rising consistently ✓

Assessment: Both moving averages are rising with proper spacing. Price is in a confirmed uptrend with structural support levels clearly defined.

Score: 2/2 — Primary trend intact with both MAs rising ✓

5.2 Momentum Quality (0-2 Points)

Z-RoC Assessment: +0.189

Interpretation in Uptrend Context:

- Z-RoC > +2.0 = Strong acceleration
- Z-RoC +1.0 to +2.0 = Building momentum
- **Z-RoC 0 to +1.0 = Early momentum** ← Current zone
- Z-RoC < -1.0 in uptrend = Potential trend break

BCH's Z-RoC at +0.189 indicates **early-stage momentum** in an established uptrend. This is not extended—there's room for acceleration.

Score: 1/2 — Momentum positive but early-stage (not building yet)

5.3 Structure Confluence (0-1 Point)

Recent Price Action:

- BCH consolidated near \$600-620 in early January
- 50d MA (\$589) provided support during consolidation
- Recent volume: Elevated on upward moves

Assessment: Price action shows consolidation near rising 50d MA followed by resumption—classic structure confluence.

Score: 1/1 — Bouncing off rising 50d MA ✓

5.4 Extension Filter (0-1 Point)

Calculation:

Extension = (Price - 50d MA) / 50d MA × 100
Extension = (\$617 - \$589.12) / \$589.12 × 100 = 4.7%

Scoring Criteria:

- **0-5% from MA: Ideal entry** → +1 point ← **BCH is HERE**
- 5-15% from MA: Moderately extended → 0 points
- >15% from MA: Overextended → Fails absolute filter

This is a premium entry opportunity. At 4.7% above the 50d MA, BCH offers ideal risk/reward positioning—close enough to support for protection, but confirming uptrend continuation.

Score: 1/1 — Extension 4.7% (ideal entry zone) ✓

5.5 Relative Strength (0-1 Point)

BCH/BTC Analysis:

- Current BCH/BTC RS: 2.64 (strongly green)
- 90-day performance: BCH among top performers
- Relative panel: **GREEN** (confirmed outperformance)

Score: 1/1 — Relative strength confirmed ✓

5.6 Perfect Setup Bonus (0-2 Points)

Element	Status
1. Primary Trend (P > 50d > 200d, both rising)	✓
2. Relative Strength (panel green)	✓
3. Consolidation (10-30 days sideways)	✓
4. Momentum (Z-RoC cooled but held >-1.0)	✓
5. Breakout Trigger (breaking consolidation)	✓
6. Microstructure (funding neutral-negative)	✗ (mild positive)

Assessment: 5 of 6 elements present. Missing: Funding is mild positive rather than neutral-negative.

Score: 0/2 — Not a Perfect Setup (5/6 elements)

5.7 Technical Score Summary

Component	Score	Max
Primary Trend	2	2
Momentum Quality	1	2
Structure Confluence	1	1
Extension Filter	1	1
Relative Strength	1	1
Perfect Setup Bonus	0	2

Technical Score: 6/9 ✓

VI. COMPOSITE SCORING & POSITION SIZING

6.1 Framework Totals

Pillar	Score	Max	Assessment
Technical	6	9	Strong trend, ideal entry , relative outperformance
Fundamental	4	5	Healthy network, clean supply, tangible catalyst
Microstructure	4	5	Favorable liquidation asymmetry, sustainable funding
TOTAL	14	19	Tier 2: Strong Setup

6.2 Conviction Tier Mapping

Tier	Score Range	Base Weight	BCH Status
Tier 1	16-19	20%	—
Tier 2	12-15	12%	← BCH (14/19)
Tier 3	8-11	7%	—
Pass	<8	0%	—

BCH Classification: Tier 2 → Base Weight: 12%

6.3 Final Position Size Calculation

Target Size = Regime Multiplier × Conviction Weight × Liquidity Adjustment

Target Size = 0.8 × 12% × 1.0 = 9.6%

Components:

- **Regime Multiplier:** 0.8× (neutral-to-supportive transition)
- **Conviction Weight:** 12% (Tier 2 base allocation)
- **Liquidity Adjustment:** 1.0× (highly liquid, top-20 asset)

FINAL ALLOCATION: 9.6%

VII. ENTRY EXECUTION PROTOCOL

7.1 Staged Entry Approach

For non-Perfect setups, we scale in systematically to reduce timing risk:

Phase	Allocation	Trigger	Rationale
Initial Entry	3.8% (40% of 9.6%)	Setup confirmed, filters pass	Establish position at current levels (\$617)
Scale 1	+2.9% (30% of 9.6%)	Z-RoC confirms >+1.0	Momentum validation
Scale 2	+2.9% (30% of 9.6%)	Breakout with volume (>\$700)	Breakout confirmation

Total Position: 9.6% across three entries

7.2 Entry Level Preferences

Current Price Zone: \$617 ✓ (ideal, 4.7% above 50d MA)

Preferred Pullback Entry: \$590-600

- Near 50d MA support (\$589)
- If price pulls back to this zone, increase initial position to 50-60% (4.8-5.8%)

Breakout Confirmation: \$700+

- Psychological resistance level
- Complete position on clear break with volume expansion

VIII. RISK MANAGEMENT

8.1 Stop Loss Levels

Technical Stop: \$545 (-12% from \$617)

- **Trigger:** Daily close below \$545
- **Logic:** Below 50d MA (\$589), below recent consolidation support (\$600)
- **Action:** Exit full position immediately

Thesis Stop: \$494 (-20% from \$617)

- **Trigger:** Structural break (death cross, relative breakdown, fundamental deterioration)
- **Logic:** Near 200d MA (\$556), fundamental thesis invalidation zone
- **Action:** Reassess immediately, likely full exit

Rule: Whichever stop triggers first, we exit. No negotiation.

8.2 Invalidation Conditions

Exit or reassess immediately if **any** of these occur:

Condition	Action
Price closes below 200d MA (\$556)	Exit immediately
50d MA crosses below 200d MA (death cross)	Exit full position
BCH/BTC relative panel turns red/magenta	Reduce 50%, reassess
Z-RoC breaks below -1.0 in uptrend	Exit or reduce to 25%
Funding rate spikes >0.1% sustained (3+ days)	Reduce 30%, tighten stops
Network hash rate collapses >30%	Reassess thesis, likely exit
CashVM upgrade cancelled/delayed >6 months	Reduce catalyst premium

8.3 Profit Targets

Level	Price	% Gain	Action
Target 1	\$771	+25%	Trim 25% of position (2.4% → cash)
Target 2	\$925	+50%	Trim another 25% (2.4% → cash)
Beyond	\$925+	—	Trail remaining 50% (4.8%) with 50d MA

IX. SUMMARY & CONVICTION STATEMENT

9.1 The Investment Thesis

Bitcoin Cash at \$617 with a **14/19 composite score** represents a **Tier 2 (Strong Setup)** opportunity characterized by:

Technical Strength (6/9):

- Clear primary uptrend with both MAs rising and properly spaced
- **Ideal entry positioning at 4.7% above 50d MA** (0-5% range)
- Relative outperformance versus Bitcoin (RS 2.64, strongly green)
- Early-stage momentum (+0.189 Z-RoC) with room for acceleration
- Missing Perfect Setup due to mild positive funding

Fundamental Support (4/5):

- Network activity growing: Transaction volume +50% YoY
- Hash rate at all-time highs (16.55 EH/s), mining economics robust
- **CashVM upgrade (May 2026) provides tangible catalyst <5 months out**
- 95% supply minted—no VC unlock risk, no ETF overhang pressure

Favorable Microstructure (4/5):

- Short liquidation asymmetry creating upside fuel (\$2.54M recent squeeze)
- Funding mild positive (+0.0044%), sustainable not crowded
- Whale accumulation pattern visible

9.2 Why 9.6%?

- **Tier 2 conviction** (14/19) justifies **12% base weight**
- **Neutral-to-supportive regime** (transitioning) applies **0.8× multiplier**
- **High liquidity** (top-20 asset) = **1.0× adjustment**
- **Final: 9.6%** = meaningful exposure with defined risk

9.3 What Could Go Wrong

Primary Risks:

1. Macro regime deterioration → position to 3.6%
2. Bitcoin weakness (high correlation)
3. CashVM delay (catalyst priced in)
4. Funding spike (>0.1% sustained = crowding)
5. Whale distribution event

Mitigants:

- Staged entry limits initial risk
- Stops prevent catastrophic loss (-12% technical, -20% thesis)
- Weekly rescoring catches thesis drift
- Daily monitoring maintains discipline

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