

Bitcoin Market Report: November 2024 Downturn Analysis

Macroeconomic Pressures, Market
Structure, and Investor Behavior

Executive Summary

Recent downturn driven by macroeconomic pressures and market imbalances

Sharp decline from above \$120K to below \$95K

Key drivers: panic selling and liquidity crunch

Institutional demand slowdown with technical support breakdown

Recovery dependent on stabilized risk sentiment and renewed inflows

Key Driver #1: Panic Selling by Short-Term Holders

Price acceleration from \$120K+ to <\$95K driven by short-term holders
Selling at a loss triggered forced liquidations and deleveraging
Long-term holders took profits but NOT mass distribution
Pattern differs from typical bear market cycle tops
Short-term holder capitulation signals potential market bottom

Price Drop: \$120K → \$95K

Key Driver #2: Liquidity Crunch

Market depth fell from \$700M+ in October to ~\$535M

Thinner order books increase price vulnerability to large trades

Reduced spot and institutional buying weakened market structure

Lower liquidity allows sell-offs to cascade more easily

Heightened volatility across all trading pairs

Liquidity: \$700M → \$535M

Key Driver #3: Macroeconomic Uncertainty

Federal Reserve caution on interest rate cuts rattled investors

Inflation resilience and strong dollar pressure risk assets

Trade war fears from renewed US-China tensions

Capital pullback from high-risk markets accelerating

Bitcoin weakness amplified by broader risk-off sentiment

Key Driver #4: Institutional Buying Slowdown

Net institutional purchases fell below daily mined supply

First occurrence in seven months signals demand weakness

Large players no longer absorbing new Bitcoin supply

Institutional cash reserves showing signs of depletion

Raises risk of deeper corrections without demand recovery

First time in 7 months

Key Driver #5: Technical Breakdowns & Sentiment Shifts

Breach of \$100K psychological support triggered retail panic
Many investors exited positions below their cost basis
Extreme fear levels in market sentiment indicators
Options and derivatives traders positioned for further downside
Technical weakness reinforcing negative sentiment loop

Support Break: \$100K

Market Context & Historical Patterns

Seasonal & Halving Cycles

November historically strong for Bitcoin
Post-halving volatility expected
Mid-cycle dip may be healthy reset
Clearing leveraged positions
Potential consolidation phase

On-Chain Data Signals

Dormant wallets moving to exchanges
Capitulation by weaker hands
NOT mass exodus by long-term holders
ETF flows and inflows slowed
Traditional finance channels weakening

Conclusion: Path Forward

Downturn driven by multiple intersecting factors—not isolated events

Macro headwinds + liquidity crunch + institutional slowdown

Technical breakdown at \$100K accelerated the correction

Market absorbing losses and clearing weak positions

Recovery requires renewed institutional inflows and stabilized sentiment