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What is the Wyckoff method, and what can it tell you about Bitcoin?

19 November 2026 · Robert Hughes

A century-old way of reading price and volume, explained in plain English, with the limits that matter when it is applied to Bitcoin.

In brief

If you read Bitcoin market commentary, you will meet words such as “accumulation”, “spring” and “sign of strength”. They come from the Wyckoff method, a way of reading a price chart. It was developed by the American market writer Richard D. Wyckoff in the early twentieth century. It asks whether large buyers are quietly building positions (accumulation) or quietly selling them (distribution). It reads the answer from price and trading volume.

- It is a way of interpreting a chart. It describes; it does not measure.
- Its labels are easier to apply after the event than during it.
- Bitcoin’s trading volume is split across many exchanges, and some of it is not genuine.
- Alderlux holds no tested evidence that Wyckoff readings predict Bitcoin’s price. We treat them as ideas to test, not findings.

Why would a Bitcoin holder come across it?

Because its terms turn up in Bitcoin market commentary.

They appear in crypto news reports and on chart-sharing sites. They sound technical, and they can make a forecast feel more certain than it is. This guide explains what the terms mean. A holder can then read such commentary for what it is: one person’s interpretation of a chart.

Who was Richard Wyckoff?

An American stockbroker and financial publisher who worked in the New York markets from the 1880s until his death in 1934.

Wyckoff was born in Brooklyn in 1873. In 1888, as a teenager, he started work as a messenger for a firm of brokers, and he later ran his own firm. In 1907 he founded a magazine, *The Ticker*, which was renamed *The Magazine of Wall Street* in 1911. He wrote books on reading the market, including *Studies in Tape Reading*, published in 1910.

According to Wyckoff Analytics, he founded a school in the 1930s that later became the Stock Market Institute. His course was written for US shares, decades before Bitcoin existed. After his death, others rewrote and extended it. What is taught as “Wyckoff” today is partly the work of later teachers, and the diagrams below come from that later tradition.

What is the central idea?

That prices move on supply and demand, and that large, informed traders leave traces on the chart.

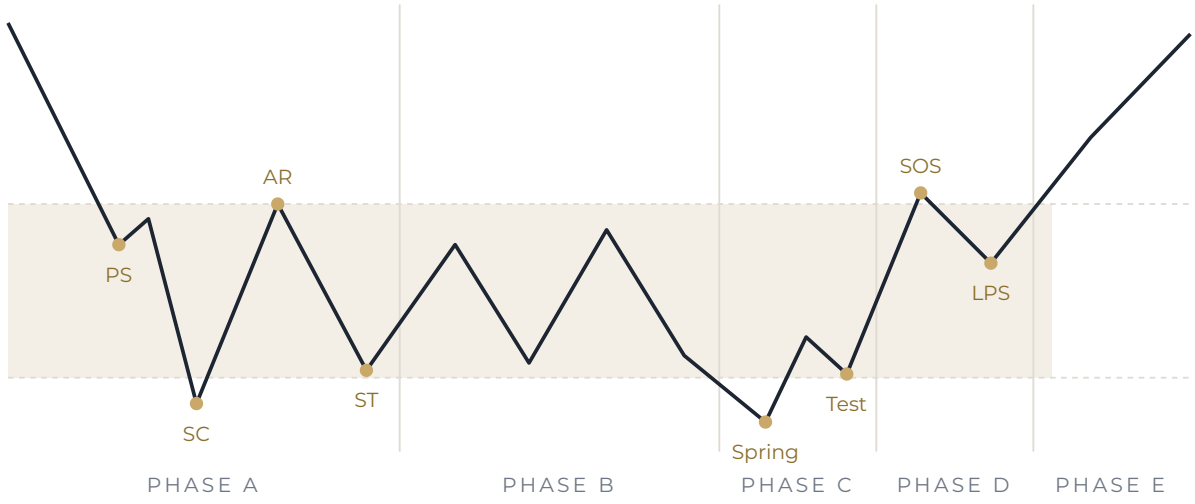
Wyckoff suggested studying price movements as if they were the work of one operator behind the scenes. His followers call this imagined figure the Composite Man. In this picture, the Composite Man plans a campaign. He buys while others are selling and prices are low. Later, once the public is keen to buy, he sells to them. The Composite Man is a thinking aid, not a claim that one person controls the market.

Three principles sit underneath the method.

- Supply and demand. When demand is greater than supply, prices rise. When supply is greater than demand, they fall.
- Cause and effect. A long sideways period (the cause) is read as preparation for the move that follows (the effect). Traditional practitioners estimate the size of that move with a type of chart called point and figure.
- Effort versus result. Trading volume is the effort; the change in price is the result. Heavy volume with little price movement is read as a sign that a trend may be about to change.

What does accumulation look like?

A sideways range after a long fall, in which, on the Wyckoff reading, large buyers absorb the remaining selling before prices rise.



Wyckoff accumulation, phases A to E. Simplified Alderlux drawing after the schematics taught in the later Wyckoff tradition (StockCharts tutorial by Bogomazov and Lipsett). Illustrative only; not drawn from any market's data.

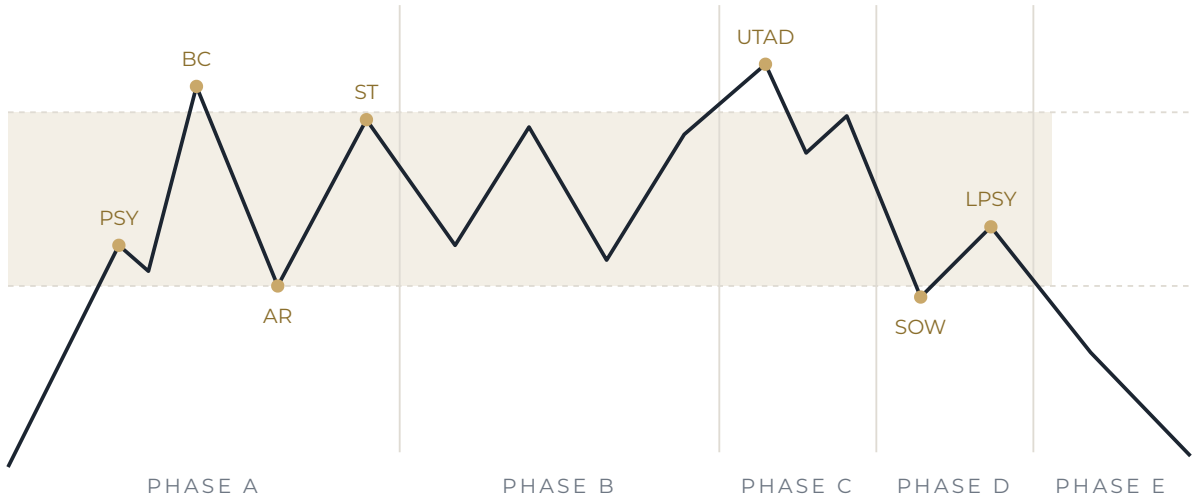
PHASE	WHAT IS SAID TO HAPPEN	EVENTS
A	The fall stops	PS, SC, AR, ST
B	The “cause” is built: price moves sideways while large buyers accumulate	Repeated tests of the range
C	A final test of whether any selling remains	Spring, test
D	Buyers take control and price climbs to the top of the range	SOS, LPS
E	Price leaves the range and the rise is plain to see	Markup

The events, in plain English:

- PS, preliminary support. The first substantial buying after a long fall. Volume rises.
- SC, selling climax. A burst of heavy, panicky selling, taken up by larger buyers near the bottom.
- AR, automatic rally. Once the selling eases, price bounces. The top of this bounce marks the upper edge of the range.
- ST, secondary test. Price returns towards the low of the climax, this time on lighter volume.
- Spring. Price dips below the bottom of the range, then closes back inside it. It is read as a shake-out of the last sellers. The StockCharts tutorial notes that springs are not required: some ranges have none.
- Test. A later dip to see whether any selling is left. Lighter volume is read as a good sign for buyers.
- SOS, sign of strength. A rise on wider price bars and higher volume.
- LPS, last point of support. A shallower pullback after the sign of strength, on lower volume.

What does distribution look like?

The mirror image: a sideways range after a long rise, in which large holders are said to sell to eager buyers before prices fall.



Wyckoff distribution, phases A to E. Simplified Alderlux drawing after the schematics taught in the later Wyckoff tradition (StockCharts tutorial by Bogomazov and Lipsett). Illustrative only; not drawn from any market's data.

PHASE	WHAT IS SAID TO HAPPEN	EVENTS
A	The rise stops	PSY, BC, AR, ST
B	The "cause" is built for a fall: price moves sideways while large holders sell	Repeated tests of the range
C	A final test of whether any buying remains	Upthrust or UTAD
D	Sellers take control and price works down through the range	SOW, LPSY
E	Price leaves the range and the fall is plain to see	Markdown

The events, in plain English:

- PSY, preliminary supply. The first substantial selling by large holders after a long rise. Volume rises.
- BC, buying climax. A burst of heavy public buying, met by professional selling near the top.
- AR, automatic reaction. A sharp drop after the climax. Its low marks the lower edge of the range.
- ST, secondary test. Price returns towards the climax high, on lighter volume.
- UTAD, upthrust after distribution. A move above the top of the range that fails and falls back inside. It is the counterpart of the spring and, like the spring, it is not required.

- SOW, sign of weakness. A fall to or below the bottom of the range, on wider price bars and higher volume.
- LPSY, last point of supply. A weak rally on thin volume, read as buyers running out.

How do people apply it to Bitcoin?

By drawing these labels on Bitcoin's price chart and arguing about which phase the market is in.

Two episodes reported in the crypto press show how this works in practice. They are described here as chart readers labelled them at the time, not as facts about what the market was doing.

Early 2020. On 7 January 2020, Cointelegraph reported an analyst's view that a rise in Bitcoin's price was a Wyckoff "sign of strength". The analyst saw it as a possible return to a bull market. The report gave no price at which the reading would be wrong. On 12 March 2020, Bitcoin's price fell by about half within roughly eight hours, according to Cointelegraph's report the next day. With no stated test, a reader had no way to say whether that fall broke the January reading.

June 2021. On 5 June 2021, Cointelegraph published an analysis saying Bitcoin "now appears more like a Wyckoff Distribution model". The same article reported an analyst's reading of the market as Wyckoff accumulation, and a distribution reading of the same rebound. One article, one chart, two opposite labels.

Two episodes prove nothing either way about the method. They show how its labels are used: as a story about the chart that can be revised as prices move.

What are its limits?

It is a way of describing a chart, not a tested way of predicting one.

- It depends on judgement. Wyckoff himself said repeatedly that his method was subjective and could not be reduced to mechanical rules. Two readers can draw different phases on the same range.
- Labels come easiest with hindsight. A spring is only a spring once price has recovered. Until then, a drop below the range looks the same as the start of a further fall.
- The same chart can be read both ways. The June 2021 article above carried an accumulation reading and a distribution reading of the same period.
- Bitcoin's volume is hard to read. Wyckoff read volume from the ticker tape of one exchange. Bitcoin trades on many exchanges at once, each reporting its own figures. A 2022 study by Cong, Li, Tang and Yang examined 29 exchanges. It estimated that fake trading averaged over 70% of reported volume on the unregulated ones. An effort-versus-result reading depends on which volume figures are used.

- **It was built for a different market.** Wyckoff wrote about US shares a century ago. Bitcoin trades around the clock, worldwide, and has no company accounts behind it.
- **There is no tested evidence in hand.** Alderlux holds no tested evidence that Wyckoff readings predict Bitcoin's price.

How does Alderlux treat chart patterns?

As ideas to test, not as findings.

Alderlux's rule is that chart patterns and volume readings are hypotheses until they have been tested. Our research desk tests ideas of this kind against a version of the market with its memory removed. If a pattern does just as well there, it was not reading anything real. We describe the approach in The Alderlux Null Test. We have not published a test of the Wyckoff method.

What can you ask when you meet a Wyckoff claim?

Four questions separate a description from evidence.

- Was the label drawn before the move, or after it?
- What would show the reading is wrong, and was that stated in advance?
- Whose volume figures is it based on, and from which exchanges?
- Has anyone tested how well this reading has worked, against a fair comparison?

If the answers are "after", "nothing", "unclear" and "no", the claim is a story about the chart. It may be an interesting one, but it is not a forecast you can check.

What this guide does not cover

Point-and-figure counting, Wyckoff's five-step approach to choosing shares, and later variations of the method. This guide gives no view on Bitcoin's current or future price.

Related reading

- The Alderlux Null Test
- A Number Is Not a Finding

Sources

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