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Summary

- To evaluate the current phase of the bull market cycle, we examine three key metrics derived from social media: Google Trends data, Tweet Volume, and YouTube traffic.
- These metrics served as a useful signal for the short-term correction after reaching a new all-time high (ATH) at \$73,470. In mid-March, both Google Trends and YouTube traffic indicated the formation of a local peak whereas Tweet Volume were nearing the May 2021 ATH.
- Overall, it's premature to declare that retail FOMO is in full swing. All three social media metrics meaningfully rolled over alongside the recent 16% correction, indicating that froth, if any, has diminished and the market has returned to a healthier footing.

A crucial aspect of quantitative trading involves identifying signal sources. Social media-derived metrics serve as valuable resources in

Figure 1: Google Trend & BTC Price

Source: Google, Youtube, Presto Research



this context. Social media reflects interests of individuals, especially retail investors. This report explores these social media metrics to ascertain our current position in the ongoing bitcoin rally.

Macro

Since spot Bitcoin ETFs were approved in the US on Jan. 11, 2024, bitcoin rallied for about two months due to continued inflow from the ETF buyers. The number of fiat currencies in which bitcoin is achieving new all-time high (ATH) is increasing. As of Mar. 5, 2024, the bitcoin price in USD set a new ATH, although the price has undergone a correction, starting from March 14, 2024.

Social Media Metrics

Looking into weekly Google Trends for bitcoin as the keyword, we can see that, following a local peak at the week the spot ETF got approval, public interest in Bitcoin waned. Helped by a new all-time high (ATH) on March 5, 2024, the metric surpassed the peak noted at the time of the ETF approval. That said, these local peaks are significantly lower than the peak observed during the week of May 16 to 22, 2021, indicating a lukewarm interest from retail investors. The local peaks may have been driven by long term holders and short term event traders.

Figure 2: BTW Tweet Volume & BTC Price

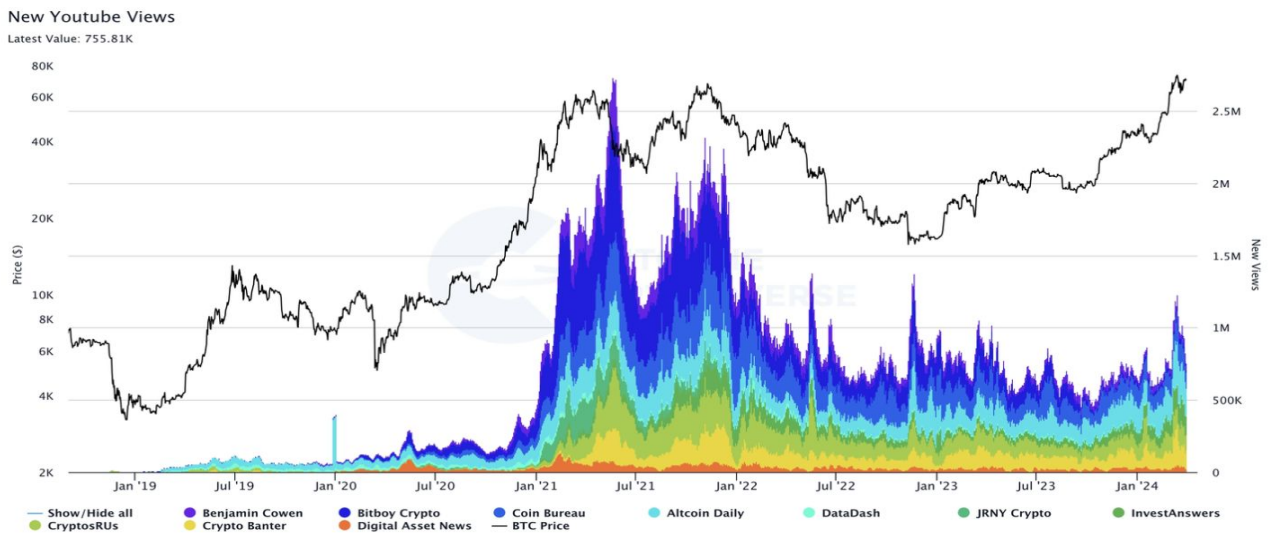
Source: The Tie, Presto



Tweet activity regarding Bitcoin surged during the 2021 bull market. However, throughout the bear market in 2022 and the recovery from capitulation in 2023, the activity steadily declined until the approval of the spot ETF appeared imminent. Now, as the bitcoin price exceeds its 2021 ATH, tweet volume is approaching its 2021 peak. Unlike Google Trends, tweet volume exhibits cumulative behavior, as the number of people involved in BTC trading and tweeting increases in tandem.

Figure 3: New Youtube Views

Source: SocialBlade, intothecryptoverse.com



Popular cryptocurrency YouTube channels experienced a surge in new views during the 2021 bull market, but then saw a steady decrease in attention. The recent renewal of BTC's ATH brought some increase in new views and make a new local peak, but not to the levels of the previous ATH in Nov 2021.

Outlook

The data suggest that there hasn't been a significant influx of new participants into the market, nor is there any indication of a massive fear of missing out (FOMO) among individuals who don't currently own bitcoin or any other cryptocurrency assets. Bitcoin went through a correction coinciding with the appearance of two recent local highs in the metrics, indicating that froth, if any, has diminished and the market has returned to a healthier footing. These metrics will likely experience a sharp increase when individuals overwhelmed by FOMO flock to the market en masse, a trend we have yet to see in the current bull cycle.

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