Crypto · Crypto analysis foundations · lesson 2 · 6 min read

Narrative cycles

> **NARRATIVE CYCLE**
>
> The story that reprices a coin or a whole sector: a thesis catches, capital flows to it, the narrative peaks as the last buyers arrive, and it fades - a cycle driven by attention and flow rather than any changing fundamental, because there is no fundamental. Reading narratives means reading where attention is going and how crowded it already is, with the same scepticism the commodities track applied to sold seasonal patterns.

With no fundamentals, the narrative is the valuation - so reading crypto is substantially reading which stories are catching, which are peaking, and which are already everyone's. This lesson is that reading, held to the platform's anti-pattern-selling standard.

The cycle's shape

A narrative begins with a thesis - a technology, a use case, a sector's promise - that catches attention; capital flows toward it, lifting its coins; the flow and the price reinforce each other as the story spreads; the narrative peaks roughly when the last marginal buyer has heard it, which is also when it is most crowded; and it fades as attention moves on, the coins giving back the narrative premium. Nothing fundamental changed - there was nothing fundamental to change - the cycle was attention and flow, start to finish.

Reading narratives without being sold them

Where is attention going, not gone: a narrative everyone is already discussing is a narrative already priced - the is-it-already-everyone's-position check of every analysis module, at its most literal here.How crowded, from positioning: funding, flows and on-chain concentration (modules 2 and 3) say how full a narrative's trade already is - the peak is crowded by definition.The mechanism check, adapted: a narrative with a real adoption story ages differently from a pure attention loop - both are narratives, but the reader distinguishes the story that might build something from the story that is only a story, knowing the market often does not.

The over-selling caveat

Narrative analysis is sold as a system - 'the next narrative' newsletters, rotation frameworks, sector-cycle maps - and it deserves the commodities seasonality scepticism exactly: patterns fitted to a short, reflexive history, marketed with the winners shown and the failures omitted. The honest use is reading, not predicting: knowing what the market is currently pricing as a story, and how crowded it is, so that the difference between your read and the crowd's is visible - which, in an asset that is all crowd, is the whole of the edge and most of the risk.

Check your understanding

1. What drives a crypto narrative cycle?

a. Changing fundamentals

b. Attention and flow: a thesis catches, capital flows, it peaks when the last buyer arrives and is most crowded, then fades - with no fundamental changing because there is none

c. Protocol upgrades

Answer: b. The narrative is the valuation when there is no fundamental. The cycle is attention start to finish - and its peak is its most crowded moment by construction.

2. Why does narrative analysis deserve seasonality-pattern scepticism?

a. Narratives are always false

b. It is sold as a system - rotation frameworks, 'next narrative' calls - fitted to a short reflexive history with winners shown and failures omitted

c. Narratives cannot be read at all

Answer: b. The commodities pattern-selling industry, in crypto costume. The honest use is reading what is priced and how crowded - not predicting the next story from a fitted map.