PSEDYS | TECHNICAL REFERENCE MANUAL V3.0

Long/Short Ratio — L/S Ratio

Long/Short Ratio — L/S Ratio

Technical Reference Manual v1.0

PSEDYS | Complete Edition
Retail Metric · Contrarian Signal · Exchange Source · L/S vs FR · Limits · MTF · PSEDYS

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1. What is L/S Ratio? Concept

Long/Short Ratio represents the ratio between the number (or percentage) of traders/accounts holding Long positions versus Short on a symbol. It is a **retail sentiment indicator** provided by exchanges (e.g. OKX).

Formula:

```
L/S Ratio = Accounts_Long / Accounts_Short
L/S % Long = Accounts_Long / (Accounts_Long + Accounts_Short) × 100
```

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2. Calculation and Sources

```
Exchange APIs:
  OKX: /api/v5/rubik/stat/contracts/long-short-account-ratio

Types of L/S ratio:
  Account-based: % Long vs Short accounts (more representative)
  Position-based: volume/value Long vs Short
  Top Trader: positions of top 20% traders (more relevant institutionally)
```

3. Value Interpretation

```
L/S Ratio > 1: more Long than Short (bullish sentiment)
  > 1.5 (60%+ Long): high bullish sentiment
  > 2.0 (67%+ Long): excessive bullish → contrarian bearish

L/S Ratio < 1: more Short than Long (bearish sentiment)
  < 0.67 (40%+ Long): high bearish sentiment
  < 0.5 (33%+ Long): excessive bearish → contrarian bullish

L/S ≈ 1.0: balance (50% Long / 50% Short)
```

4. L/S Ratio as a Contrarian Signal

```
LOGIC: Retail often loses. If everyone is Long → the market will stop hunt below them.

Excess Long L/S (> 1.5-2.0):
  → Too many Long → Massive SSL below them → likely stop hunt down
  → Contrarian bearish: reduce Long or prepare Short

Excess Short L/S (< 0.67):
  → Too many Short → Massive BSL above them → likely short squeeze
  → Contrarian bullish: prepare Long

CAUTION: L/S ratio is not a timing signal:
  L/S can remain excessive for days/weeks
  Requires confirmation from price structure (BOS, LQ Grab)
```

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5. L/S Ratio vs Funding Rate — Differences

Aspect	L/S Ratio	Funding Rate
Basis	Number of Long vs Short accounts	Cost of holding Long vs Short
Type	Retail sentiment	Price anchoring mechanism
Update	5-15 min (exchange dependent)	8h (or 1h/4h)
Manipulation	Possible (multiple accounts)	More difficult
Signal	Excess sentiment → contrarian	Excess cost → forced rebalancing
Complementary	Yes — L/S + FR = double confirmation	

```
Excess Long L/S + high positive FR:
  = Retail bullish + active futures buying
  → Strongest contrarian bearish signal

Excess Short L/S + negative FR:
  → Strongest contrarian bullish signal
```

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6. MTF and PSEDYS

```
# L/S Ratio screener
def ls_ratio_signal(ls_ratio, direction_threshold=1.5):
    if ls_ratio > direction_threshold:
        return 'contrarian_bearish'   # too many Long
    elif ls_ratio < 1/direction_threshold:
        return 'contrarian_bullish'   # too many Short
    else:
        return 'neutral'

# Combined with FR
def sentiment_composite(ls_ratio, funding_rate):
    ls_sig = ls_ratio_signal(ls_ratio)
    fr_sig = 'bullish_excess' if funding_rate > 0.0005 else \
             'bearish_excess' if funding_rate < -0.0005 else 'neutral'

    if ls_sig == 'contrarian_bearish' and fr_sig == 'bullish_excess':
        return 'STRONG_CONTRARIAN_BEAR'
    elif ls_sig == 'contrarian_bullish' and fr_sig == 'bearish_excess':
        return 'STRONG_CONTRARIAN_BULL'
    else:
        return 'MODERATE_' + ls_sig.upper()
```

PSEDYS: L/S Ratio from exchange API (not in standard TI DB) — external query or stored in `exchange_settings` / custom table.

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7. Practical Exercises

Exercise 1: L/S = 2.3 with Price at Resistance

Situation: BTC L/S = 2.3 (70% Long). Price at major resistance of 66000. FR = +0.07%.

Answer: High-quality Short setup upon confirmation. Excess Long L/S + high FR + major resistance = 3 contrarian factors. Wait for bearish BOS on 1H (Close < HL or CHoCH) for Short entry. SL above resistance 66500. TP at major support 63000. Do not Short prematurely without structural confirmation.

Exercise 2: L/S = 0.45 with Continuously Falling Price

Situation: ETH. Bearish trend. L/S = 0.45 (31% Long = 69% Short). FR = −0.06%.

Answer: Prepare contrarian Long but wait for trigger. Excess Short L/S + negative FR = setup for short squeeze. But: active bearish trend → do not enter Long against the trend

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without confirmation. Wait for: LQ Grab below EQL + bullish CHoCH on 1H → aggressive Long entry. Increased sizing (1.25×) compared to normal (quality contrarian setup).

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8. Cheat Sheet

Concept	Value / Rule
L/S > 1	More Long than Short
L/S > 1.5	Excessive bullish (contrarian bearish)
L/S > 2.0	Extreme bullish (likely stop hunt down)
L/S < 0.67	Excessive bearish (contrarian bullish)
L/S < 0.5	Extreme bearish (likely short squeeze)
Direct signal	No — requires structural confirmation
Combined with FR	Long L/S + positive FR = maximum contrarian bearish
Update	5-15 min per exchange
vs FR	L/S: sentiment number of accounts; FR: real position cost
Limitation	Retail metric — does not reflect institutional
Top Trader ratio	More relevant (large positions)

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