PSEDYS | TECHNICAL REFERENCE MANUAL V3.0

RS — Relative Strength Comparative vs BTC / ETH / SPX

Technical Reference Manual v1.0

PSEDYS | Complete Edition
RS Ratio · RS Line · Outperformance vs BTC · Beta · Leader vs Lagger · Sector Rotation · MTF · PSEDYS

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1. What is Relative Strength Comparative? Concept

Relative Strength Comparative (RS Comparative, different from RSI) measures **the performance of an asset against a benchmark** — it shows whether the asset is performing better or worse than the reference.

Purpose: Identifying market leaders (outperformers) vs laggers (underperformers) for:
- Symbol selection (rotation into the strongest)
- Macro context (BTC vs SPX)
- Confirmation of altcoin direction

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2. Calculation Formula

RS Ratio

```
RS_Ratio[i] = Price_Asset[i] / Price_Benchmark[i]

Normalized (for easier comparison):
RS_Ratio_norm[i] = (Price_Asset[i] / Price_Asset[0]) / (Price_Benchmark[i] / Price_Benchmark[0])
```

RS Line (Chart)

```
RS_Line = Price_Asset / Price_Benchmark  (or indexed to 1.0 at start)

RS_Line rising: asset outperforms benchmark (stronger relatively)
RS_Line falling: asset underperforms (weaker relatively)
RS_Line flat: identical performance with benchmark
```

RS Change (Percentage)

```
RS_Change = (RS_Ratio[now] - RS_Ratio[N_bars_ago]) / RS_Ratio[N_bars_ago] × 100

RS_Change > 0: relative outperformance
RS_Change < 0: relative underperformance
```

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3. Interpretation of RS Line and RS Ratio

```
RS Line rising + Price rising:
  → Asset stronger than benchmark → Overweight (more than standard)
  → Capital rotation enters this asset

RS Line falling + Price rising:
  → Asset gains in USD but loses against benchmark
  → Benchmark rises faster → prefer benchmark

RS Line rising + Price falling:
  → Asset loses less than benchmark → Relative strength in bear market
  → "Safe haven" relatively

RS Line falling + Price falling:
  → Asset underperformer → Avoid or Short against benchmark
```

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4. RS vs BTC (Altcoin vs BTC)

```
RS_Altcoin_vs_BTC = Price_Altcoin_in_USD / Price_BTC_in_USD
  (or directly in BTC terms: Price_Altcoin_in_BTC)

Interpretation:
  RS_Altcoin_vs_BTC rising:
    → Altcoin gains against BTC (outperformance)
    → Signal: capital rotation from BTC to altcoin
    → "Alt Season" for that altcoin

  RS_Altcoin_vs_BTC falling:
    → Altcoin loses against BTC
    → Capital moves to BTC or withdraws completely
    → "BTC Season" or general bear

Crypto cycle phases:
  1. BTC leads (RS_Alts fall against BTC)
  2. ETH takes over (RS_ETH/BTC rises)
  3. Large caps alts (RS_BNB/SOL rise against BTC)
  4. Mid caps / small caps (complete altseason)
```

5. RS vs ETH

```
RS_Token_vs_ETH = Price_Token / Price_ETH

Useful for:
  - Identifying outperformers in the Ethereum ecosystem
  - DeFi tokens vs ETH (if token > ETH = better to hold than ETH)
  - Evaluating if a protocol grows "organically" or only with the major

RS_Token/ETH rising + Token price rising:
  → Token gains against ETH → strong buy (dual outperformance)
```

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6. RS vs SPX (Crypto vs Macro)

```
RS_BTC_vs_SPX = Price_BTC / Price_SPX

RS_BTC/SPX rising: Bitcoin outperforms stocks
  → Capital rotated from equities to crypto
  → "Risk on" for crypto

RS_BTC/SPX falling: S&P 500 outperforms BTC
  → Capital moves to stocks / safe havens
  → "Risk off" for crypto or reduced exposure

BTC-SPX correlation:
  High correlation (> 0.7): BTC behaves as a risky asset (with the market)
  Low correlation (< 0.3): BTC behaves independently / crypto-specific
  Negative correlation: BTC = hedge against equities (rare)
```

7. Trading Signals Based on RS

```
RS Momentum (Top Performers Screening):
  Symbols with RS_Change_vs_BTC > +20% over 7 days:
  → Strongest altcoins against BTC
  → Long setup priority in bull market

RS Divergence:
  Price makes LL but RS (vs BTC) makes HL:
  → Altcoin resists bear better than BTC
  → Potential bullish reversal for altcoin relative to BTC

RS Cross:
  RS_Altcoin_vs_BTC cross above SMA(20):
  → Altcoin starts to outperform BTC → entry Long
```

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8. RS in Capital Rotation

```
Crypto Market Rotation Cycle:
  Phase 1: BTC dominant (RS alts vs BTC fall)
          → Strategy: BTC Long only

  Phase 2: ETH outperforms BTC (RS_ETH/BTC rises)
          → Strategy: ETH Long + BTC reduce

  Phase 3: Large cap alts (SOL, BNB, etc. RS vs ETH rises)
          → Strategy: diversify alts

  Phase 4: Mid/Small caps outperform (RS meme/DeFi rises)
          → Complete altseason → high risk, maximum possible profit

  Phase 5: Everything falls, BTC most resilient
          → Exit alts, hold BTC or cash

Indicators for phase:
  BTC Dominance (%) = BTC Market Cap / Total Crypto Market Cap
  BTC Dom rising: Phase 1 or 5 (BTC season)
  BTC Dom falling: Phase 2-4 (altseason)
```

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9. MTF and PSEDYS

```
# RS Line calculation
def rs_line(asset_prices, benchmark_prices):
    """Returns RS Line normalized to 1.0 at start."""
    if not asset_prices or not benchmark_prices:
        return []
    base_asset = asset_prices[0]
    base_bench = benchmark_prices[0]
    return [(asset_prices[i]/base_asset) / (benchmark_prices[i]/base_bench)
            for i in range(min(len(asset_prices), len(benchmark_prices)))]

# RS screener - top performers vs BTC
def rs_screener_vs_btc(btc_prices, altcoin_data, period=7):
    """Returns altcoins sorted by RS performance vs BTC."""
    btc_change = btc_prices[-1] / btc_prices[-period] - 1
    results = []
    for symbol, prices in altcoin_data.items():
        alt_change = prices[-1] / prices[-period] - 1
        rs_change = alt_change - btc_change  # excess return vs BTC
        results.append({'symbol': symbol, 'rs_change': rs_change,
                        'alt_change': alt_change, 'btc_change': btc_change})
    return sorted(results, key=lambda x: x['rs_change'], reverse=True)

# From GM API - comparison vs BTC
# Calculate price ratio per symbol from v2_screener_results
```

PSEDYS TI:

```
-- Screener results with BTC context
SELECT symbol, score, trend, momentum, volume_spike
FROM v2_screener_results
WHERE timestamp = (SELECT MAX(timestamp) FROM v2_screener_results)
ORDER BY score DESC
LIMIT 20;
-- Combine with BTC RS calculated manually from GM candle data
```

10. Practical Exercises

Exercise 1: SOL RS vs BTC rising 15% in 7 days with SOL price rising

Situation: SOL rose 28% in 7 days. BTC rose 13% in the same period. RS_SOL/BTC = +13.3%.

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Answer:

```
RS_Change = (28% - 13%) = +15% against BTC
SOL outperforms BTC by 15% → capital rotation towards SOL.

Signal: SOL is the market leader for the respective period.
Setup: Long SOL priority over BTC in active bull market.
Sizing: normal or increased (1.25×) based on RS outperformance.
Stop: below major SOL support or below RS_Line SMA(20).
```

Exercise 2: BTC Dominance rises from 52% to 58%

Situation: BTC Dom increased by 6pp in 2 weeks. Total crypto market stagnant. Alts fall.

Answer: Active BTC Season — avoid alts, prefer BTC. Rising BTC Dom = capital concentrates in BTC (either from alts or stablecoins). Alts underperform. Strategy: reduce alts exposure to <30% of crypto portfolio. Increase BTC Long. Wait for BTC Dom stabilization or decrease (< 52%) for re-exposure to alts.

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11. Cheat Sheet

Concept	Rule
RS Line	`Price_Asset / Price_Benchmark` (normalized)
RS rising	Asset outperforms → overweight
RS falling	Asset underperforms → avoid/underweight
RS Alt vs BTC rising	Altseason for that alt
RS Alt vs BTC falling	BTC season → prefer BTC
BTC Dominance	BTC Market Cap / Total Market Cap
BTC Dom rising	BTC Season (phase 1 or 5)
BTC Dom falling	Altseason (phase 2-4)
RS vs SPX rising	Crypto outperforms equities (risk on)
RS Screener	Top RS_Change_vs_BTC = best alts
Capital rotation	4 phases: BTC → ETH → Large Alts → Small Alts
Beta	Alt volatility vs BTC (Beta>1 = more volatile)
RS Divergence	Price LL + RS HL = relative outperformer

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