Reading a coin against the majors

> **CRYPTO RELATIVE STRENGTH**
>
> A coin read against the market's majors and its narrative sector rather than in isolation: the ratio to a leading coin strips the whole-market flow layer, and the ratio to its thematic basket strips the narrative layer - leaving what is genuinely coin-specific. Crypto's version of the decomposition, with the majors serving as the index the asset class otherwise lacks.

The equity track never read a name naked. Crypto's version is the same discipline with crypto-shaped benchmarks - because most coins, most of the time, are their market and their narrative, exactly as most stocks were their market and sector.

The benchmarks crypto supplies

The majors as the index: the largest coins function as the market's beta - when they move, most of the market moves with them; a coin's ratio to a major strips the flow layer of module 1, showing whether it is leading or lagging the tide.The narrative basket as the sector: thematic groups of tokens move together on their shared story - a coin against its basket strips the narrative layer, isolating its own news from its sector's mood.The absence of a clean index: crypto's 'market' is a construction like everything else here - the majors are a proxy, not an official benchmark, and the reader chooses which majors and which basket, knowingly.

What relative reading reveals

The equity findings transfer: persistent strength against the majors through a market decline is the coin-specific layer pulling against the tide - visible in the ratio, invisible in the raw chart; a coin that cannot rise when its narrative basket rallies is being sold into strength by someone. Neither is a signal; both are the mechanism-worthy observations module 5 will demand a reason for. The leverage caveat applies: a ratio spike can be a single coin's liquidation cascade, not relative conviction - the fast layer distorting even the relative read.

The practical setup

Chart the coin, its ratio to a major, and its ratio to its narrative basket - three panes, the decomposition in seconds. It costs the fragmentation tax again: the ratios must use consistent venues and bases, per this module's earlier lessons, or the relative read inherits the denominators' noise. Done cleanly, it answers the question that opens every crypto analysis: is this move the tide, the narrative, or the coin - and only the last of those is about the coin at all.

Check your understanding

1. What does a coin's ratio to a major strip out?

a. The coin's own news

b. The whole-market flow layer: when majors move the market moves, so the ratio shows whether the coin leads or lags the tide - crypto's version of the index ratio

c. Trading costs

Answer: b. The majors serve as the beta crypto otherwise lacks. The ratio isolates the coin from the flow layer, exactly as the equity index ratio stripped the market layer.

2. Why must crypto ratio charts use consistent venues and bases?

a. For faster loading

b. Or the relative read inherits the denominators' noise - the peg wander and venue gaps of module 1 contaminating a chart meant to isolate coin-specific movement

c. Exchanges require it

Answer: b. The fragmentation tax reaches the relative read. Mixed bases and venues import their own dispersion into a ratio whose whole job is to remove noise.