



Trading Indicator: Crypto-Adjusted Relative Strength Index

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Introduction

Thank you for purchasing an indicator or bundle from Kenzing®. This document contains instructions on how the indicator functions and how to adjust the input values that allow you to personalize the indicator according to your trading strategy. Information on how to access the indicator after purchase is not included in this document and can be found in the Read Me FAQ document.

Understanding the Crypto-Adjusted Relative Strength Index (CARSI)

This relative strength index (RSI) can be adjusted to give weight to the performance of the six largest cryptocurrencies by market-cap. Each of the six cryptocurrencies in this **Crypto-Index** are weighted equally.

- Bitcoin (BTC)
- Ethereum (ETH)
- Bitcoin Cash (BCH)
- Ripple (XRP)
- Litecoin (LTC)
- Nem Coin (XEM)

The use of this indicator is to observe the deviation between the RSI of the underlying asset that is the basis of your chart, and the rest of the cryptocurrency market that is represented by the **Crypto-Index**.

A normal RSI takes the average gain, divided by the loss of an asset over a defined period to render a trend line that fluctuates within a measured range. If more cryptocurrencies trend down, while the observed currency trends up, the CARSI will sit lower than the RSI and a blue pool will become visible showing that the chart is outperforming the **Crypto-Index** listed above.



Inversely, if more cryptocurrencies trend up, while your observed currency trends down, the CARSI will sit higher than the RSI and a red cloud will form, showing that the chart is performing worse than the **Crypto-Index**.

Indicator Utility

When the RSI or CARSI sits above or below one of the extreme thresholds, it can be assumed that a steep rally or sell off has occurred. These values identify a zone that is over-bought or over-sold. In this case, the trend is exhausted, and the price will move away from this zone and into the normal trading range.

The use of the CARSI is to determine whether the extreme RSI of the underlying asset is justified or not. If the Crypto-Index is sitting within a normal trading range, or on the opposite end of the spectrum compared to the observed asset, the observed asset has moved independently.

Inversely, if the RSI of the observed asset and the CARSI both sit within an over-bought or oversold range, the price movement is justified and may not result in an immediate correction.

Input Values

This indicator uses three variables that can be adjusted.



RSI Length

This is the period length of the relative strength index and can be set to any value. The default value is **15**.

Overbought

This is the level within the range (0-100) that the horizontal red line will sit that identifies an over-bought zone. If either the RSI or CARSi sit above this level, a steep rally has occurred and is likely exhausted. A bearish retracement from this level can be expected. The OverBought zone is set to **70** by default.

OverSold

This is the level within the range that the horizontal blue line will sit that identifies an over-sold zone. If either the RSI or CARSi sit below this level, a steep sell-off has occurred and is likely exhausted. A bullish retracement from this level can be expected. The OverSold zone is set to **30** by default.

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