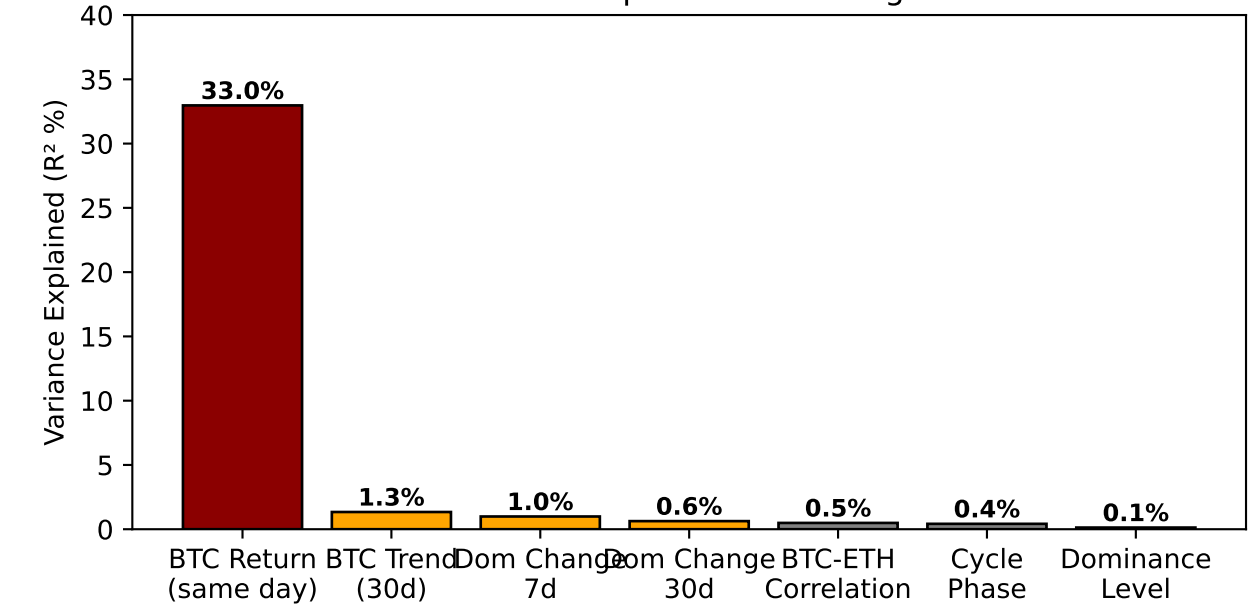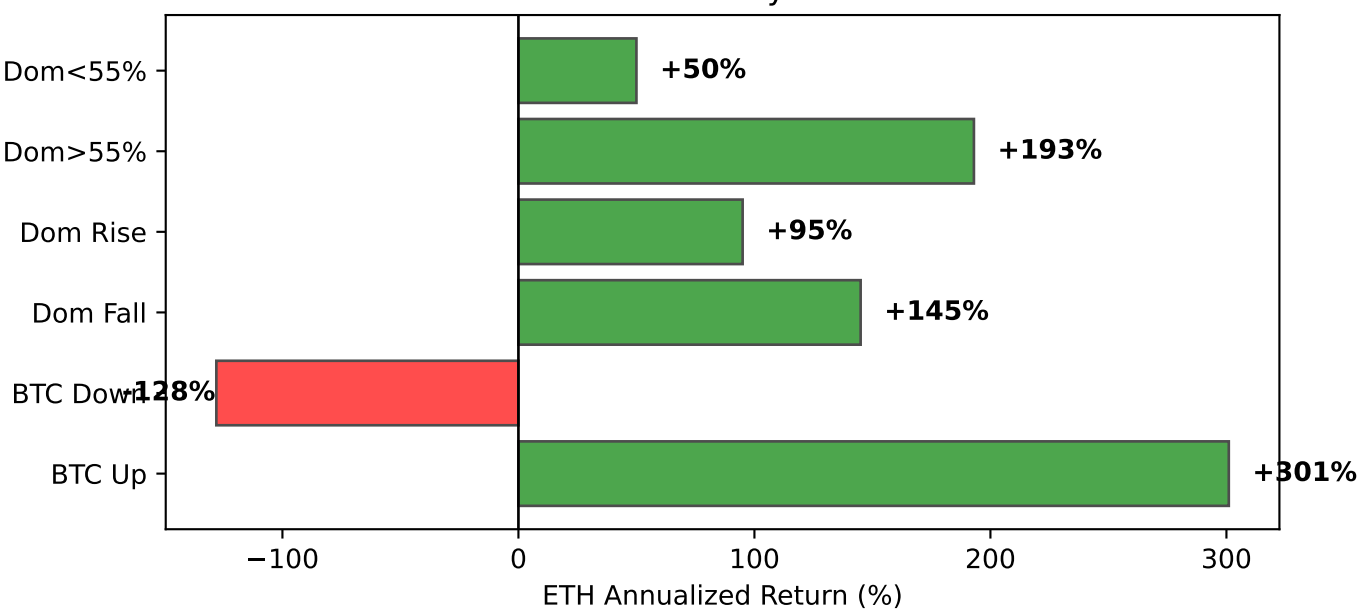# FACTOR IMPORTANCE: What Actually Drives ETH Returns?
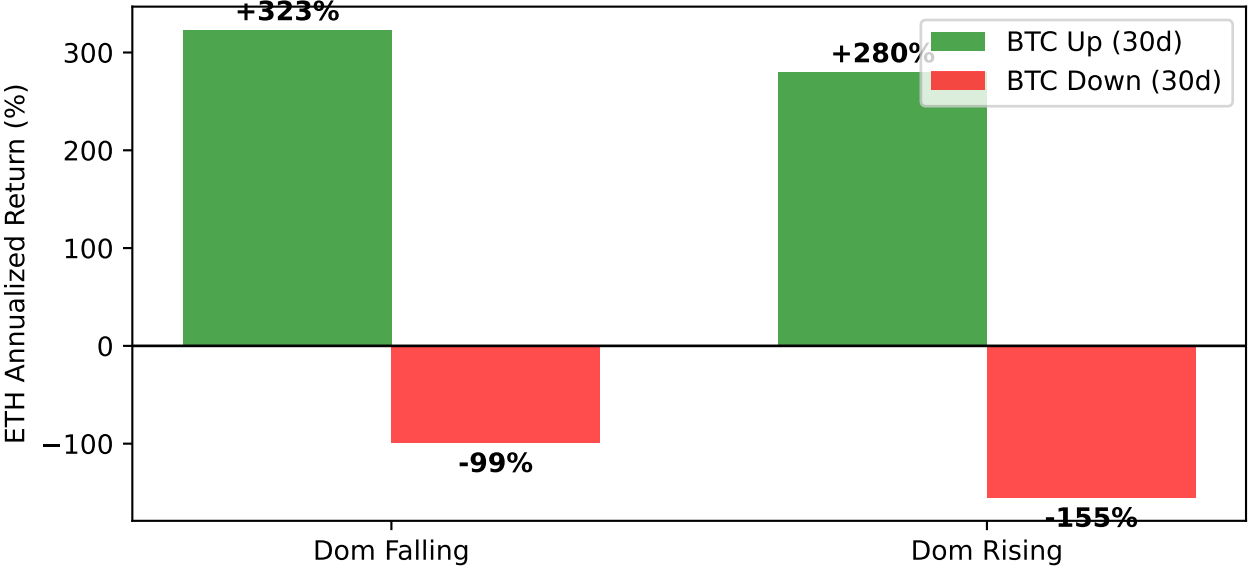
Factor Importance Ranking

Effect Sizes by Factor

BTC Trend × Dominance Momentum


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THE DEFINITIVE ANSWER: FACTOR HIERARCHY
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1. BTC SAME-DAY RETURN: 32.97% R²
   >>> THIS IS THE DOMINANT FACTOR <<<
   With 0.82 correlation, ETH moves with BTC

2. BTC 30d TREND: 1.34% R²
   • BTC Up:   ETH +301% ann
   • BTC Down: ETH -128% ann
   • Spread: 429% (p < 0.0001)

3-7. Everything else: <1% R² each
   • Dominance momentum: 0.63-0.99%
   • Cycle phase: 0.42%
   • Dominance level: 0.13%

YOUR CURRENT SITUATION:
_____

BTC Trend: DOWN (30d)
Dom: 56.8%, Falling

Historical matches (91 days):
  ETH Return: -146% ann
  Win Rate: 45%

THE BOTTOM LINE:
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Since BTC is in a downtrend, the high correlation
(0.82) means ETH will likely follow BTC down,
REGARDLESS of dominance or cycle phase.

Dominance falling helps (+57% spread) but
CANNOT overcome a BTC downtrend (-128% base).
```