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Institute for Fundamental Motion and Conscious Systems

Flux Finance — λF Sustainability Sentinel

Phase-3

Asymmetric Phase Transition Hypothesis (APTH)

Publication Date: February 3, 2026

λF — Sustainability Sentinel

Asymmetric Phase Transition Hypothesis (APTH)

λF is not a forecasting engine.
It does not predict price direction, targets, or returns.
It measures **market sustainability tension** — the point at which accumulated stress can no longer be absorbed.

The Problem

Markets do not fail symmetrically.

Upward moves are typically gradual and adaptive.
Downward moves emerge as abrupt **phase transitions** when sustainability breaks.

Traditional risk metrics react *after* this resolution.
λF focuses on the **pre-resolution state**.

What λF Measures

λF monitors accumulated systemic tension and its interaction with volatility expansion.

It answers one question:

Can the system still sustain itself under current stress?

When the answer becomes "no," resolution is no longer symmetric.

APTH — Core Hypothesis

Asymmetric Phase Transition Hypothesis

When market tension exceeds a critical threshold and volatility expands beyond absorptive capacity, resolution becomes asymmetric — predominantly to the downside.

Evidence — BTC Pilot (69 Alerts)

Volatility-Qualified Events (VE ≥ 1.5, 72h window):

- **Downside Resolution:** ~82%
- **Upside Resolution:** ~18%

This asymmetry is structural, not incidental.

Evidence — Lead-Time

- **Early Detection Rate:** 100%
- **Lead-Time Range:** 24–72 hours
- **Median Lead-Time:** ~52 hours

All confirmed downside phase transitions were detected **before** the local price trough.

Threshold Calibration

VE Threshold	Asymmetry	Early Rate	Signal Quality
1.3	Low	Medium	Noisy
1.5	**High**	**%100**	**Balanced**
1.7	Very High	%100	Sparse

VE ≈ 1.5 represents the equilibrium between signal purity and statistical relevance.

What This Enables

- Early risk awareness before price resolution
- Time to reduce exposure or activate hedges
- Governance based on **sustainability**, not reaction

Positioning

λF is a Sustainability Sentinel.

It does not tell markets what to do.
It tells decision-makers **when markets are approaching states they can no longer sustain**.

Asymmetric Phase Transition Hypothesis (APTH) · BTC Evidence
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