Step by Step Runbook — Sui stSUI to SUI Market Neutral Trade

0. Pre trade checklist

- Wallet funded with SUI for gas and a small SUI buffer.

- USDC available for operating buffer.

- Confirm liquid staking and lending contracts are the intended ones.

- Note stSUI redemption flow and any unlock timing.

- Check AlphaFi pool depth and expected slippage for the planned swap size.

- Record current stSUI to SUI rate, borrow APY, and indicative stSUI yield.

1. Construct the position

1. Stake SUI to mint stSUI. Record staked amount and confirm receipt of stSUI.

2. Deposit stSUI as collateral in the lending market.

3. Borrow SUI against the stSUI.

    - Compute target borrow using the sizing formula.

    - Keep initial loan to value near 0.30 to leave room for moves.

4. Swap the borrowed SUI to USDC on AlphaFi.

    - Check quoted slippage and price impact.

    - If impact is above your limit, break the order into clips or use a time based execution.

5. Set aside buffers.

- ○ USDC buffer to handle rebalances and interest.

- ○ Small SUI buffer for gas and small top ups.

6. Log the baseline state.

- ○ stSUI units, SUI debt, USDC on hand, loan to value, health factor, stSUI rate, borrow APY, and executed slippage.

2. Monitoring loop

Check hourly

- stSUI to SUI rate and implied discount or premium

- Borrow APY

- Health factor and loan to value

- AlphaFi depth and a quick slippage quote for your standard trade size

Check daily

- Estimated net carry = stSUI yield minus borrow APY minus trading and slippage costs

- Changes to protocol parameters and fees

- Any validator or staking updates that could affect stSUI

3. Alert thresholds and actions

- Health factor warning or loan to value above 0.38

  - **Action:** add USDC and repay a slice of debt or add stSUI collateral to bring loan to value back toward 0.32.

- stSUI discount exceeds your limit

- ○ **Action:** reduce hedge size and move loan to value down, or begin staged exit per section 4.

- Borrow APY rises above your cap relative to stSUI yield

  - ○ **Action:** repay part of the loan to reduce exposure or fully unwind if carry goes negative for a defined lookback.

- AlphaFi slippage for standard size rises above your limit

  - ○ **Action:** reduce clip size, widen time between clips, or switch to the backup route.

4. Rebalance playbook

- Small top up

  1. Repay a slice of SUI debt using USDC swapped to SUI on AlphaFi.

  2. Recompute hedge ratio and confirm loan to value.

- Partial de risk

  1. Repay more SUI debt and reduce the hedge so the new hedge ratio sits near 0.90.

  2. Confirm buffers and update logs.

- Full unwind

  1. If you hold USDC from the initial sale, swap USDC back to SUI on AlphaFi in clips that meet your slippage rule.

  2. Repay SUI debt in the lending market.

  3. Withdraw stSUI collateral.

  4. If desired, redeem stSUI back to SUI per protocol rules.

  5. Clear any residual balances and fees.

  6. Archive final logs.

5. Reporting

- **Daily note:** loan to value, health factor, borrow APY, stSUI rate, AlphaFi depth snapshot, net carry estimate, and any actions taken.

- **Weekly memo:** summary of carry, any rebalances, costs, and a go, hold, or exit call for the next week.

6. Post mortem template

- What worked in execution and monitoring

- What surprised you in rates, discounts, or liquidity

- What to change in thresholds, buffers, or clip sizes

- Clear decision on scale up, hold steady, or retire the sleeve