Behavioral Insights Summary — Sentiment vs Trader Behavior

1. Profitability (PnL)

Profitability peaked during Fear regimes and dropped during Greed.

Suggests fear-driven caution creates better entry discipline.

2. Risk Exposure (USD Notional)

Risk exposure was highest during Fear regimes.

Neutral regimes had lowest exposure, indicating lack of conviction.

Suggests whale accumulation or institutional positioning in Fear regimes.

3. Participation (Volume)

Greed increased participation but not profitability.

Fear increased deployment of capital (risk proxy).

Neutral phases showed low activity and limited opportunity.

4. Win-Rate (Accuracy)

Win-rate lowest during Greed (~0.65).

Highest during Fear / Neutral (~1.0).

Indicates confidence $\neq$ performance, classic behavioral finance pattern.

5. Directional Bias (Long/Short Positioning)

Neutral was most bullish (conviction positioning).

Greed became slightly bearish (likely profit-taking).

Fear remained mildly bullish $\rightarrow$ accumulation behavior.

Cross-Dimension Interpretation:

Fear = high alpha regime (high PnL + high win-rate + high exposure)

Greed = low expectancy regime (low win-rate + lower PnL)

Neutral = noise regime (bullish but low participation)

Conclusion:

Sentiment regimes strongly influence trader behavior and outcomes.

Fear regimes present potential alpha opportunities, while Greed regimes introduce overconfidence risk and negative expectancy.

Short takeaway for trading desk:

"Fear = accumulate, Greed = fade."