Title: Analysis of Trader Behaviour vs. Market Sentiment

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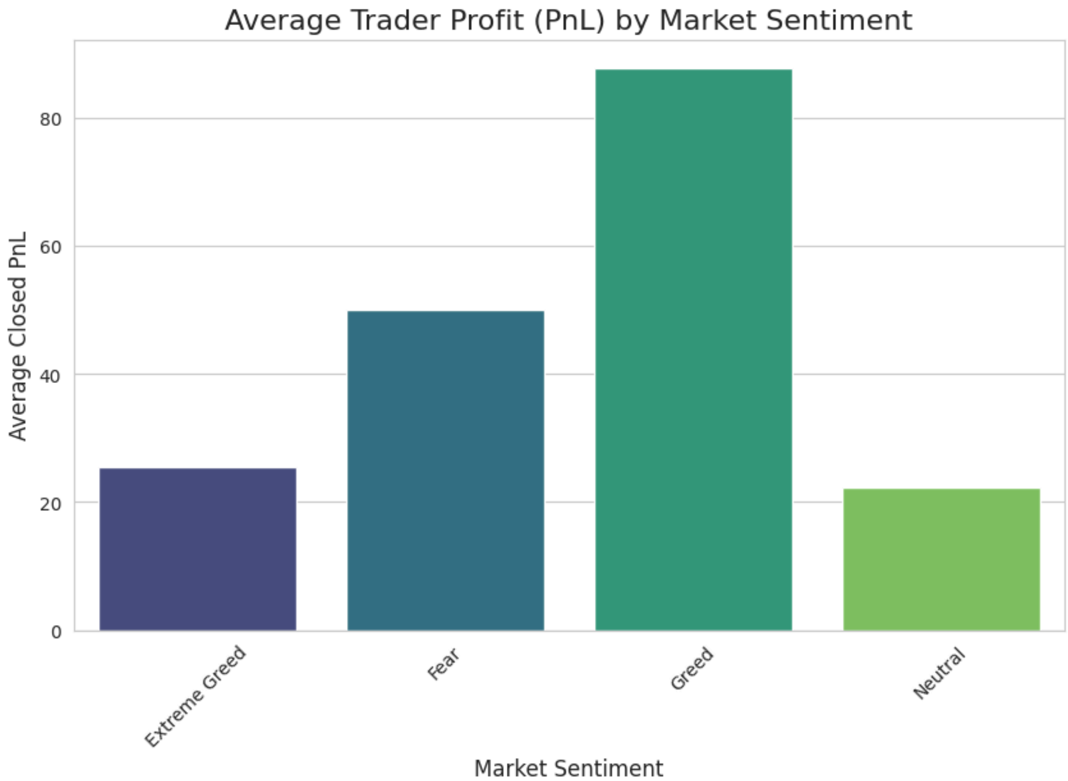
Date: September 24, 2025

1. Objective

This analysis aimed to investigate how trader performance, specifically profitability and volume, correlates with overall market sentiment (Fear vs. Greed) to develop more intelligent trading strategies.

2. Key Findings

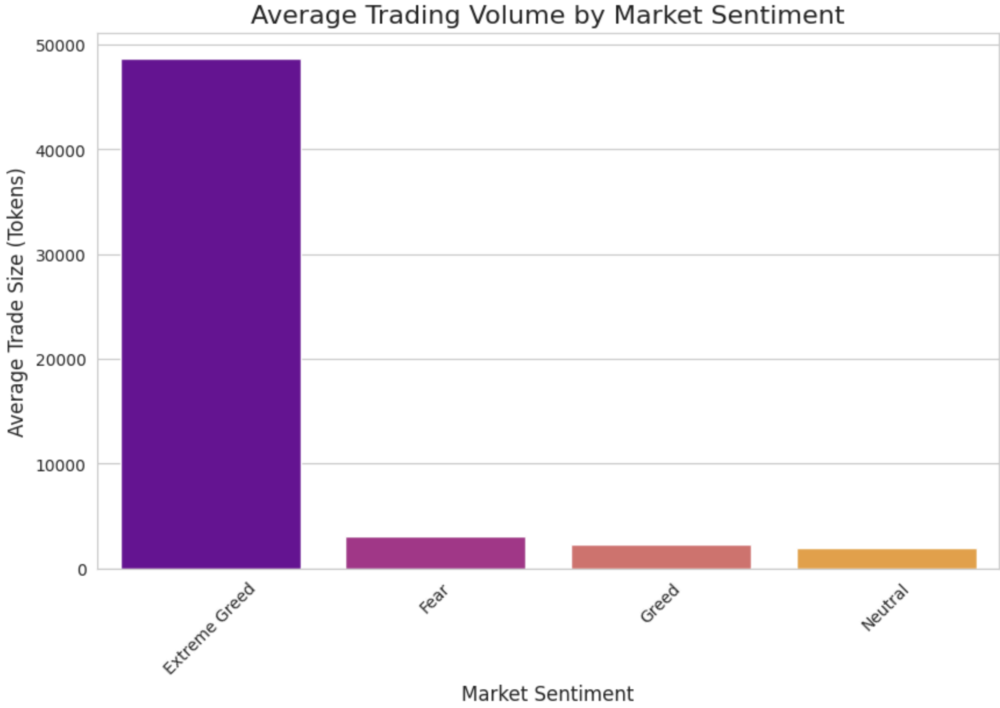
Finding 1: Trader Profitability is Influenced by Market Sentiment



Analysis:

The graph reveals a clear relationship between market sentiment and average trader profitability. Traders achieve their peak profitability (average PnL of ~88) during periods of **"Greed"**. Profitability remains strong during **"Fear"** (average PnL of ~50), the second-most profitable condition. However, performance notably declines as sentiment shifts to extremes. During **"Extreme Greed,"** average profit drops significantly to ~25, which is only slightly higher than in "Neutral" conditions. This suggests that while optimism is profitable, the peak euphoria of "Extreme Greed" may lead to traders buying into overpriced assets, thus diminishing their returns.

Finding 2: Trading Volume Fluctuates with Market Sentiment



Analysis:

The data on trading volume shows that traders dramatically change their behavior based on sentiment. There is a colossal spike in average trade size during periods of **"Extreme Greed,"** reaching nearly 50,000 tokens. In contrast, the volume during "Fear," "Greed," and "Neutral" periods is substantially lower. This indicates that traders commit the vast majority of their capital when market euphoria is at its absolute peak. When connected with the first finding, a dangerous pattern emerges: **traders are placing their largest trades precisely when their average profitability is at one of its lowest points**.

3. Conclusion & Strategic Recommendation

This analysis demonstrates a critical disconnect between trader behavior and optimal performance. Traders are most profitable in moderately optimistic ("Greed") or pessimistic ("Fear") markets. However, they dramatically increase their capital exposure during periods of "Extreme Greed," a time when profitability has already significantly declined.

Based on these findings, a more intelligent trading strategy would be to practice **risk management that is counter-cyclical to market euphoria**.

- During periods of **"Greed"** and especially **"Extreme Greed,"** traders should actively manage their risk, potentially by **reducing trade sizes** or setting stricter stop-losses.
- Conversely, periods of **"Fear"** represent opportunities for well-researched trades, as profitability is high and the market is not overcrowded with excessive volume.