

## Trader Behavior Insights Based on Market Sentiment

### Objective

The goal of this analysis is to study how trader behavior and performance vary under different market sentiment conditions (Fear vs Greed) in the cryptocurrency market.

### Datasets Used

1. Bitcoin Market Sentiment Dataset (Fear & Greed Index)
2. Hyperliquid Historical Trader Data

### Methodology

- Cleaned and standardized timestamps across datasets
- Merged trader data with market sentiment using date
- Analyzed profitability, trade volume, and trading risk across sentiment regimes
- Visualized insights using comparative bar charts

### Key Findings

- Traders are more profitable during **Greed** phases
- Trade volume increases significantly during Greed
- Trading risk (measured via fees) is higher during Greed
- Fear periods show lower risk-taking but also reduced returns

### Insights for Smarter Trading

- Reduce risk exposure during extreme Greed
- Focus on controlled position sizing during Fear
- Sentiment-aware strategies can improve consistency in returns

### Conclusion

Market sentiment has a measurable impact on trader behavior and performance. Incorporating sentiment indicators into trading strategies can help improve decision-making and risk management in Web3 trading environments.