Data Science Report: Market Sentiment & Trader Performance

Executive Summary:

- Objective: Explore the relationship between Bitcoin sentiment (Fear/Greed) and trader performance.

- Data: Fear & Greed Index + Hyperliquid Trades (PnL, leverage, positions).

Key Findings:

- Median trader PnL is slightly higher on Greed days than Fear days.

- Leverage usage increases on Fear days, raising risk exposure.

- No strong linear correlation between sentiment index and platform-wide PnL.

Recommendations:

- Reduce leverage caps on Fear days.

- Monitor extreme sentiment (Fear <20, Greed >80) as risk indicators.

- Backtest trading strategies incorporating sentiment as a factor.