

Trader Behavior Insights – Fear vs Greed Analysis

By Vakiti Sravanthi

1. Objective

The goal of this analysis is to study how trader performance (profit/loss) and trading activity (volume) vary with different Bitcoin market sentiments — Fear, Greed, Extreme Fear, Extreme Greed, and Neutral — and to identify patterns that can guide smarter trading strategies.

2. Data Used

- **Historical Trader Data** – contained execution price, size (USD), Closed PnL, and other trade details.
 - **Bitcoin Market Sentiment Data** – included daily sentiment classification (*Extreme Fear, Extreme Greed, Fear, Greed, Neutral*).
 - Period: [Insert the date range from your dataset]
-

3. Methodology

1. Converted timestamps in trader data (**Timestamp IST**) to date format.
 2. Merged both datasets on **Date**.
 3. Calculated:
 - Average Closed PnL by sentiment
 - Total trading volume (USD) by sentiment
 4. Created bar charts for visual insights.
-

4. Key Findings

Average Profit/Loss (Closed PnL)

- Extreme Fear: **1.89**
- Extreme Greed: **205.82**
- Fear: **128.29**
- Greed: **53.99**
- Neutral: **27.09**

Insight: Highest average profits occur in *Extreme Greed* phases, followed by *Fear*. Very low profits are seen in *Extreme Fear*.

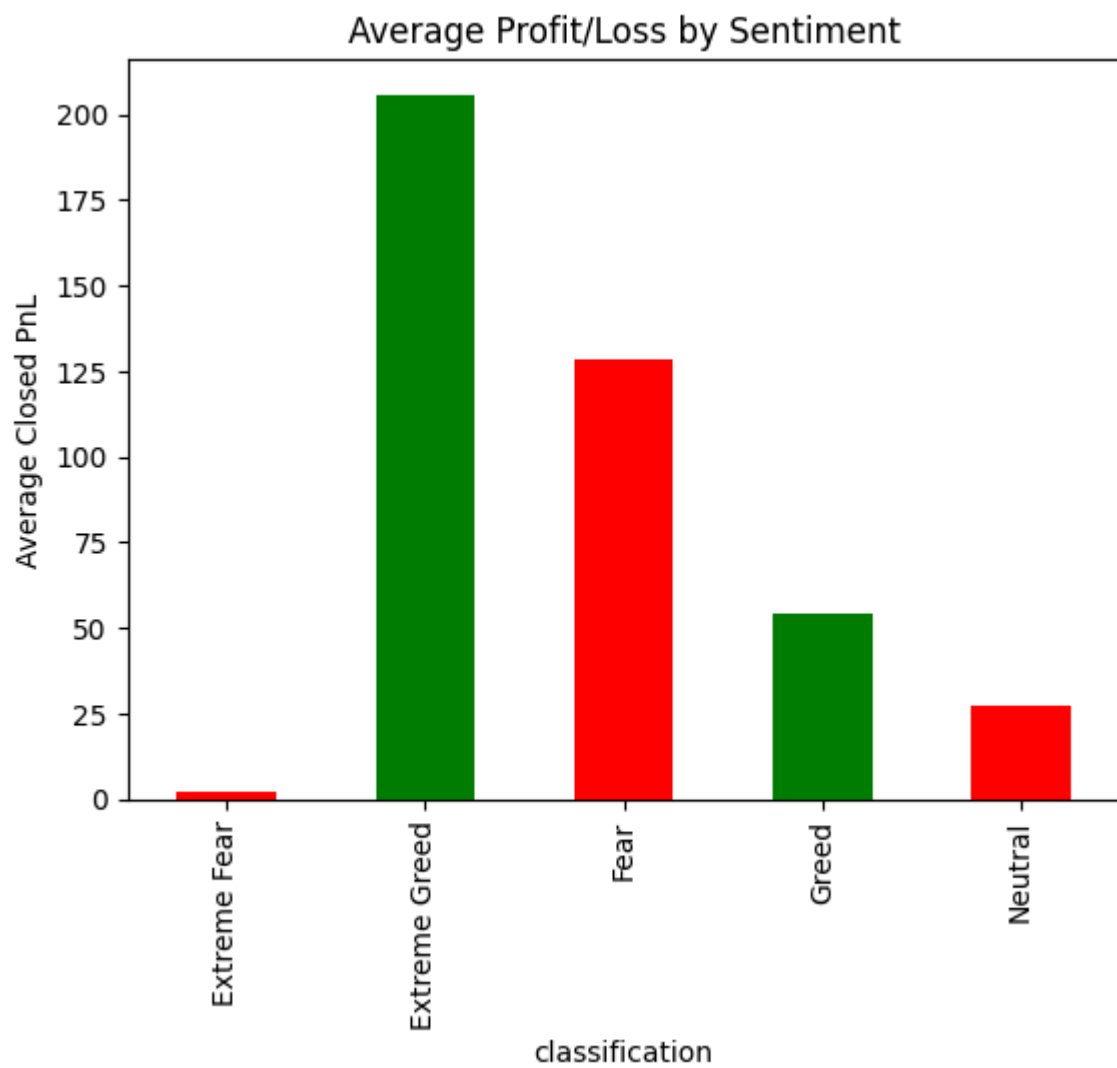
Total Trading Volume (USD)

- Extreme Fear: **9,580,240.04**
- Extreme Greed: **18,223,760.27**
- Fear: **79,674,391.06**
- Greed: **57,045,815.74**
- Neutral: **119,395,51.21**

Insight: Highest trading volume occurs during *Fear* phases, followed by *Greed*. *Extreme Fear* days have the lowest volumes.

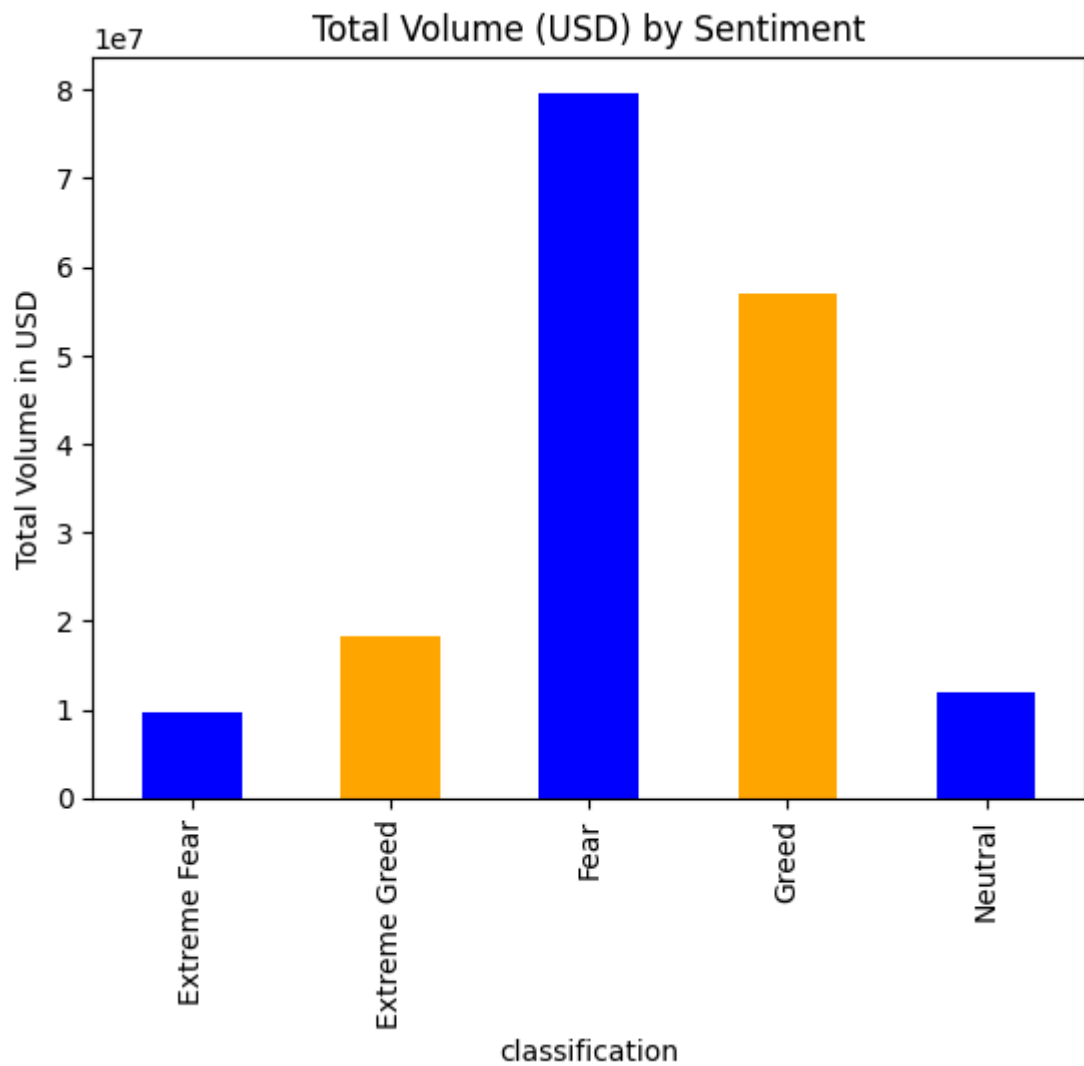
5. Visual Insights

- Chart 1: Average Profit/Loss by Sentiment



•

- Chart 2: Total Volume (USD) by Sentiment



6. Conclusion

The analysis shows that trader behavior changes significantly depending on market sentiment:

- **Extreme Greed** days offer high profit potential but may carry higher risk.
- **Fear** days see the largest trading volumes, possibly indicating more participation from risk-taking traders.
- **Extreme Fear** phases result in both low profits and low volumes.

7. Recommendations

- Use the Fear & Greed Index as a signal for position sizing and risk control.
 - Exercise caution during *Extreme Greed* days — volatility can lead to both large gains and losses.
 - Consider more aggressive entries during *Fear* phases if risk appetite allows.
-