

Trader Performance vs Market Sentiment

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Executive Summary

This analysis examines how Bitcoin market sentiment (Fear & Greed) influences trader behavior and performance on Hyperliquid. Results show that sentiment primarily affects risk-taking behavior rather than average profitability.

Methodology

Aggregated trader data per account per day and merged with Bitcoin Fear & Greed Index. Evaluated PnL distribution, win rates, and position size behavior across sentiment regimes.

Key Findings

- Profit distributions overlap, but volatility peaks during Extreme Fear.
- Win rates are marginally higher in Greed, with elevated tail risk.
- Traders expand position sizes in Greed and contract exposure in Fear.

Actionable Strategies

1. During Fear or Extreme Fear, reduce position size by 30–40% to control drawdowns.
2. During Greed, allow higher frequency but cap maximum exposure to mitigate tail risk.

Prepared for: Primetrade.ai Hiring Team