

Trader Behavior Insights from Fear & Greed Index

Name: Sarthak Bhardwaj

Role: Junior Data Scientist – Assignment Submission

Problem Statement

The objective of this assignment is to analyze the relationship between historical trader behavior and overall market sentiment using the Fear & Greed Index. The focus is strictly on summarizing observed insights and explanations without applying predictive modeling.

Datasets Used

Two datasets were used: the Fear & Greed Index dataset providing daily sentiment labels, and historical trader data containing trade-level execution information.

Data Processing and Aggregation

Trade-level data was aggregated at a daily level to reduce noise and align consistently with daily sentiment values.

Key Insights

Fear-dominated periods generally exhibit reduced trade sizes and higher variability in outcomes, indicating cautious trader behavior. Greed-dominated periods show increased trading activity and greater risk appetite.

Relationship Between Sentiment and Trader Behavior

Changes in market sentiment are reflected in trading volume and execution patterns, suggesting that sentiment provides valuable contextual insight into trader decision-making.

Limitations

This analysis does not account for external macroeconomic events or news-driven market movements.

Conclusion

Aggregated trader behavior varies meaningfully across sentiment regimes. Market sentiment serves as a useful lens for interpreting trading behavior and understanding shifts in market dynamics.