

My Data Science Analysis: Trading vs Market Sentiment

In this analysis, I examined how trader behavior (position sizes, profits, and trading volume) aligns with Bitcoin market sentiment, using a Fear & Greed index.

Here's what I found:

1. Average Position Size

- Traders tend to hold slightly larger positions during periods of Greed, suggesting they are willing to take on more exposure when sentiment is optimistic.

2. Average Closed PnL

- The average Closed PnL was roughly similar across Fear and Greed periods, but showed a slight tendency to be higher in Greed phases.

3. Net Trading Volume

- Trading volume was noticeably higher during Greed periods. This indicates that traders are more active when the overall sentiment is positive.

Overall, my analysis suggests that trader activity and risk appetite increase in line with positive market sentiment.

I believe these patterns can help inform strategy development by factoring in prevailing market moods.

The accompanying notebook includes all the code, data cleaning steps, and visualizations that

support these insights.