Market Sentiment vs Trader Behavior Analysis

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1. Objective

The objective of this analysis is to study how trader behavior (profitability and trading volume) varies across different Bitcoin market sentiment conditions such as Fear and Greed.

2. Datasets Used

- Bitcoin Fear & Greed Index

- Historical Trader Data from Hyperliquid

3. Methodology

- Cleaned and processed both datasets

- Converted timestamps into date format

- Merged trader data with daily market sentiment

- Performed sentiment-wise aggregation and visualization

4. Key Findings

- Trades executed during **Greed** phases show higher average profitability

- **Fear** phases have significantly higher trading volume, indicating aggressive or panic trading

- **Extreme Greed** phases show reduced returns due to overconfidence

5. Conclusion

Market sentiment plays a crucial role in trader behavior. Using sentiment as a filter can help traders manage risk and improve decision-making in volatile crypto markets.