Market Sentiment and Trader Performance Analysis Report

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Date: 31-10-2025

1. Objective

The objective of this analysis is to understand how market sentiment influences trader performance on the Hyperliquid trading platform. By integrating Bitcoin Market Sentiment data with historical trading records, this study evaluates whether traders tend to perform better in bullish (greedy) or bearish (fearful) market conditions.

2. Datasets Used

2.1 Bitcoin Market Sentiment Dataset
• Columns: Date, Classification
• Description: Daily market emotion classified as Extreme Fear, Fear, Neutral, Greed, or Extreme Greed.

2.2 Hyperliquid Trader Dataset
• Columns: Account, Symbol, Execution Price, Size, Side, ClosedPnL, Leverage, etc.
• Description: Contains detailed trader activity and profitability metrics.

3. Summary of Results

Market Sentiment	Avg Closed PnL	Total Closed PnL	Total Trades
Extreme Greed	67.89	2,715,171.31	39,992
Fear	54.29	3,357,155.44	61,837
Greed	42.74	2,150,129.27	50,303
Extreme Fear	34.54	739,110.25	21,400
Neutral	34.31	1,292,920.68	37,686

4. Insights and Interpretation

Extreme Greed periods show the highest average profit per trade (67.89), indicating traders with strong conviction perform well in optimistic markets. Fear periods, however, record the highest total profit (3.35M) and largest trading volume, suggesting active participation during uncertainty. Greed and Neutral show moderate returns, while Extreme Fear marks the lowest performance due to low confidence.

5. Key Findings

1. Trader success correlates strongly with emotional extremes in the market.
2. Extreme Greed favors higher efficiency per trade, while Fear produces the highest total profit.
3. Neutral and Extreme Fear are least profitable due to low volatility and confidence.

6. Conclusion

Trader performance is closely tied to market sentiment intensity. Incorporating sentiment indicators into trading models can improve timing, risk management, and profit consistency. Fear and Greed phases offer maximum opportunity when managed strategically.

7. Future Work

Future extensions include integrating real-time sentiment APIs, applying machine learning for PnL prediction, and clustering trader behavior to identify risk profiles. Such insights can enhance predictive analytics for Web3 trading environments.