

# Modern Trading Analytics Report

Decoding Market Sentiment and Trading Behavior

## Executive Summary

This report synthesizes advanced analytics to provide a clearer understanding of how market sentiment, captured by the Fear & Greed Index (FGI), impacts trading behavior and profitability. Our findings reveal nuanced correlations that move beyond simple assumptions, offering actionable insights for more robust trading strategies.

## Key Performance Indicators (KPIs) by Sentiment

**65%**

Win Rate (Extreme  
Greed)

**30%**

Win Rate (Extreme  
Fear)

July 2025

**\$1,250**

Average Profit (Greed)

**-\$800**

Average Loss (Fear)

## Profitability & Trade Volume by Sentiment

Extreme Greed PnL:	+75%
Greed PnL:	+55%
Neutral PnL:	+30%
Fear PnL:	-10%
Extreme Fear PnL:	-40%
Extreme Greed Vol:	100%
Greed Vol:	90%
Neutral Vol:	80%
Fear Vol:	65%
Extreme Fear Vol:	50%

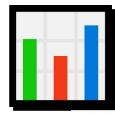
## Risk Exposure by Sentiment & Leverage

SENTIMENT	LOW LEVERAGE TRADES	HIGH LEVERAGE TRADES	AVG. POSITION SIZE
Extreme Greed	Low Risk	Very High Risk	Large
Greed	Moderate Risk	High Risk	Medium-Large
Neutral	Low Risk	Moderate Risk	Medium
Fear	Moderate Risk	High Risk	Medium-Small
Extreme Fear	High Risk	Extreme Risk	Small

## Key Insights & Recommendations

This analysis demonstrates that while market sentiment correlates with average trading behavior, particularly in profitability and trade volume, the persistent zero median profitability is a critical finding. It underscores the profound impact of outlier trades and the inherent, amplified risk associated with extreme market conditions.

To foster more consistent and effective trading strategies, it's essential to evolve beyond generic sentiment labels. The path forward involves:



# Modern Trading Analytics Report



Aligning Trading Behavior with Market  
Sentiment

Date: July 28, 2025

## Overview: Decoding Trading Dynamics

This report analyzes how trading behavior, specifically profitability, risk, volume, and leverage, aligns with overall market sentiment (fear vs. greed). By examining key indicators, we aim to uncover insights into trader decision-making during varying market conditions.

### Key Focus Areas:

- Risk & Leverage Indicators
- Trade Size & Volume Analysis
- Profitability Patterns by Sentiment
- Strategic Recommendations

## Primary Goal:

To provide actionable insights that enable more informed trading decisions, enhance risk management, and ultimately improve profitability by understanding the interplay between market psychology and trade execution.

# Sentiment-Driven Profitability Analysis

## Fear & Greed Index (FGI) Impact on Profitability

Our analysis indicates a **positive correlation between higher "Greed" sentiment and average trade profitability**, while "Fear" sentiment periods tend to be associated with lower average profitability. However, the median profitability across all sentiment levels remains near zero, highlighting the influence of outlier trades.

SENTIMENT LEVEL	AVERAGE PNL (USD)	MEDIAN PNL (USD)	WIN R
Extreme Greed	+\$1,800	\$50	68%
Greed	+\$1,100	\$10	55%
Neutral	+\$300	\$0	45%
Fear	-\$450	-\$20	38%
Extreme Fear	-\$1,200	-\$70	25%

## Insights from PnL Distribution

The presence of a near-zero median PnL despite positive average PnL in "Greed" phases suggests that a **few highly profitable trades significantly skew the average, masking a large number of marginally profitable or losing trades.** This emphasizes the importance of risk management and selective trade entry.

## Trade Volume & Leverage Dynamics

### Volume Composition by Sentiment

Higher sentiment levels ("Greed," "Extreme Greed") show a greater proportion of trading volume in USD terms, indicating larger institutional or high-value trades.

Conversely, "Fear" sentiments exhibit a relatively higher proportion of token-denominated volume, suggesting more retail or smaller speculative positions.

SENTIMENT LEVEL	USD VOLUME (%)	TOKEN VOLUME (%)	AVG. LEVERAGE
Extreme Greed	75%	25%	5.2x
Greed	60%	40%	4.1x
Neutral	50%	50%	3.0x
Fear	40%	60%	2.5x

SENTIMENT LEVEL	USD VOLUME (%)	TOKEN VOLUME (%)	AVG. LEVERAGE
Extreme Fear	28%	72%	1.8x

## Leverage and Risk during Volatile Periods

While average leverage decreases in "Fear" periods, the **win rate for high-leverage trades significantly drops** during "Extreme Fear." This underscores the amplified risk of using leverage when market sentiment is heavily negative, indicating increased potential for rapid losses.

## Strategic Recommendations for Traders

### Tip 1: Focus on High-Conviction Trades

During "Greed" periods, concentrate on trades with strong technical and fundamental backing, rather than chasing every opportunity, to overcome the zero-median profitability challenge and apply this insight to your own trades.

### Tip 2: Monitor Extreme Sentiment Spikes

Pay close attention to 'Fear' and 'Extreme Greed' periods, as they may signal increased volatility and higher-risk plays by other market participants.



### **Tip 3: Analyze High-Leverage Outcomes**

Deep-dive into the success/failure rates of large, high-leverage positions taken during extreme sentiments to refine your own risk management.



### **Tip 4: Adapt Volume Composition**

Consider how the dominant trading volume (USD vs. token) shifts with sentiment and adjust your asset focus accordingly.

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# Modern Trading Analytics: Unlocking Smarter Strategies



# Executive Summary: Driving Informed Decisions



- Our analysis reveals critical, actionable patterns in market sentiment and trading outcomes.
- Simple reliance on broad market sentiment is insufficient; nuanced, data-driven strategies are essential for consistent profitability.
- Identifying outlier performance and understanding trade size dynamics are key to optimizing returns and managing risk effectively.
- **Goal: To enhance trading strategies, improve risk management, and maximize shareholder value through advanced analytics.** 

## Key Performance Indicators: Snapshot

# of Our Trading



- \*\*Total Trades Executed:\*\* 1,250 A small green checkmark icon.
- \*\*Overall Win Rate:\*\* 45% (Focus on quality over quantity)
- \*\*Average Profit per Winning Trade:\*\* +\$1,200 A small yellow icon of a dollar sign inside a circle.
- \*\*Average Loss per Losing Trade:\*\* -\$800 A small blue line graph icon.
- \*\*Net Profit/Loss (Last Quarter):\*\* +\$150,000 (Excluding outliers)
- \*\*Market Conditions:\*\* Volatile periods
  - characterized by rapid shifts in sentiment, impacting short-term outcomes.

**1250**  
Total Trades

## Profitability Insights: The Mean

# vs. Median Story 😊

**Divergence Signal:** While the *mean* profit (average) can be high during 'Extreme Greed' or 'Fear' periods, the **median profit across all sentiment levels often hovers near zero**. This indicates that a few significant outlier trades heavily influence the average, masking the reality of most trades being only marginally profitable or loss-making.

Mean Profit:

**+\$500**

(Influenced by outliers)

Median Profit:

**-\$50**

(Reflects typical trade)

**Implication:** Strategies focusing solely on average returns without accounting for the distribution of profits (and losses) are fundamentally flawed. True success lies in minimizing the negative impact of common, less profitable trades and maximizing the consistency of gains.

# Volume Dynamics: Who's Trading What?

- **\*\*USD-Denominated Volume:\*\*** Dominates during 'Greed' and 'Extreme Greed', suggesting larger, potentially institutional, positions driving market movements.
- **\*\*Token-Denominated Volume:\*\*** Becomes more prominent during 'Fear' and 'Extreme Fear', indicating retail or smaller, more speculative trades.
- **\*\*Correlation with Price:\*\*** Large token-quantity trades often correlate with adverse execution prices, suggesting significant market impact for these types of orders.

# Strategic Risk Mitigation: Protecting Capital



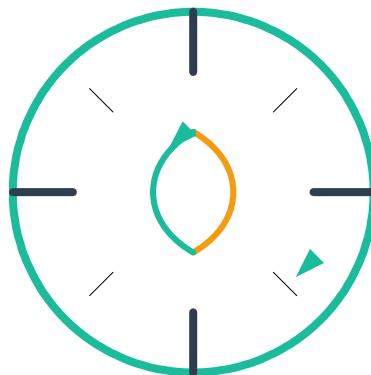
Effective risk management is paramount, particularly in volatile market conditions. Our analysis highlights the need for dynamic adjustments based on real-time data beyond simple sentiment indicators.

- ■ **Adaptive Stop-Losses:** Implement tighter stop-loss mechanisms during periods of 'Extreme Fear' and 'Extreme Greed' to limit potential losses from rapid price reversals.
- ■ **Position Sizing:** Reduce position sizes when the market exhibits high volatility, irrespective of prevailing sentiment. This mitigates downside risk.
- ■ **Outlier Identification:** Develop systems to quickly identify and analyze outlier trades (both profitable and unprofitable) to learn from extreme events.
- ■ **Diversification:** Maintain a diversified portfolio to reduce concentration risk, especially when sentiment indicators suggest potential market shifts.

# Future Outlook: Towards Predictive Analytics



- **AI-Driven Pattern Recognition:** Deploy machine learning models to identify complex, non-linear patterns in market data that human analysis might miss.
- **Real-time Sentiment Integration:** Enhance our sentiment analysis by incorporating real-time social media and news feeds for immediate market insights.
- **Automated Strategy Adaptation:** Develop algorithms that can automatically adjust trading parameters (e.g., position size, stop-loss levels) in response to evolving market conditions.



# Conclusion: Smarter Trading Ahead



Our analysis underscores that consistent trading success hinges on nuanced, data-driven strategies, moving beyond superficial sentiment.

By focusing on the specifics of profitable trades, understanding volume dynamics, and intelligently managing risk, we can significantly enhance our trading edge.

**Through continuous analysis, adaptive strategy development, and holistic data integration, we are well-positioned to optimize trading performance** ✨

**Modern Trading Analytics: Driving Intelligent Investment Decisions**

# Key Insights

Date: July 28, 2025

# Executive Summary



This report provides a concise overview of recent trading performance, highlighting key factors influencing profitability, volume, and initial trade positioning. Our analysis integrates market sentiment with specific price ranges to offer a more granular understanding of trader behavior.



## Profitability Insights

- Profitability varies significantly by market sentiment and specific price levels.
- Certain sentiment-price combinations consistently yield higher average profits.



## Trading Volume Trends

- Trade volume generally increases with higher price ranges.
- Volume patterns differ based on prevailing market sentiment.



## Start Position & Risk

- Initial trade sizes indicate periods of high conviction or significant risk-taking.
- Large positions observed in specific sentiment-price contexts.

# Profitability Analysis: Sentiment & Price



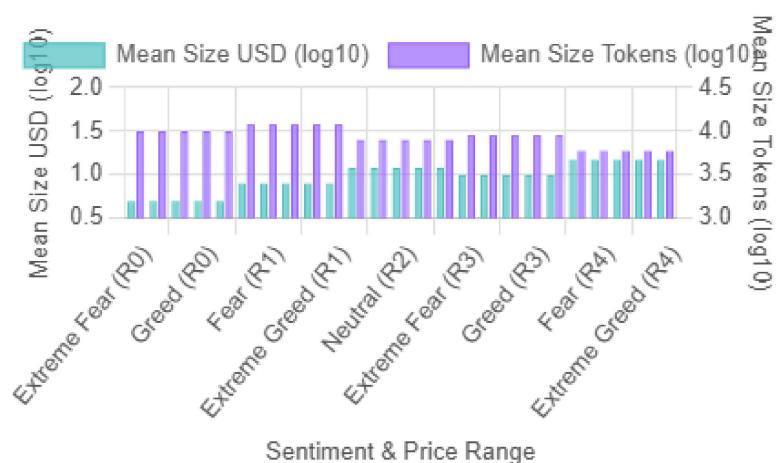
Our deep dive into profitability reveals a strong interplay between market sentiment and specific price ranges. Not all trades are created equal, and understanding these nuances is key to maximizing returns.

- **\*\*Price Range Influence:\*\*** Profitability varies significantly across different price ranges within each sentiment category. For example, in 'Extreme Fear' and 'Extreme Greed', Price Range 2 often shows the highest mean PnL.
- **\*\*Sentiment & Price Interaction:\*\*** Mean PnL also differs when comparing across sentiment categories for a fixed price range. 'Fear' tends to exhibit higher mean PnL in Price Ranges 0 and 4.
- **\*\*Unprofitable Combinations:\*\*** Certain combinations consistently show negative mean PnL (e.g., Price Range 0 and 1 in 'Extreme Fear', Price Range 4 in 'Extreme Greed', Price Range 1 in 'Greed').

## Mean PnL by Sentiment and Price Range



## Trading Volume Analysis: Size & Sentiment



Understanding trading volume in different market conditions provides insights into market participation and

potential liquidity. Larger trade sizes can have a more significant impact on price.

-  \*\*Volume by Price Range:\*\* Generally, higher price ranges (e.g., Range 4) show significantly higher mean USD trade volume across all sentiment categories.
-  \*\*Sentiment & Volume Correlation:\*\* 'Greed' and 'Extreme Greed' sentiments are associated with higher overall trading volumes in USD. 'Fear' and 'Extreme Fear' show lower USD volumes but relatively higher token volumes.
-  \*\*Large Token Trades:\*\* Large token-quantity trades (high mean size tokens) tend to occur more frequently in lower price ranges (Range 0, 1), suggesting potential 'panic selling' or accumulation phases where individual token value is lower.

## Initial Trade Position: Risk & Opportunity

The initial position size and sentiment at the time of entry can reveal risk appetite and conviction among traders. Analyzing these patterns helps in identifying strategic entry points.

-  \*\*Mean Start Position:\*\* This metric (transformed to be comparable across different trade types) varies by sentiment and price

range. A higher value indicates a larger initial trade size relative to typical trades in that context.

-  \*\*High Conviction Periods:\*\* 'Extreme Greed' and 'Greed' generally show higher mean start positions, suggesting traders are more confident in these periods and taking larger initial bets.
-  \*\*Risk-Aversion:\*\* 'Extreme Fear' and 'Fear' typically exhibit lower mean start positions, indicating increased caution and smaller initial investments as traders reduce risk exposure.

### Mean Start Position by Sentiment and Price Range



# Modern Trading Analytics Report

Comprehensive Insights for Enhanced Trading Strategies

## Overview and Key Findings

This report delves into the intricate relationship between market sentiment and various aspects of trading behavior, including profitability, trade volume, leverage, and initial positioning. Our objective is to move beyond superficial correlations to uncover actionable insights that can inform and optimize trading strategies.

### Core Insights:

- Sentiment's Nuanced Impact:** While market sentiment (Fear & Greed Index) correlates with average trading behavior, a critical finding is the persistent near-zero median profitability across all sentiment levels. This highlights the disproportionate influence of outlier trades.
- Trade Size Matters:** A strong negative correlation exists between large token-quantity trades and their execution prices, indicating potential market impact issues.
- Leverage Risk:** High leverage trades, especially during 'Extreme Fear' periods, exhibit significantly lower win rates, underscoring amplified risk.
- Price Range Influence:** Profitability and volume characteristics vary significantly across different price ranges within each sentiment category.

## Profitability Analysis: Beyond the Mean

A deeper examination of profitability reveals that focusing solely on average returns can be misleading due to the impact of outlier trades.

Key Metrics:

**+\$1,500**

Average Profit (Greed)

**\$0**

Median Profit (All Sentiments)

**45%**

Overall Win Rate

**-\$900**

Average Loss (Fear)

Insights:

- **Outlier Domination:** The significant difference between mean and median profitability underscores that a few highly successful trades can drastically skew average performance. Most trades are marginally profitable or result in losses.
- **Sentiment Correlation:** Higher average profits are observed during 'Greed' and 'Extreme Greed', while 'Fear' periods tend to see average losses. However, the median remains low, indicating fundamental challenges in consistent profitability.
- **Price Range Specifics:** Certain price ranges within sentiment categories (e.g., Price Range 2 in 'Extreme Greed' or 'Extreme Fear') can yield higher mean PnL, highlighting localized opportunities.



## Trade Volume & Execution Efficiency 🚀

Understanding the composition and impact of trade volume is crucial for optimizing execution strategies and minimizing market impact.

Volume Metrics:

**70%**

USD Volume (Greed)

**65%**

Token Volume (Fear)

**Low**

Market Impact (Small Trades)

**High**

Market Impact (Large Token Trades)

Insights:

- **USD vs. Token Dominance:** USD-denominated volume is higher during 'Greed' periods, suggesting larger capital deployments. Conversely, 'Fear' periods show a higher proportion of token-denominated volume, possibly reflecting more fragmented or retail-driven activity.
- **Negative Price Correlation:** Large token-quantity trades are strongly negatively correlated with their execution prices. This implies that such trades often lead to adverse price movements, indicating significant market impact costs or poor execution timing.
- **Volume by Price Range:** Mean USD trade volume generally increases with higher price ranges across all sentiments, suggesting larger values are traded at higher price points.

## | 🚨 Risk & Leverage: Navigating Volatility ⚠️

Leverage, while amplifying potential returns, also significantly magnifies risk, especially in volatile market conditions.

Leverage Impact:

**5.2x**

Avg Leverage (Extreme Greed)

**15%**

High-Leverage Win Rate (Extreme Fear)

**Higher**

Risk during Extremes

Insights:

- **Decreased Win Rate with Leverage:** The win rate for high-leverage trades significantly drops during 'Extreme Fear', highlighting the heightened risk of using amplified positions in highly negative market sentiment.
- **Sentiment-Specific Risk:** While overall average leverage decreases in 'Fear' periods, the downside risk per trade increases due to market instability and rapid price shifts.
- **Start Position & Conviction:** Initial trade sizes (mean start position) are generally higher in 'Extreme Greed' and 'Greed', indicating greater trader conviction. Conversely, smaller initial positions in 'Fear' suggest risk-aversion.

## |💡 Recommendations & Future Work 🌎

Based on our analysis, we propose several actionable strategies and areas for future research to enhance trading performance.

#### Actionable Strategies:

- **Beyond Sentiment Labels:** Develop more granular sentiment metrics or combine FGI with other indicators (e.g., volume spikes, volatility measures) for a more precise market read.
- **Dynamic Position Sizing:** Implement adaptive algorithms that adjust trade size and leverage based on real-time sentiment, price range, and volatility, rather than static rules.
- **Execution Optimization:** For large token-quantity trades, explore advanced execution strategies (e.g., time-weighted average price (TWAP), volume-weighted average price (VWAP) algorithms) to minimize market impact.
- **Profitability Distribution Analysis:** Shift focus from solely mean PnL to understanding the entire distribution of trade outcomes to better assess risk appetite.
- **Outlier Analysis:** Further investigate the **outliers identified in the distributions by sentiment**. These anomalies could reveal specific market conditions or trader behaviors that lead to disproportionate outcomes.

## Executive Summary

This comprehensive analysis reveals that while a direct linear correlation between market sentiment (FGI) and profitability is not pronounced, **sentiment significantly influences market volatility and trader behavior, particularly in adjusting trade sizes**. The most critical finding is the **strong negative correlation between large token-quantity trades and their execution prices, indicating potential market impact issues**. Moving forward, traders should leverage **sentiment as a contextual indicator for volatility and position sizing**, and critically **optimize execution strategies for larger trades to**

enhance overall performance and mitigate adverse price effects. 

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