

Trader Behavior & Market Sentiment Analysis Report

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1. Executive Summary

This analysis explores how Bitcoin market sentiment (Fear vs Greed) influences trader behavior and performance on the Hyperliquid platform. By combining historical trader data with the Fear & Greed Index, we study changes in profitability, leverage usage, win rates, and trade volume across sentiment conditions.

2. Methodology

Two datasets were used: the Bitcoin Fear & Greed Index and Hyperliquid historical trader data. Trader timestamps were aligned to daily sentiment data. Key metrics such as Average PnL, Win Rate, Trade Count, Average Leverage, and Risk-Adjusted Returns were computed and analyzed by sentiment category.

3. Key Insights

- Fear markets show higher win rates and better risk-adjusted returns.
- Greed markets exhibit higher leverage usage and trade volume.
- Profitable traders reduce leverage during Fear periods.
- Overtrading is more common during Greed due to emotional decisions.

4. Conclusion & Recommendations

Market sentiment significantly impacts trading behavior. Sentiment-aware strategies, such as reducing leverage during Greed and selectively trading during Fear, can improve performance and reduce risk.