

Economic Policy Uncertainty, Market Volatility, and Crypto Investor Sentiment: Evidence from a VAR Framework

Divya M V*

*Department of Finance and Economics
Rajagiri Business School, Kochi, Kerala, India*

Abstract: This study examines how Economic Policy Uncertainty (EPU) and financial market volatility (VIX) interact with Bitcoin investor sentiment using daily data from January 2018 to January 2026. Employing Vector Autoregression (VAR) with Granger causality tests and impulse response functions, the findings reveal asymmetric sentiment responses: VIX shocks produce immediate, persistent negative impacts on the Bitcoin Fear and Greed Index, while EPU shocks generate gradual, medium-term positive reactions. These contrasting patterns suggest Bitcoin simultaneously integrates into global financial risk systems while responding distinctively to different uncertainty sources, offering important implications for portfolio diversification strategies and systemic risk assessment by policymakers.

Keywords: Bitcoin Sentiment, Economic Policy Uncertainty, Financial Market Volatility, VAR, Impulse Response Functions

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* Research Scholar. Email: fpm22m0007@rajagiri.edu