

# FINA4350 Group 1

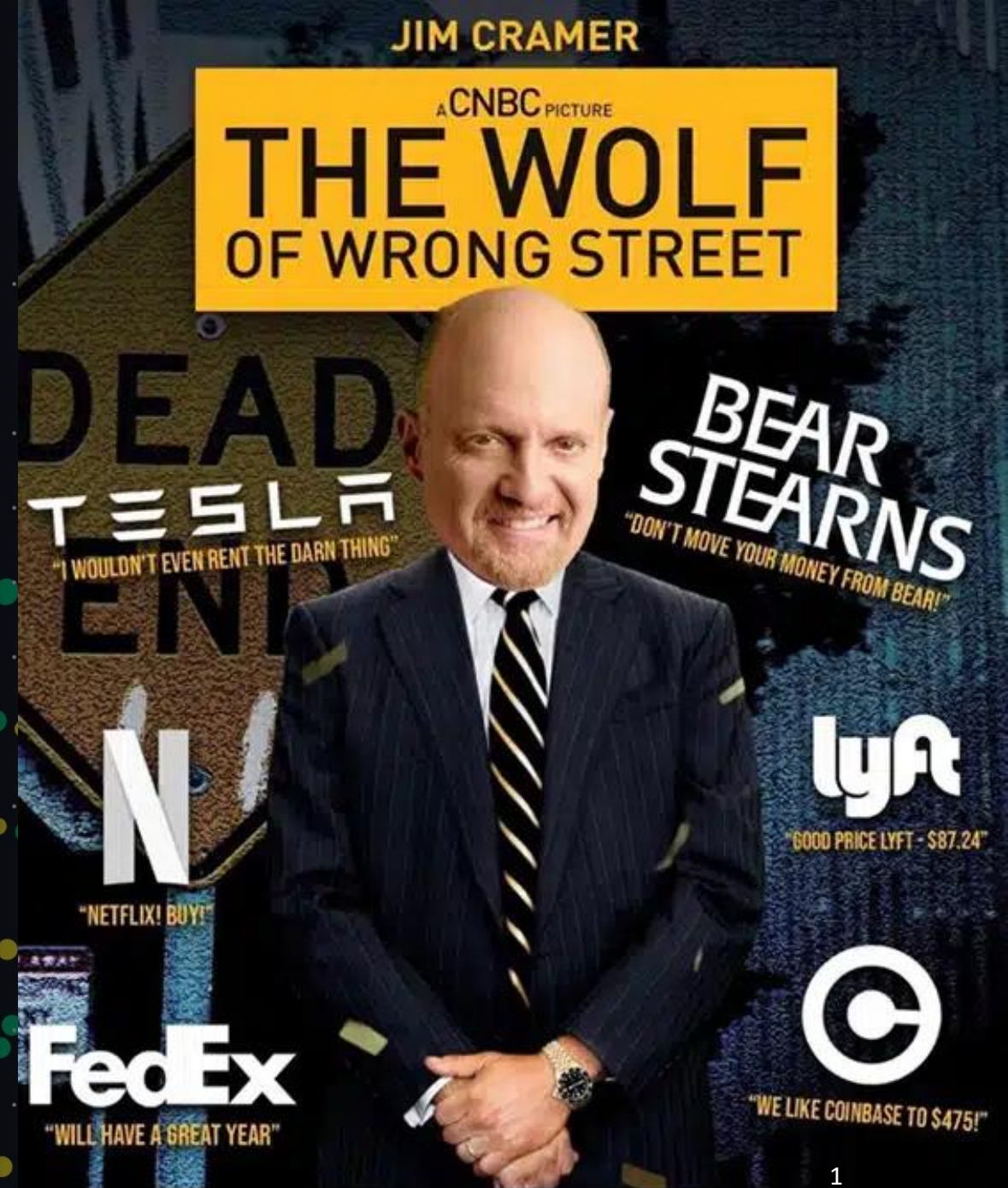
## Inverse Cramer with sentiment analysis

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# Jim Cramer

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- American television personality, former hedge fund manager
- Host of CNBC's Mad Money.





# \$TSLA



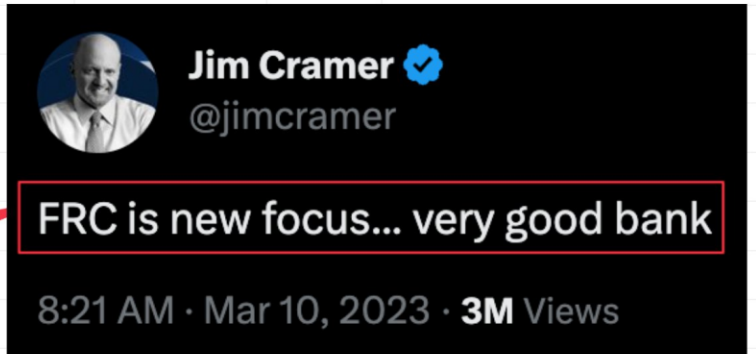
# Cramer on Banks

## Jim Cramer says he's intrigued by these 10 top-performing S&P 500 stocks

PUBLISHED WED, FEB 8 2023 6:42 PM EST

1. [Tesla](#)
2. [Align Technology](#)
3. [Catalent](#)
4. [Warner Bros. Discovery](#)
5. [Meta Platforms](#)
6. [Nvidia](#)
7. [Royal Caribbean](#)
8. [Carnival](#)
9. [SVB Financial](#)
10. [Norwegian Cruise](#)

Inverse-Cramer-ETF published on TradingView.com, Mar 16, 2023 13:56 UTC  
FIRST REPUBLIC BANK, 30, NYSE O20.22 H22.65 L19.80 C21.84 +1.62 (+8.01%)



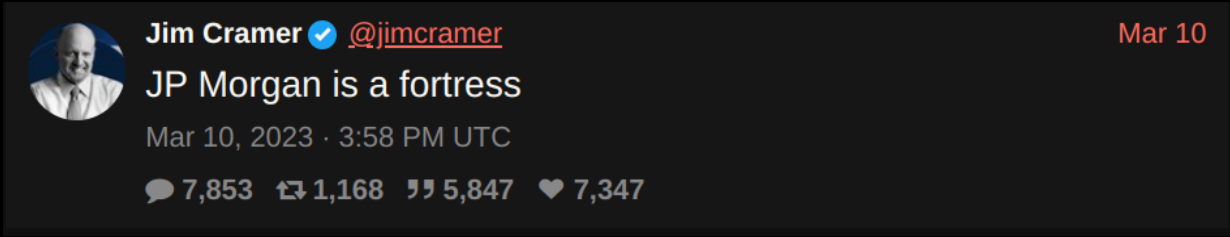
# The Cramer Effect

- whatever Jim Cramer predicts, the opposite happens.
- SeekingAlpha: 20.13% return through the inverse Cramer strategy in 2021.
- The Inverse Cramer ETF: \$SJIM outperforms S&P

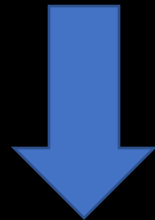


# Studying the Cramer Effect with NLP

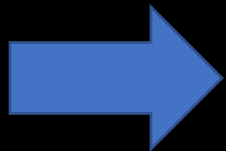
- Stock pick and return correlation (1 month, 3 month, 6 month)
  - Cross-sectional: correlation with returns
  - Time series: The strength of this effect across time
- Questions:
  - "Does this effect have any statistical significance? Or is it just cherry-picking?"
  - "When did this effect start?"
  - "Can we derive alpha from this effect?"



Model



\$JPM Sell



Portfolio

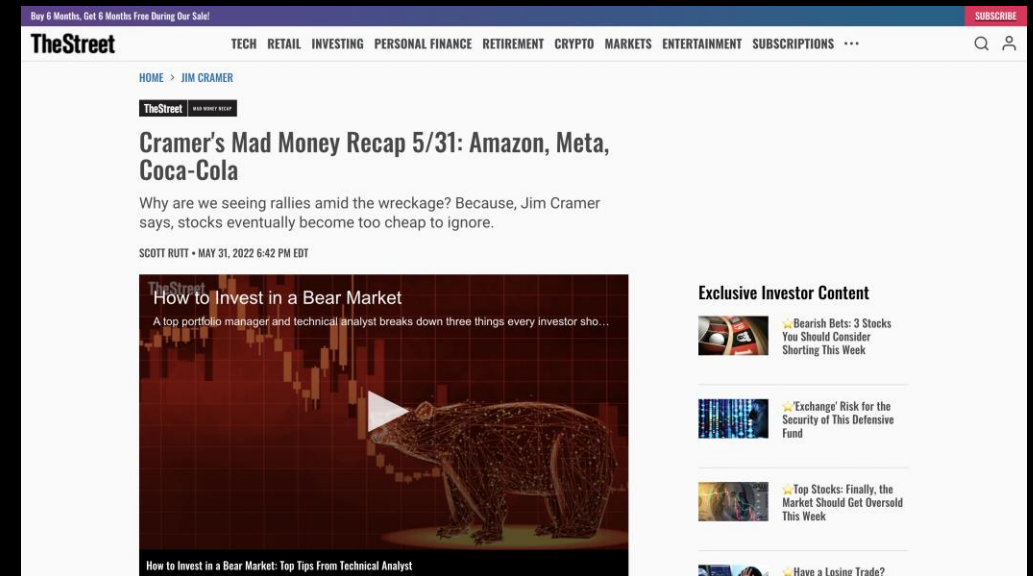
# The model

- Vader Sentiment Analyzer
- Large Language Models
  - BERT finetuned on financial sentiment analysis (FinBert)
  - Meta's LLaMa
  - OpenAI's gpt3.5
- Experimentation:
  - Prompts, finetuning



# Data Sources

- TheStreet
  - The Street, a financial news and literacy site.
  - Summary of every Mad Money episode, every call on every segment on the show.
    - Lightning Round, Game Plan, Sell Block, Am I Diversified?, Mad Mail, and 10 others.
  - Experiment: "which segment has the biggest effect?"



# Twitter

- Twint
  - Web scrapper for Twitter
  - No authentication
  - Use a proxy list to avoid exceeding the rate limit
  - Filter by hashtags / cashtags
- Sentiment analysis
  - Positive / negative / neutral



# Sentiment analysis





# Yahoo Finance

- Yahoo Finance API
  - Following 30 / 90 / 180 day return
  - Compare with overall market performance
- Potential challenges
  - What if Jim is referring to a certain industry / sector instead of a specific stock?
    - ETF!

# References

- [MSN - Does the Inverse Jim Cramer Strategy Actually Work?](#)
- <https://quantbase.substack.com/p/building-the-inverse-jim-cramer-index>