Summary of *Summary of Can ChatGPT Forecast Stock Price Movements? Return Predictability and Large Language Models*

2024.05.14
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1. **What are the research questions?**
   - Is it possible for LLMs like ChatGPT to predict stock market performance based on news headlines?
2. **Why are the research questions interesting?**
   - The untapped capacity of LLMs in finance, especially in forecasting stock market returns, remains largely undiscovered.
     - LLMs, lacking specific training for stock return prediction, have limited efficacy in this area.
     - However these models are trained with big text data, they might be more efficient in understand context
   - Research has established that stock returns can be forecasted daily using news and specialized algorithms.
     - It's uncertain whether LLMs, which aren't explicitly trained for return prediction, acquire predictive capabilities in this domain.
3. **What is the paper's contribution?**
   - Contribute to economic literature by investigating ChatGPT's role.
     - Recent: Tackled Fedspeak decoding and historical data for prediction with limited success.
     - Extend: Initially exploring the capabilities of LLMs in financial markets, specifically focusing on the investment decision-making process.
   - Contribute to finance literature by applying textual analysis and machine learning techniques to address key questions.
     - Recent: Explored text mining for tone analysis.
     - Extend: Initially investigate ChatGPT's capability to predict stock returns without prior training.
   - Contribute by applying text analysis to news articles for sentiment extraction and predicting stock returns.
     - Recent: Analyzing the relationship between media sentiment and overall stock market performance.
     - Extend: Using firm updates to forecast forthcoming returns of specific stocks.
   - Contribute to employment risks and susceptibility to AI-related technology.
     - Recent: The level of exposure to AI-related technology in jobs impacts both employment and productivity.
     - Extend: Enhancing the value for market participants in the finance sector by optimizing information processing.
4. **What hypotheses are tested in the paper?**
   - H1: ChatGPT scores and the daily stock returns that follows a positive correlation.

a) Do these hypotheses follow from and answer the research questions?

- Indeed, it assesses the performance across various models.

b) Do these hypotheses follow from theory? Explain logic of the hypotheses.

- Yes, the system's sophisticated language comprehension enables it to grasp the intricacies and subtle details of news headlines, resulting in the production of more dependable sentiment scores.

5. **Sample: comment on the appropriateness of the sample selection procedures.**

   - Will the capacity to perform accurately in new situations diminish as time goes on?

6. **Comment on the appropriateness of variable definition and measurement.**

   - Utilize additional language models to enhance robustness without encountering any issues.

7. **Comment on the appropriateness of the regress/predict model specification.**

   - Regression is well-suited.
   - Is it not necessary to include other control variables in regression?

8. **What difficulties arise in drawing inferences from the empirical work?**

   - Can we ensure that no external resources are used as a reference?

9. **Describe at least one publishable and feasible extension of this research.**

   - Comparing the most recent Chinese LLM Yi , which claims to have better performance than GPT-4, Claude3 Sonnet,Llama3-70B-instruct, and Gemini1.5, to examine its ability of predicting stock market based on headlines.