

Predicting FOMC Actions using ML and NLP

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Abstract

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1 Introduction

In this paper we methods in Natural Language Processing and Machine Learning to predict Federal Open Market Committee Rate actions (hold or change) using text from Federal Reserve Meeting Minutes, speeches and statements from Federal Reserve Officials. Since this is work in sentiment analysis we created a simulator to gain insight into the sensitivity of detecting sentiment by randomly generating words with from a mix of distributions containing positive words, negative words and commonly used words. That simulator showed accuracy could hit levels of 1.0 given enough training data and high percentage of sentiment words to overall text.

1.1 Subsection

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1.1.1 Subsubsection

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References

- [1] Hansen,Stephen, McMachon, Michael *Transparency and Deliberation with the FOMC:a Computational Linguistics Approach*, CEPR Discussion Paper, (2014)