MA5851 A3 Assessment Report Part One

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Background

Predicting how the stock market will move is a challenging issue due to many variables influencing an asset's price, such as interest rates, politics, and economic growth that make the stock market volatile and difficult to predict accurately. Technical analysis such as analysing company financial reports has its limitations and the need to enrich it with mining and interpreting unstructured text has become evident (Wigglesworth, 2017; Alzazah and Chen, 2020). Thus, the popularity of leveraging text mining and NLP techniques for market return analysis and predictions has significantly grown in recent years, from being used only by sophisticated quantitative hedge funds to a high demand in the broader market (Wigglesworth, 2017).

Most of the research and practice appear to focus on short-term effects of news articles on market prices, mostly by leveraging sentiment analysis. However, news stories can also be seen as events or stories that develop over time and that gain attention by market participants. There is a growing interest in clustering news into such events for further use by e.g. quantitative analysts (see e.g. Parse.ly's platform).

This project aims at providing base model allowing analysts to investigate the effect of event-grouped news articles, in particular on the price of cryptocurrencies. This is achieved by scraping an online news source, using NLP techniques to extract keywords and sentiments, and clustering the news articles based on these features.

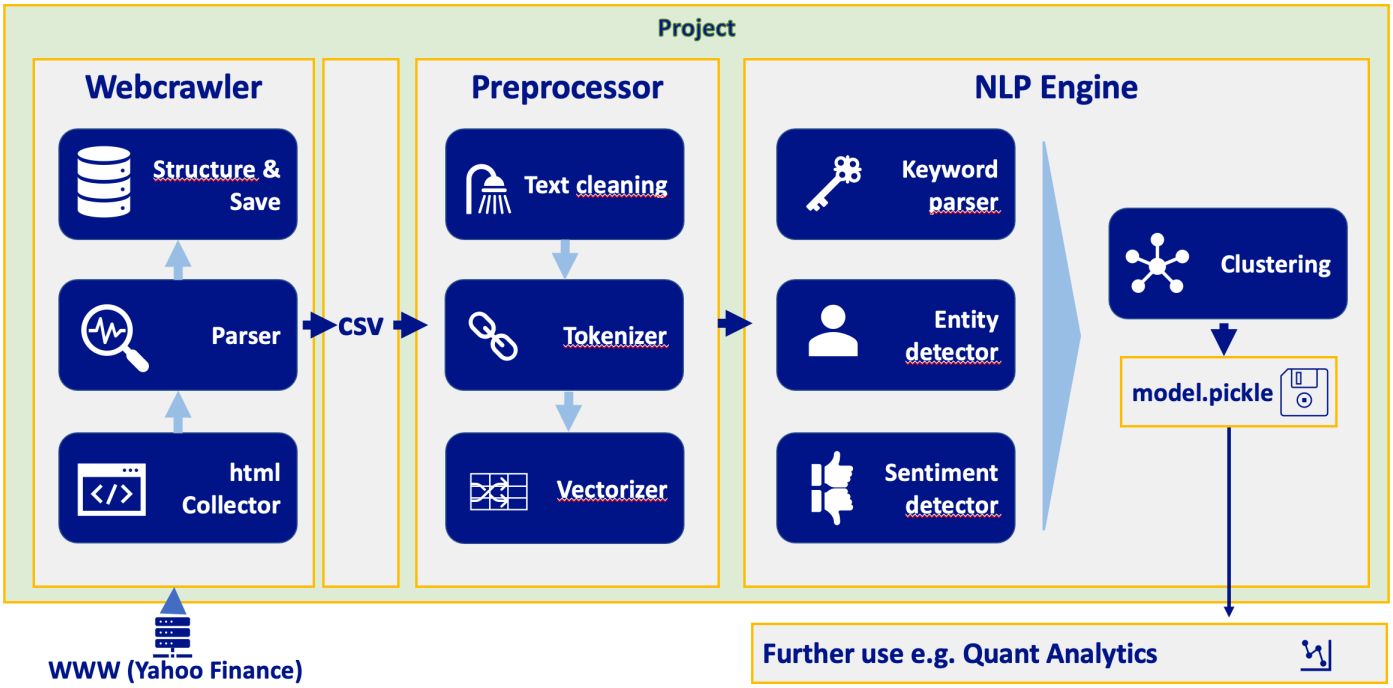
Approach and architecture

To gather the relevant data, two web crawlers are employed: Firstly, the news articles crawler: News reports on cryptocurrencies and companies active in this space are collected from Yahoo Finance pages. Articles relating to Cryptocurrencies were collected over a period of 3 weeks using a web crawler leveraging the Beautifulsoup framework, which renders scaling and automatisation (to be used by e.g. job schedulers) easy. The workflow is such that the crawler detects the urls of the individual articles and then requests the html source of each article page. The html content is then parsed into title, article body and date metadata. The text data thus obtained was found appropriate for further handling i.e. for utilising NLP and machine learning by saving them as csv file.
Secondly, using Selenium, the list of all cryptocurrencies is crawled from another Yahoo page featuring tables with names of all cryptocurrencies.

In the second stage of the project, the text data were cleaned from symbols and stop words, tokenized and embedded into a representation of the importance of relevant words relative to the obtained text corpus. This was achieved by applying the TF-IDF algorithm. From this, keywords could be identified and noted along their importance. Further, using the Spacy framework and the crawled list of cryptocurrneices the text was scanned for persons, companies, locations and cryptocurrencies and added to the features. Finally for NLP, the sentiment of each article was derived using the Natural Language Tooklik (NLTK).

The purpose of the NLP tasks is to extract information appropriate as input for recognising and clustering the underlying events.

The numerical feature data added by the mentioned NLP processes were then used for clustering the articles into connected events. Following indications in the literature various clustering techniques were evaluated. Based on these evaluations, experiments and resource considerations, HDBSCAN was selected for the purpose of event clustering, however in this first iteration with limited success.



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