



Subreddit Classifier

r/investing or
r/cryptocurrency!?

Team 2
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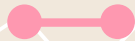




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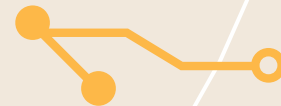
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01

Background & Problem Statement





Chosen Subreddits

r/investing

- <https://www.reddit.com/r/investing/>

r/CryptoCurrency

- <https://www.reddit.com/r/CryptoCurrency/>



Background

We are a new investment company which has two main trading desks :

- one for **traditional securities** and,
- another for **cryptocurrency**





Problem Statement

- **Automate** the **monitoring** of reddit posts
- Identify **new leads & hot trends**
- **Filter** such information to the **specific** trading desks



02

Preprocessing & NLP



Scraping, Preprocessing & NLP



Additional Data Cleaning

Preprocessing



Scraping



**Tokenizing, Initial
Dropping of
Stopwords, &
Lemmatizing**


NLP


Scraping










- Extracted 5k unique posts before 25 Oct 2021, GMT+8 2359
- Drop empty posts
- Drop duplicated posts
- Drop nulls

Removed post

 Posted by u/volant007 35 minutes ago

Vote **Best FREE app to track stocks** 

 **Sorry, this post has been removed by the moderators of r/investing.**
Moderators remove posts from feeds for a variety of reasons, including keeping communities safe, civil, and true to their purpose.

 **1 Comments**  **Award**  **Share**  **Save**  **Hide**  **Report** 100% Upvoted

Example of a post that has been removed, hence resulting in an empty selftext & post.

Preprocessing

Additional Data Cleaning

- URLs

URL



Posted by u/indivinvest 5 hours ago

31



Should you invest in IPOs?

Hey guys, if you have ever considered investing in IPOs, or companies that have gone IPO in the recent years, then this post is for you. I did a bit of a quick research into this recently. But first, a quick recap of what Warren Buffet says about investing in IPOs:

- Warren Buffet has always been very vocal about his views on IPOs. His thought process is that "*there are always better businesses to buy than IPOs*". He always compares IPOs with other alternatives in the market, and so far, he has not found a strong justification for investing in an IPO versus another solid business at a good price.
- Buffet also dislikes the fact in IPOs, there are commissions that go to the stock salesmen, remember that IPOs are executed by investment banks so there is a push to sell IPOs like any other product, He likes to buy stocks where "*no one is making any money on the sale*".

I'd like to share with you some stats that I put together. Bear in mind the following:

- I took the [full list](#) of IPOs in the last 20 years from iposcoop.com.
- Filtered only companies that went public between years 2000 and 2015, so that at a minimum we have at least 5-6 years of post IPO performance.
- Calculated annualized performance using stock price from the first day close of IPO and current stock's price at the time this video was made.
- Performance from companies that are not currently trading were excluded.
- List [here](#) for your reference.

Example of a post that has a URL.

Preprocessing



Additional Data Cleaning





- HTML Special Entities & Terms
 - E.g. Codes behind symbols '&', '>'
 - E.g. Non-Breaking Spaces like '#x200B;', '#xa0;'
- Digits
- Special Characters
- Remove characters beyond Basic Multilingual Plane (BMP) of Unicode
 - Example of characters beyond the BMP would be 'å', and emojis.



Tokenizing, Initial Dropping of Stopwords, & Lemmatizing

Words that
do not add
value to
meaning

↑ 148
↓

 r/CryptoCurrency · Posted by  u/Dwez1337  Uranium  8.4k · 4 hours ago

Reminder: Jim Cramer Called for Selling Ethereum a Week before it Rallied to All Time High — Also did the Same for Bitcoin before it Doubled in Price





MARKETS

A week ago Jim Cramer has predicted that Ethereum has reached its top, and might fall from its then price point.

In the following week Ethereum has rallied to a new all time high of over \$4,600, making Cramer predict exactly the opposite of what has happened

He has done the same for Bitcoin, called for selling it around the \$30,000 price point, in the following weeks it rallied to over \$60,000

(source on cramer selling) (source2)

59 Comments  Share  Save  Hide  Report 95% Upvoted

Symbols,
Punctuations,
Digits

Example of Lemmatizing

Original websites changing regularly

Lemmatizer website changing regularly



03

Explorative Data Analysis



Text Corpus



r/investing · Posted by u/DarthTrader357 1 day ago

0



Can someone explain to me how margin actually is useful?

I'm struggling to justify the use of margin, particularly in naked puts. I learn best by doing, but before doing I need to learn, so I'm in a bit of a catch-22 with margin.

The problem I'm having is visualizing the risk-reward to using it. I can take on substantially more risk with cash than I can take on with margin. And I can substantially concentrate my trades more with cash than with margin. (That is to say, the more concentrated in higher volatility, the more my margin buying power just begins to look like cash-only).

So inevitably it looks like I can outperform with cash more than I can with margin.

Thus the question, how is margin actually useful?

For simplicity, if I want to 2x my buying power, but I have to reduce my return by 1/2x, then I have effectively accomplished nothing. Correct? So for margin to be useful I have to be able to both maintain a certain rate of return AND increase the buying power. Yes?

I have some other advanced questions about house surplus, equity and journaling times, but I think first I just need to see someone justify the use of margin in the first place.

Another problem with a margin call that I have is that it removes my ability to choose when I lose. Now the brokerage gets to choose when I lose, and they don't care if 2 weeks later the trade reverses and I would be a complete winner.

That alone is a very big hindrance when working a long-game high risk trade.

Maybe someone can comment a little on that as well.

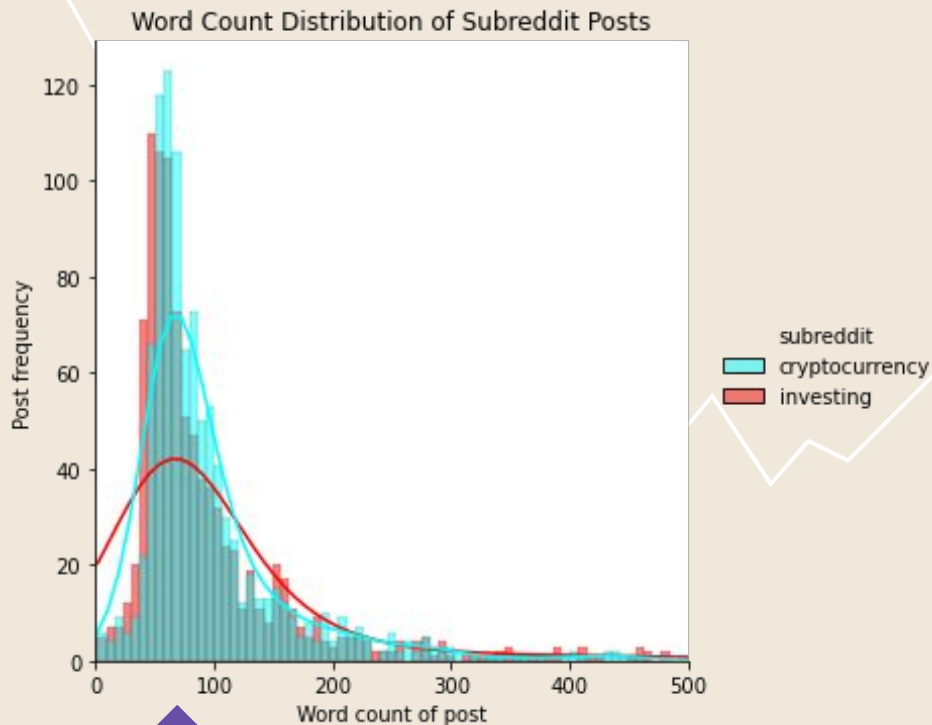
Thanks

Title

+

Body



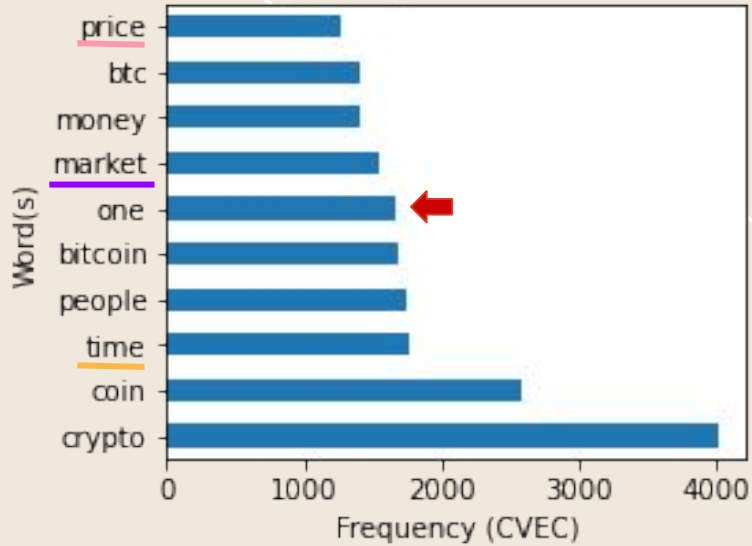


Word Vectorization

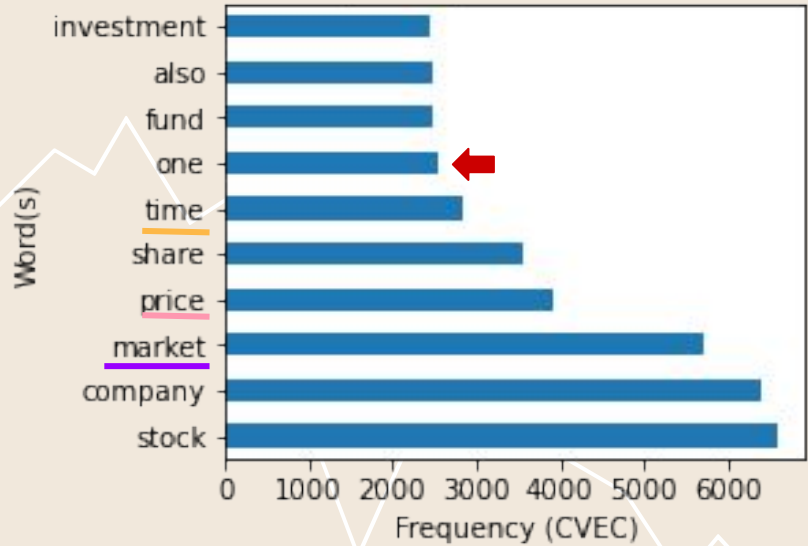
- Count Vectorization
- TF-IDF Vectorization
- N-gram Frequency

Unigram (CVEC)

Top 10 Word(s) in r/cryptocurrency
(CVEC) - Lemmetizer



Top 10 Word(s) in r/investing
(CVEC) - Lemmetizer

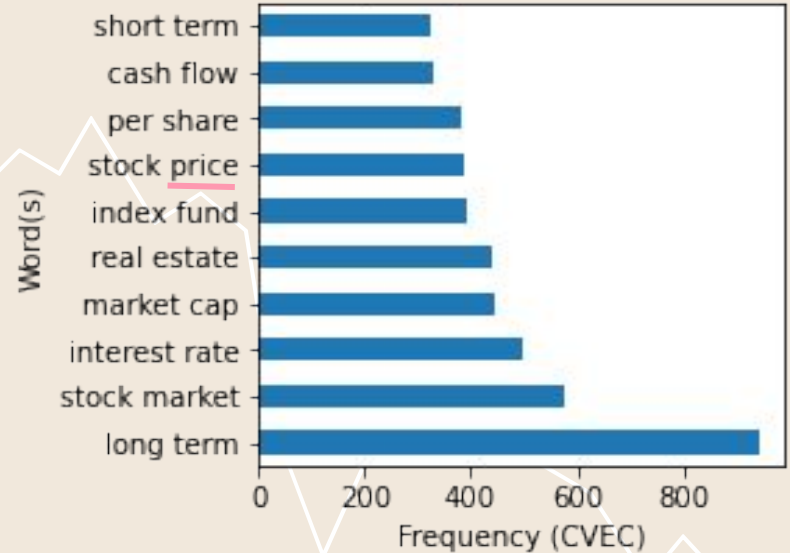


Bigram (CVEC)

Top 10 Word(s) in r/cryptocurrency
(CVEC) - Lemmetizer



Top 10 Word(s) in r/investing
(CVEC) - Lemmetizer



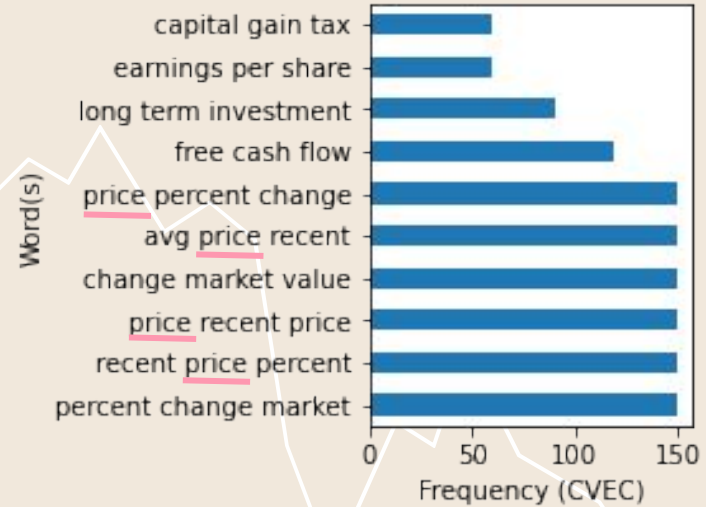
Trigram (CVEC)



Top 10 Word(s) in r/cryptocurrency
(CVEC) - Lemmetizer



Top 10 Word(s) in r/investing
(CVEC) - Lemmetizer



Additional Stopwords



Market

'bear market'
'market cap'

'low market cap'
'change market value'
'market cap coin'

Time

'time high'

'new time high'

Price

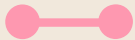
'stock price'

'avg recent price'
'price recent price'
'recent price percent'

Long term

'Short term'

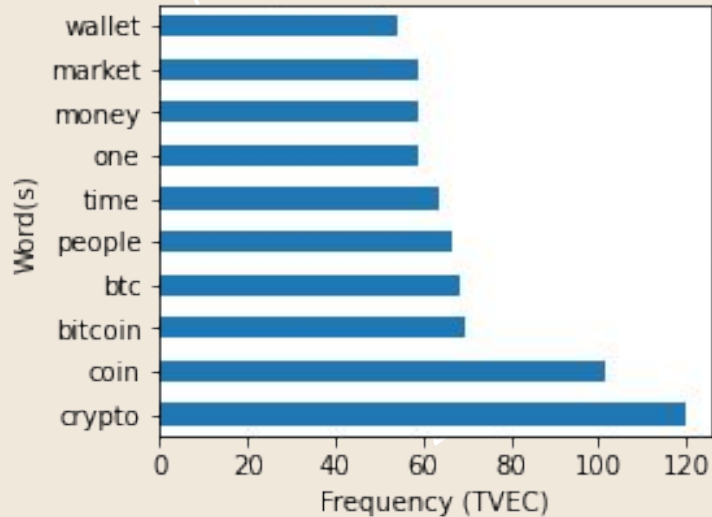
'Long term investment'



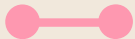
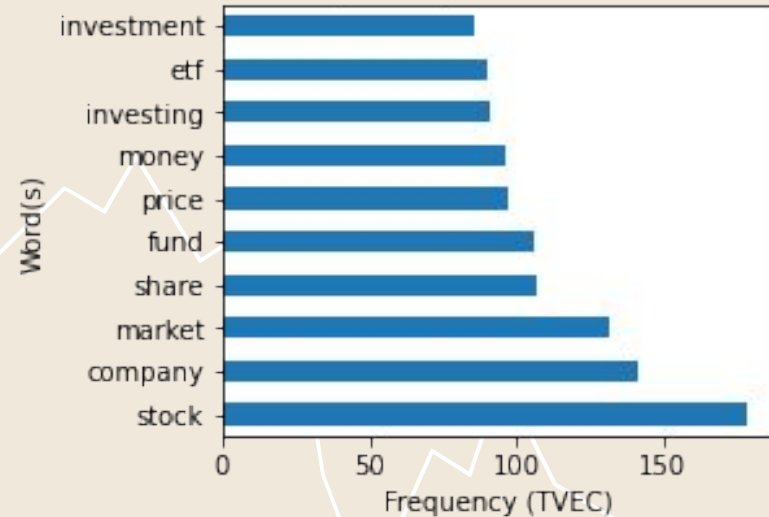
Unigram (TVEC)



Top 10 Word(s) in r/cryptocurrency
(TVEC) - Lemmetizer



Top 10 Word(s) in r/investing
(TVEC) - Lemmetizer

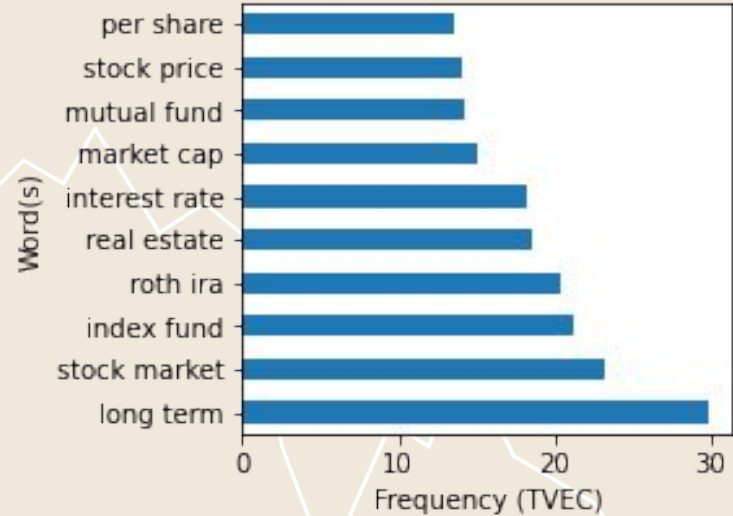


Bigram (TVEC)

Top 10 Word(s) in r/cryptocurrency
(TVEC) - Lemmetizer



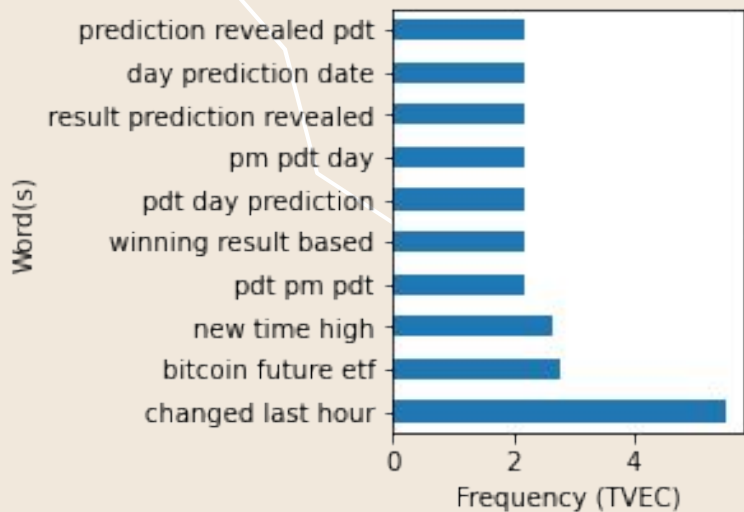
Top 10 Word(s) in r/investing
(TVEC) - Lemmetizer



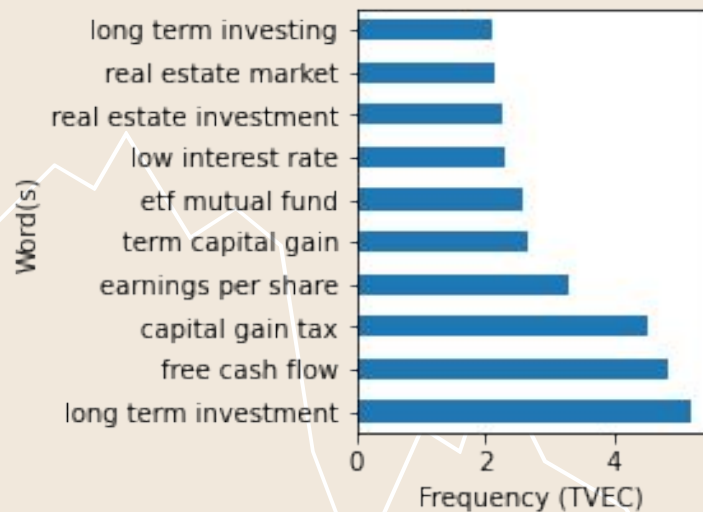
Trigram (TVEC)



Top 10 Word(s) in r/cryptocurrency
(TVEC) - Lemmetizer



Top 10 Word(s) in r/investing
(TVEC) - Lemmetizer









Initial Insights

#1



Repetition of
words

#2



Common words in
both subreddits

#3



Presence of
distinctive
keywords

04

Naive Bayes



Choice of Vectorizers and Hyperparameters


Count Vectorizer

TF-IDF Vectorizer

Hyperparameters

Max features=
2000-5000
ngram range= (1,1), (1,2) ,
(1,3)

Choice of model and Hyperparameters



Multinomial Naive Bayes (CVec)

Multinomial Naive Bayes (TD-IDF)

Hyperparameters



CV = 5, 10, 15, 20



CVEC vs TF-IDF Naive Bayes



CVEC Naive Bayes Classifier

TF-IDF Naive Bayes Classifier

Train Accuracy

94.4%

95.2%

Test Accuracy

93.0%

93.7 %

Sensitivity

88.4%

91.4%

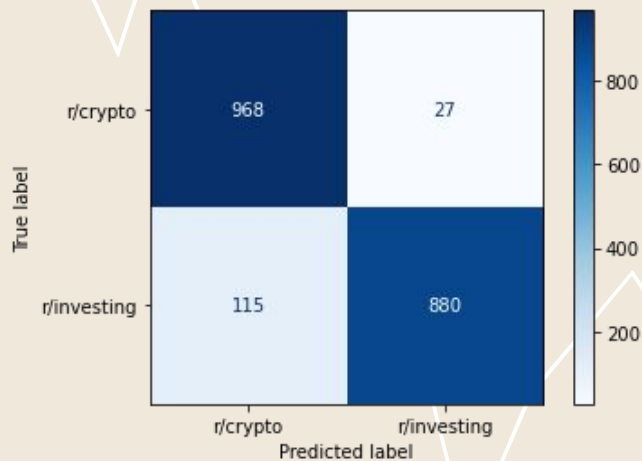
Specificity

97.3%

96.1%

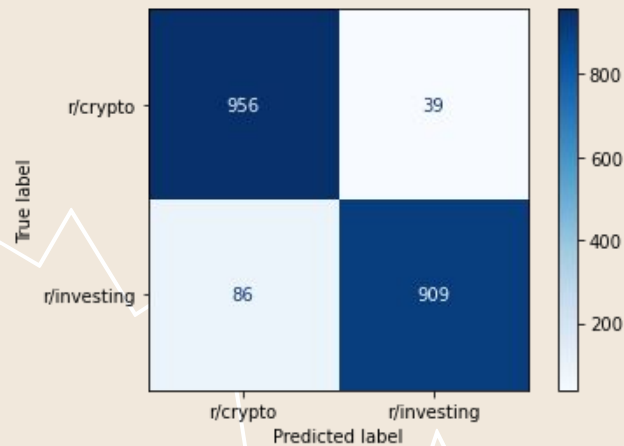


Multinomial Naive Bayes (CVec)



F1 Score: 92.5%

Multinomial Naive Bayes (TF-IDF)



F1 Score: 93.6%

05

Logistic Regression



Choice of Vectorizers and Hyperparameters

Count Vectorizer

TF-IDF Vectorizer

Hyperparameters

Max features =

2000-5000

**ngram range= (1,1), (1,2) ,
(1,3)**

Choice of model and Hyperparameters

**Logistic Regression
(CVec)**

**Logistic Regression
(TD-IDF)**

Hyperparameters

CV = 5, 10, 15, 20

CVEC vs TD-IDF Logistic Regression



CVEC Logistic Regression

TF-IDF Logistic Regression

Train Accuracy

97.9%

96.1%

Accuracy

93.3%

94.8%

Sensitivity

93.8%

94.4%

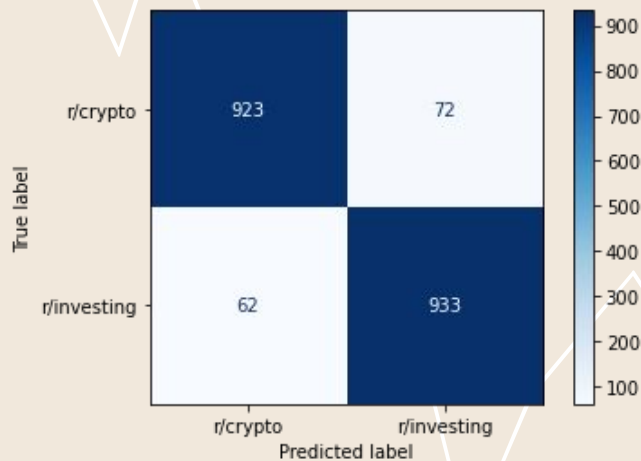
Specificity

92.8%

95.2%

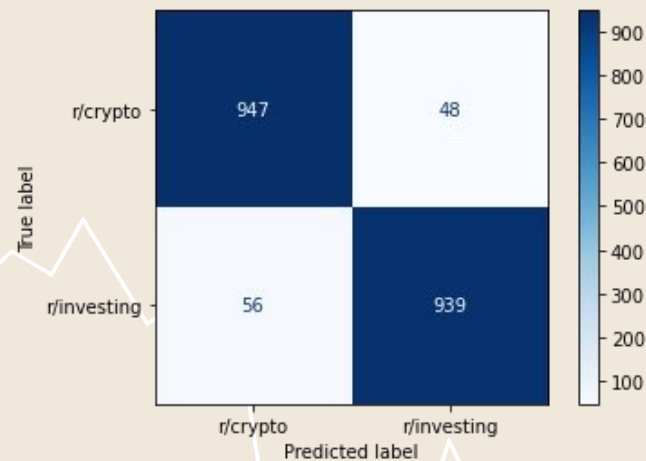


Logistic Regression (CVec)



F1 Score: 93.3%

Logistic Regression (TF-IDF)



F1 Score: 94.8%

Optimal Hyperparameters after GridSearchCV

Optimized Hyperparameters

CV = 5
Max Features = 5000
N-Grams = (1,2)

Overall Top Performing Model

**Logistic Regression
(TD-IDF)**

Accuracy

94.8%

Sensitivity

94.4%

Specificity

95.2%

Precision

95.1%

F1 Score

94.8%



06

Conclusion



Model Comparison Summary



**TF-IDF
Vectorizer +**

Accuracy
(train/test gap)

Sensitivity
(Hit rate for correctly
classifying r/investing)

Specificity
(Hit rate for correctly
classifying r/cryptocurrency)

**Naive Bayes
Classifier**

**Logistic
Regression**

Good ~94% (-2%)	Better ~96% (-1%)
Good ~91%	Better ~95%
Better ~96%	Good ~95%



Final Model Selection

TF-IDF
Vectorizer +

Accuracy
(train/test gap)

Sensitivity
(Hit rate for correctly
classifying r/investing)

Specificity
(Hit rate for correctly
classifying r/cryptocurrency)

Naive Bayes
Classifier

Good ~94%
(-2%)

Good ~91%

Better ~96%

Logistic
Regression

Better ~96%
(-1%)

Better ~95%

Good ~95%



Findings / Insights



Investing market
movers?

tesla
covid
china

Crypto is
hardly cryptic

Niche subject with
distinctive vocabulary
and pet phrases

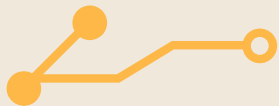
Top 'coin' mentions

btc
eth
shib
ada

In case you were wondering...

btc : bitcoin
eth : ethereum
shib : shiba inu
ada : cardano





Conclusion

96%

Model Metrics

Getting it right 96%
of the time

Respectable!

5%

Misclassification

Turns out,
Machine was correct*

Human was wrong...
i.e. 'misposted' into
the wrong subreddit!

>96%

Captures topics

Filtering posts
enables trading
desks to deep dive
into #nascent topics
before they become
#trending

*Some of crypto topics posted into r/investing were 'correctly' identified, and would not be out of place in r/cryptocurrency



Future Improvements / Opportunities



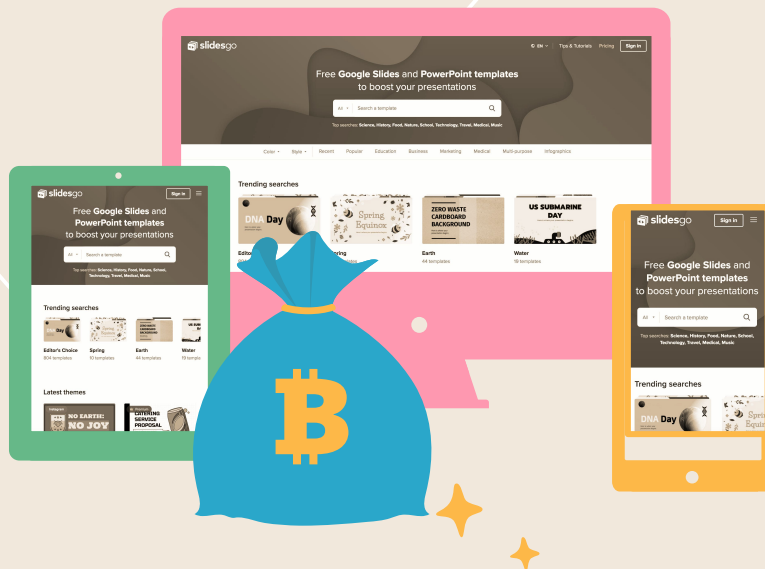
Explore other Classifier models

Models that are self-learning like Random Forest, Support Vector Machine (SVM), XGBoost, could improve the prediction



Extend beyond Reddit platform

Consider expanding to social media posts to capture broader web chatter





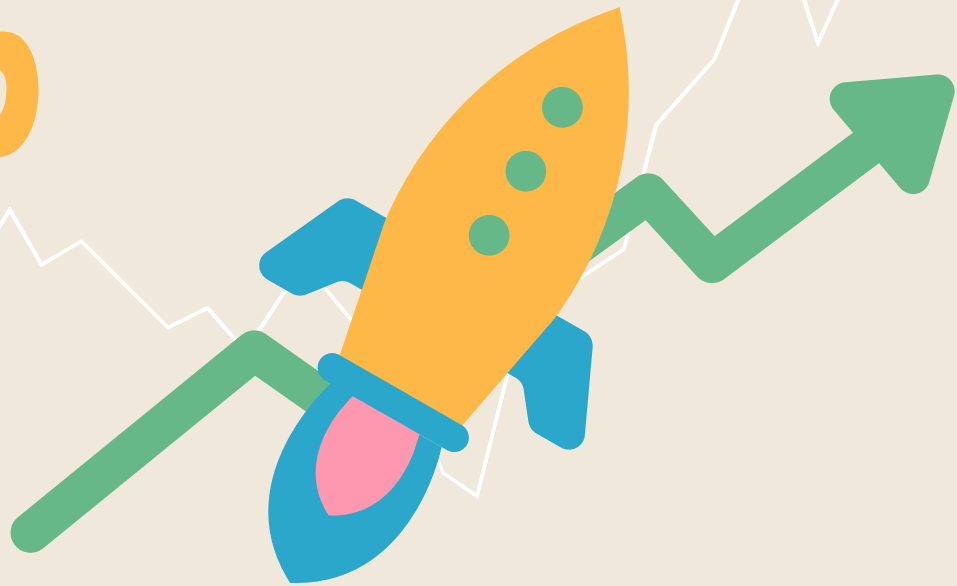
THANKS!

Do you have any questions?

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Back up



Predictor insights

r/investing

r/investing Featured Words	Log(Odds)	Odds	Probability
stock	7.52	1839.26	99.95%
company	5.35	210.59	99.53%
share	3.95	51.84	98.11%
investing	3.57	35.46	97.26%
option	2.39	10.96	91.64%
investment	2.29	9.87	90.80%
fund	2.25	9.46	90.44%
investor	2.08	8.04	88.94%
market	2.06	7.84	88.69%
roth	2.01	7.43	88.13%

r/CryptoCurrency

r/CryptoCurrency Featured Words	Log(Odds)	Odds	Probability
crypto	9.11	9039.02	99.99%
coin	5.94	378.48	99.74%
btc	4.77	117.95	99.16%
bitcoin	4.27	71.52	98.62%
wallet	3.69	40.18	97.57%
moon	3.35	28.39	96.60%
eth	3.17	23.82	95.97%
binance	3.05	21.07	95.47%
project	2.96	19.23	95.06%
cryptocurrency	2.77	15.92	94.09%



Sneak Preview: XGBoost Pre-tuning



Train Accuracy

Test Accuracy

Sensitivity

Specificity

TF-IDF **XGBoost**

99.5%

93.4%

95.0%

90.8%