Climate Risk Hedging

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From Text to Data

Text as Data

1.1 Some Linear Algebra

1.2 Representing Text as Data

Explaining tf-idf:

$$tf_{i,j} - idf_j = \frac{c_{i,j}}{n_i} \times \log(\frac{n}{d_j}) \tag{1.1}$$

1.3 Statistical Method

Explaining cosine similarity

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Explain the various indexes

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Factor Signal

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Simple example to mimick a factor with portfolios.

2.3 Climate Factor Signal

Explain why we are doing:

$$r_{i,t} = \hat{\beta}_i CC_t + \gamma_i^T Factors_t + \hat{\epsilon}_{i,t} \tag{2.1}$$

Chapter 3

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