

Contents

Abstract	4
List of Figures	5
List of Tables	6
1 Introduction	7
1.1 Context and Motivation	7
1.2 Aims and Objectives	7
1.3 Report Structure	7
2 Background	8
2.1 The Foreign Exchange Market	8
2.2 Time Series Forecasting	8
2.2.1 Classification	8
2.2.2 Regression	8
2.3 Currency Exchange Rate Forecasting	8
2.3.1 Statistics Approach	8
2.3.2 Classical Machine Learning Approach	8
2.3.3 Deep Learning Approach	8
2.3.4 Hybrid Methods	8
2.4 Hyperparameter Optimization	8
2.5 Critical Analysis	8
3 Methodology	9
3.1 Data Collection	9
3.2 Data Analysis	9
3.3 Data Pre-processing	9

3.3.1	Data Splitting using Windows	9
3.3.2	Data Scaling and Normalization	9
3.3.3	Sequence Transformation	9
3.4	Model Building	9
3.4.1	LSTM Classifier	9
3.4.1.1	Structure	9
3.4.1.2	Data Smoothing and Detrending	9
3.4.1.3	Training	9
3.4.1.3.1	Optimizer	9
3.4.1.3.1.1	Adam	9
3.4.1.3.1.2	Nadam	10
3.4.1.3.2	Loss Function	10
3.4.1.3.2.1	Binary Cross-entropy	10
3.4.1.3.2.2	Binary Focal Cross-entropy	10
3.4.1.4	Threshold Optimization	10
3.4.1.4.1	Fixed Thresholds	10
3.4.1.4.2	PR Curve	10
3.4.2	LSTM Regressor	10
3.4.2.1	Structure	10
3.4.2.2	Training	10
3.4.2.2.1	Optimizer	10
3.4.2.2.1.1	Adagrad	10
3.4.2.2.1.2	RMSprop	10
3.4.2.3	Loss Function	10
3.4.2.3.0.1	Mean Squared Error (mse)	10
3.4.3	Hybrid Models	10
3.4.3.1	GRU-LSTM	10
3.4.3.1.1	Structure	10
3.4.3.2	TCN-LSTM	10
3.4.3.2.1	Structure	10
3.5	Multivariate Models	11
3.5.1	Feature Selection	11
3.5.1.1	Spearman Correlation	11
3.5.1.2	Granger Causality Test	11
3.6	Hyperparameter Optimization	11
3.6.1	Grid Search	11
3.6.2	Random Search	11
3.6.3	Bayesian Optimization	11

3.6.4	Genetic Algorithm	11
3.6.5	Hyperband	11
3.6.6	Simulated Annealing	11
3.6.7	Reinforcement Learning	11
4	Evaluation Methods	12
4.1	Classification Metrics	12
4.2	Regression Metrics	12
4.3	Ablation Experiments	12
5	Development	13
6	Results and Discussion	14
7	Conclusion	15
7.1	Achievements	15
7.2	Limitations	15
7.3	Future Work	15

Abstract

List of Figures

List of Tables

Chapter 1

Introduction

1.1 Context and Motivation

1.2 Aims and Objectives

1.3 Report Structure

Chapter 2

Background

2.1 The Foreign Exchange Market

2.2 Time Series Forecasting

2.2.1 Classification

2.2.2 Regression

2.3 Currency Exchange Rate Forecasting

2.3.1 Statistics Approach

2.3.2 Classical Machine Learning Approach

2.3.3 Deep Learning Approach

2.3.4 Hybrid Methods

2.4 Hyperparameter Optimization

2.5 Critical Analysis

Chapter 3

Methodology

3.1 Data Collection

3.2 Data Analysis

3.3 Data Pre-processing

3.3.1 Data Splitting using Windows

3.3.2 Data Scaling and Normalization

3.3.3 Sequence Transformation

3.4 Model Building

3.4.1 LSTM Classifier

3.4.1.1 Structure

3.4.1.2 Data Smoothing and Detrending

3.4.1.3 Training

3.4.1.3.1 Optimizer

3.4.1.3.1.1 Adam

3.4.1.3.1.2 Nadam

3.4.1.3.2 Loss Function

3.4.1.3.2.1 Binary Cross-entropy

3.4.1.3.2.2 Binary Focal Cross-entropy

3.4.1.4 Threshold Optimization

3.4.1.4.1 Fixed Thresholds

3.4.1.4.2 PR Curve

3.4.2 LSTM Regressor

3.4.2.1 Structure

3.4.2.2 Training

3.4.2.2.1 Optimizer

3.4.2.2.1.1 Adagrad

3.4.2.2.1.2 RMSprop

3.4.2.3 Loss Function

3.4.2.3.0.1 Mean Squared Error (mse)

3.4.3 Hybrid Models

3.4.3.1 GRU-LSTM

3.4.3.1.1 Structure

3.4.3.2 TCN-LSTM

3.4.3.2.1 Structure

3.5 Multivariate Models

3.5.1 Feature Selection

3.5.1.1 Spearman Correlation

3.5.1.2 Granger Causality Test

3.6 Hyperparameter Optimization

3.6.1 Grid Search

3.6.2 Random Search

3.6.3 Bayesian Optimization

3.6.4 Genetic Algorithm

3.6.5 Hyperband

3.6.6 Simulated Annealing

3.6.7 Reinforcement Learning

Chapter 4

Evaluation Methods

4.1 Classification Metrics

4.2 Regression Metrics

4.3 Ablation Experiments

Chapter 5

Development

Chapter 6

Results and Discussion

Chapter 7

Conclusion

7.1 Achievements

7.2 Limitations

7.3 Future Work