Stock Market

- Financial data reflect the day to day decision making of the society

Baseline

- We find that returns from the Google Trends strategies we tested are significantly higher overall than returns from the random strategies (, R . US 5 0.60; t 5 8.65, df 5 97, p , 0.001, onesample t-test).

- Assumptions: US users only, mouse click by a foreign Ip does not count

- Moving Avg Baseline

- Exponential Moving Avg

- Jump to GTrends

Google Trends

- Search to Sale

- Quantifying Trading Behavior in Financial Markets Using Google Trends. By Tobias Preis, Helen Susannah Moat & H. Eugene Stanley, 25th April 2013

- Google has begun to provide access to aggregated information on the volume of queries for different search terms and how these volumes change over time

- Current state of the stock markets, but may have also been able to anticipate certain future trend. Analyze before buy or sell

- We use Google Trends to determine how many searches $n(t-1)$ have been carried out for a specific search term such as debt in week $t-1$, where Google defines weeks as ending on a Sunday, relative to the total number of searches carried out on Google during that time.

- HOLD relative less interest, BUY, SELL

- WEEK TO WEEK

- Decrease in search volume prompts us to buy, increase in search to sell

- Specific search value terms pointing to buy/sell - Failed

Results and interpretation

- Our Google trends algorithm slightly shows much better than the randomn model. It is very close to

Results- What to buy