



Fixed Income & Currencies

MarketPsych Analytics For Global Macro



MarketPsych Analytics Use

MarketPsych in Best-in-Class for Forex and Fixed Income

A 2022 Deutsche Bank Quantcraft report ("Catching the Sentiment Waves", 22 Nov 2022), found strong predictability in the MarketPsych Analytics dataset for commodities, FX and fixed income quantitative strategies, outclassing the 12 other sentiment datasets assessed.

MarketPsych's currency and country macroeconomics datasets analyse real-time media reports to derive sentiment and thematic indicators for 40+ currencies, 60+ sovereign bonds, and 50+ macroeconomic indicators. The data includes media sources in 13 languages from the top global economies. Time series scores provided include buzz, sentiment, and unique thematic scores such as economicGrowth, currencyMomentum, and Fear – all derived from textual mentions in news and social media.

"The degree of predictability is strong in Fixed Income, Commodities and FX...."

~ "Catching the Sentiment Waves." Nov 22, 2022. Deutsche Bank, Quantcraft.



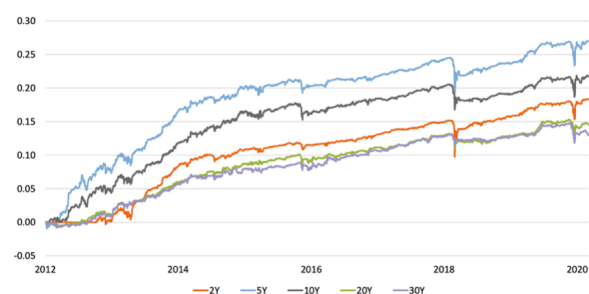
leads to higher and more stable carry-trade returns than investing in the highest interest rate currencies.

Case Study

NN Investment Partners uses MarketPsych for Fixed Income Strategies

NN Investment Partners (NNIP, \$300 billion AUM, acquired by Goldman Sachs in 2022) employs MarketPsych's Analytics to enhance its sovereign fixed income quantitative strategy. In NNIP's fixed income strategy, the inputs consist of traditional quantitative factors alongside MarketPsych's unique sentiment analysis. These inputs feed into a multi-factor model, which systematically combines the variables to generate precise trading signals on when to adjust positions in swap spreads. Read more in their paper incorporating MarketPsych data [here](#).

Figure 2. Gross cumulative returns per tenor for the swap spread timing model



Forecasting Studies

Forecast Inflation & Improve Carry Trade Returns with Sentiment

Financial institutions and central banks also use this dataset to forecast / nowcast macro indicators such as rates, inflation and economic growth. One internal MarketPsych study from 2021 shows that forecasts using MarketPsych's data achieve a ~30% tighter fit to CPI values versus the expert consensus forecast. Specifically, the research used our daily InflationForecast score for the U.S. in an expanding window SARIMAX time series model. In spring 2024 we gave a major French bank our python notebook so they could replicate our CPI forecasts. They successfully did so, and the bank subscribed to our Country and Country Markets data to fuel their global fixed income strategies.



Another MarketPsych study shows that sentiment data can enhance carry trade returns. Preferentially investing in currencies with high home country "fear" (risk perception),