

REUTERS/Kim Kyung Hoon

THOMSON REUTERS MARKETPSYCH INDICES

Easy-to-interpret real-time psychological analysis of news and social media

Where there are markets, there are emotions.

Where there are emotions, there are cycles.

Where you understand cycles, you profit.

Thomson Reuters MarketPsych Indices. Psychological insight. Market foresight.



THOMSON REUTERS™

MEASURING THE IMMEASURABLE

YOU CAN'T MEASURE THE IMMEASURABLE – OR CAN YOU?

Behavioral economists have known for some time that emotions affect markets in predictable ways.

What if you could measure the state of emotions in real time? You could see those patterns as they emerge, not in hindsight.

And you can. Thomson Reuters MarketPsych Indices scour the news and other media constantly. They analyze it and extract meaning. And they give it to you straight – in numbers you can use to drive profitable decisions.

CONSTANT VIGILANCE, CLEAR SIGNALS

Thomson Reuters MarketPsych Indices analyze news and social media in real-time to convert the volume and variety of professional news and the internet into manageable information flows that drive sharper decisions.

The indices are delivered as real-time data series that can easily be incorporated into your investment and trading decision processes – quantitative or qualitative.

Two key types of indicator are provided:

- Emotional indicators, such as **Gloom**, **Fear** and **Joy**
- Buzz metrics that indicate how much something is being talked about in the news and social media. These include macroeconomic themes such as the level of talk about **Litigation**, **Mergers** and **Volatility**

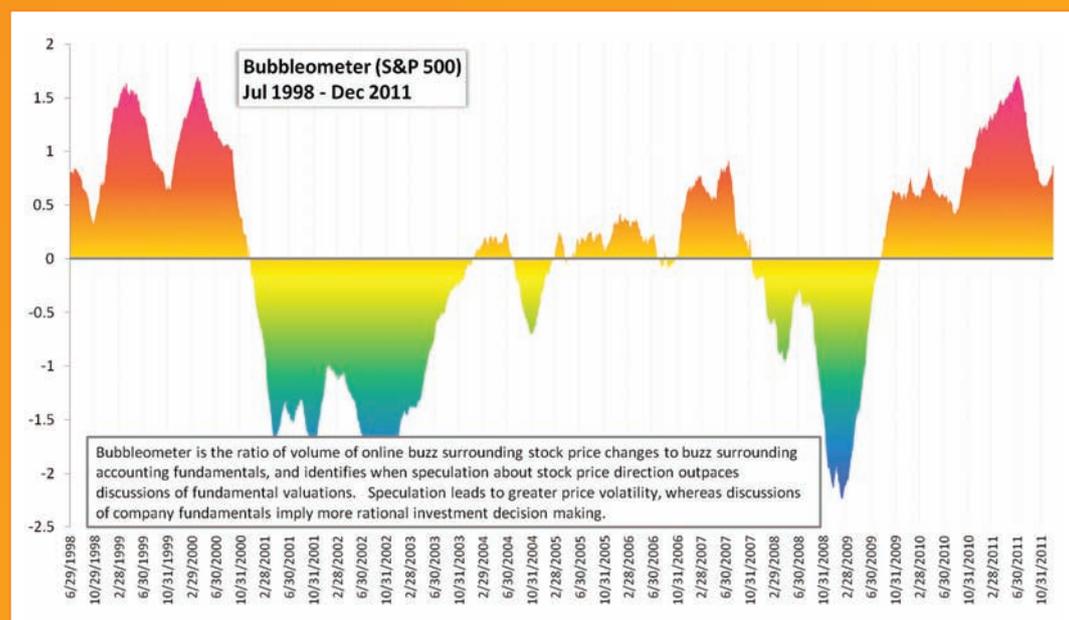
The indicators are updated every minute for sectors, regions, countries, commodities and energy topics, indices and currencies. They can be translated directly into spreadsheets or charts that can be monitored by traders or analysts – or they can be plugged straight into your algorithms for low frequency or longer term asset allocation or sector rotation decisions.

EMOTIONS MOVE MARKETS

Psychological states affect the way people trade. Show people upbeat images and they will trade aggressively and trade more; show them downbeat images and they will trade defensively and trade less. So our indices give instant insight into likely near-term trading patterns; they accurately show the emotions and preoccupations of the markets – which inevitably influence price.

Follow the changing values of **Fear**, **Trust** or **Uncertainty** in the **Financials** sector, for example, or **Gloom** in the **Airlines** sector or **Innovation** in the **Clean Technology** sector. Equally, you can watch out for polarities between **Buzz** and **Sentiment**, or any specific emotional index.

These enable you to understand a market's psychological state – vital for timing your interventions within market cycles.



Is there a bubble forming? View market risk in the most engaging manner – and time your buying and selling close to perfection.

ANSWER THE KEY QUESTIONS

By analyzing specific attitudes expressed within stories and tracking the most relevant macroeconomic themes in an asset class, you can answer a whole new set of questions with quantifiable evidence that may support your hypotheses or provide you with the opposing perspective to ensure you are not in a psychological state that biases your theory. Pick your favorite financial conundrum of the moment, and these indices can reveal key information you may need to act upon.

From soaring sovereign debt to pegged currencies, from gloomy bank equity to geopolitical threats to oil, Thomson Reuters MarketPsych Indices provide greater context.

- Gain a quantitative view of market psychology
- Incorporate excessive optimism or increased uncertainty into your trading models
- Discover which countries have the most **Economic Uncertainty**, which sectors are most engaged in **Layoffs** or **Litigation**, which commodities are experiencing the most **Optimism** among investors
- See what factors are impacting commodities globally every day, which themes are the most talked about and perhaps have their effects already incorporated into pricing
- Boost alpha with improved asset allocation and sector rotation – use information momentum and psychological states to identify stages within market and economic cycles
- Complement the bottom-up analysis from Thomson Reuters News Analytics with a top-down approach that factors in market psychology and macroeconomic factors

NEW INSIGHTS, MORE OPPORTUNITIES

- **Quant Traders/Investors.** Augment your trading and risk models with alpha-generating and risk-mitigating properties and better identify changing market cycles. Refine your momentum, mean-reversion and volatility strategies by measuring the buzz and speed of information dissemination as well as the relevant topics and attitudes toward that information
- **Global Macro Hedge Funds.** Understand market cycles based on the psychological perceptions in each country, market and asset class and make better global asset allocation decisions then drill down into sectors and choose your strategy
- **Forex and currency traders.** Identify news and social media flow that might impact your investment theses. Find psychological arbitrage opportunities by monitoring macroeconomic imbalances, buzz, psychological imbalance and attitudes towards countries and currencies
- **Commodity and Energy Funds.** Monitor global information flow about agricultural products, including supply and demand issues, industrial accidents, weather damage, changes in subsidies and the sentiment of investors, consumers and producers. Identify mis-pricings and momentum opportunities based on attitude swings
- **Fundamental investors.** Assess and understand qualitative psychological perceptions in the market to better support your investment hypotheses.
- **Insurers.** Monitor risk perceptions worldwide; identify fear in different locations to change the pricing of your products in response; hedge effectively in times of high uncertainty
- **Government Agencies.** Monitor risk perceptions in different currencies, interest rates in certain economic sectors, and conflict in select countries or ascertain levels of concern about unemployment and layoffs which may affect policy decisions
- **News organizations.** Focus your reports on the subjects people care about the most and understand why and how they care about it

INNOVATIVE TECHNOLOGY

Thomson Reuters MarketPsych Indices, a natural complement to Thomson Reuters News Analytics, use the most innovative technology to generate meaningful measures. We perform high-speed text analysis on news and social media across the internet globally. This uses natural language processing created by MarketPsych – the market leaders in behavioral psychology in financial markets.

ENHANCED FLEXIBILITY

Thomson Reuters MarketPsych Indices are delivered as a hosted solution from Elektron. The system is built on Thomson Reuters standard APIs, symbology, and the robustness of the Thomson Reuters Enterprise Platform for Real Time – which powers some 50,000 applications at over 2,600 sites worldwide.

OUT-PSYCHING THE MARKETS

Thomson Reuters MarketPsych Indices were developed by pioneering researchers – who have used these indicators to achieve real market success.

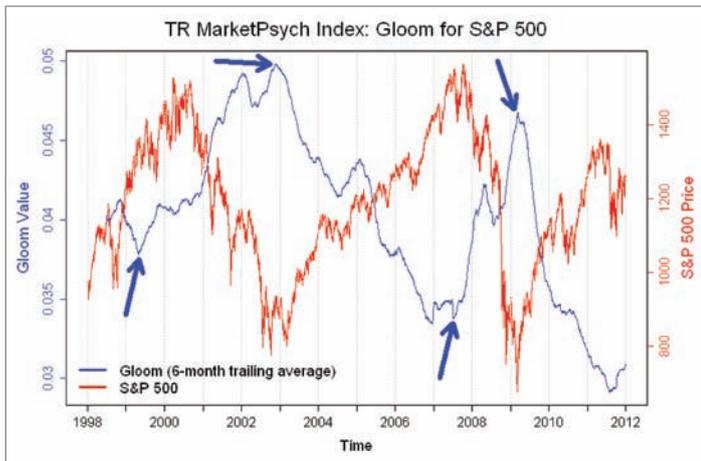
MarketPsych was founded by a practicing psychiatrist and quantitative analyst. Dr Richard Peterson authored **Inside the Investor's Brain: the Power of Mind over Money**. The company understands and teaches behavioral finance – and develops financial applications using the latest insights from research in behavioral economics.

With dual expertise in laboratory science and high-end software development, the company has created language analysis software that measures the psychological meaning conveyed in the written word. By honing in on the valuable and predictive aspects of this data, Thomson Reuters MarketPsych indices unlock the potential it offers traders, investors, risk managers and others.

WHY THOMSON REUTERS?

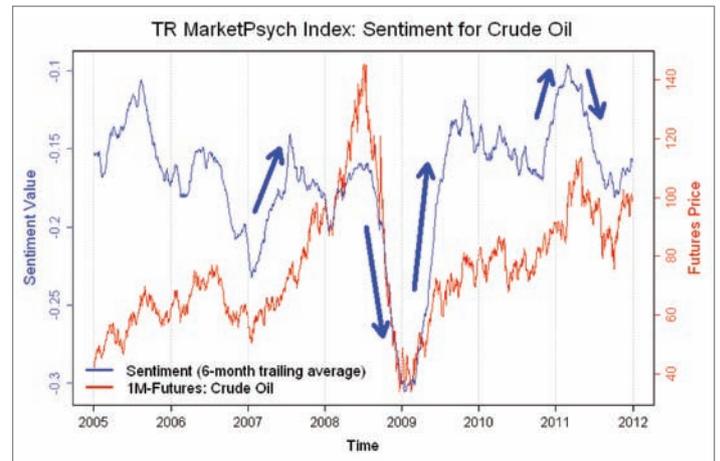
Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. With an unrivalled legacy of providing trusted market-moving news to the global financial community, Thomson Reuters is also the leading provider of machine-readable news services powering both quantitative strategies and human decision support by combining the broadest news coverage, access to exclusive market-moving content, market-leading natural language processing capabilities and the lowest-latency delivery of critical information.

WATCH THE DRIVERS AND SEIZE OPPORTUNITY EARLY



GLOOM

Profit from Gloom. When the gloomy talk about the S&P 500 starts dipping, the market start to rise soon after – and vice-versa, of course. Either way, you get a head start.



SENTIMENT

Sentiment leads the market. Here we see the 6-month trailing average of sentiment of sentiment on crude oil regularly preceding and predicting changes in market direction.

FOR MORE INFORMATION

Send us a sales enquiry at:
forms.thomsonreuters.com/qed/

Read more about our products at:
financial.thomsonreuters.com/qed

Find out how to contact your local office:
thomsonreuters.com/about_us/locations/

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