

# Markit Research Signals: Social media indicators

A suite of social media factors to support research, strategy development and investment decisions

Markit provides systematic social media indicators designed to help customers gauge the market sentiment of stocks.

Social media provides a new source of data to support alpha generation. The volume of social media information, with more than 500 million tweets posted on Twitter per day, makes tapping into its potential value and deriving insight a challenge.

We developed our social indicators using data from Social Market Analytics (SMA). The SMA process extracts relevant tweets, validates the source and evaluates the meaning to measure positive or negative sentiment. The SMA data also assesses the quality of the source to show meaningful volume and identify when behaviour deviates from the norm.

In addition to SMA's 15 core factors, we deliver seven social media indicators developed by Markit to provide additional insight. For example, our proprietary volume adjusted sentiment score accounts for a positive skew in sentiment to names with the most tweets to provide a more stable time series.

## Actionable insight

Includes indicators across tweet sentiment, volume, relative value, changing sentiment and dispersion, with historical coverage dating back to December 2011.

## Predictive

In a Markit study using SMA data, a strategy based on buying positive sentiment names and selling negative sentiment names produced an annualised return of 42% since December 2011.

## Uncorrelated

Social media indicators are uncorrelated with standard sentiment metrics from equity, options and short interest markets.

## Idea generation

Offers a new source of data to support idea generation and differentiate investment research and strategies.

**22**

social media indicators

**3,200**

US-traded stocks in the stock universe

**1200+**

stocks with daily signals

**15**

minute intraday data

## Customers

Hedge funds  
Asset managers  
Banks

## More information

For more information on the products and services from Markit, please contact us at [sales@markit.com](mailto:sales@markit.com) or call one of our regional offices:

<b>London</b>	+44 20 7260 2000
<b>New York</b>	+1 212 931 4900
<b>Amsterdam</b>	+31 20 50 25 800
<b>Boulder</b>	+1 303 417 9999
<b>Dallas</b>	+1 972 560 4420
<b>Frankfurt</b>	+49 69 299 868 100
<b>Hong Kong</b>	+852 3478 3948
<b>Tokyo</b>	+81 3 6402 0130
<b>Toronto</b>	+1 416 777 4485
<b>Singapore</b>	+65 6922 4200
<b>Sydney</b>	+61 2 8076 1122

The 22 social media indicators cover the following categories:

**Tweet sentiment**

Quantifies alpha-generating sentiment from tweets, filtered for financial trading relevance and scored for market sentiment content

**Tweet volume**

Identifies increased interest in a stock

**Relative value**

Computes scores relative to the market and/or the stock's recent history to provide a clearer view of sentiment levels

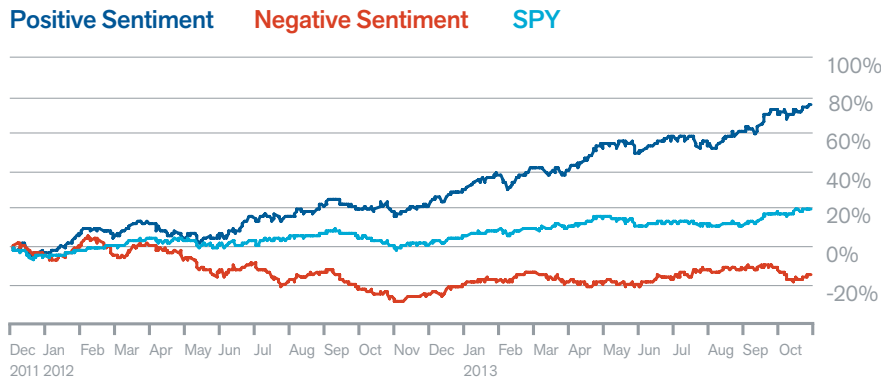
**Changing sentiment**

Measures 1-day to 20-day look back signals to identify trends in the sentiment signals

**Dispersion**

Assesses the number of unique tweet sources to gauge the validity of a signal

Cumulative returns of S-Score versus SPY



The SMA process extracts relevant tweets, validates the source and evaluates the meaning to measure positive or negative sentiment.

