IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

INVESTAI: CONNECTING WITH FUTURE GAINS

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Abstract : This survey explores the dynamic realm of financial market analysis and decision-making, focusing on methodologies empowered by the Consumer Price Index (CPI). A thorough examination of existing literature and research initiatives reveals the strategic use of CPI data to refine sector selection and enhance stock predictions. The Consumer Price Index, a pivotal economic gauge, reflects the average change in prices paid by urban consumers for a basket of goods and services over time. This paper investigates how the integration of CPI data into financial models contributes to precision and insight in stock market decision-making. The survey encompasses a range of approaches and techniques deployed by researchers and practitioners to harness the potential of CPI in the realms of sector analysis and stock predictions. It scrutinizes the influence of CPI on risk assessment, market volatility, and the identification of investment opportunities. Additionally, the paper explores the incorporation of machine learning and artificial intelligence methodologies in processing and interpreting CPI data for predictive modeling. Moreover, the survey delves into the challenges and limitations inherent in CPI-powered strategies, addressing concerns related to data quality, timeliness, and potential biases. The synthesis of findings from diverse studies contributes to a holistic understanding of the strengths and weaknesses of CPI-driven methodologies in financial decision-making. As financial markets evolve in complexity and interconnectivity, the insights derived from this survey provide valuable guidance for investors, financial analysts, and policymakers navigating the intricate landscape of sector selection and stock predictions. The paper concludes with a discussion on future directions and emerging trends in CPI-powered financial analysis, emphasizing potential avenues for continued research and development in this dynamic field.

I. INTRODUCTION

The contemporary financial landscape is marked by its dynamic nature, where markets are influenced by various factors demanding sophisticated analytical tools and strategies. Economic indicators have become indispensable in financial decision-making, with the Consumer Price Index (CPI) standing out as a prominent metric reflecting the average change in prices for a basket of goods and services over time. This survey paper explores the evolving paradigm of financial market analysis, with a specific focus on the application of CPI-powered methodologies in sector selection and stock predictions.

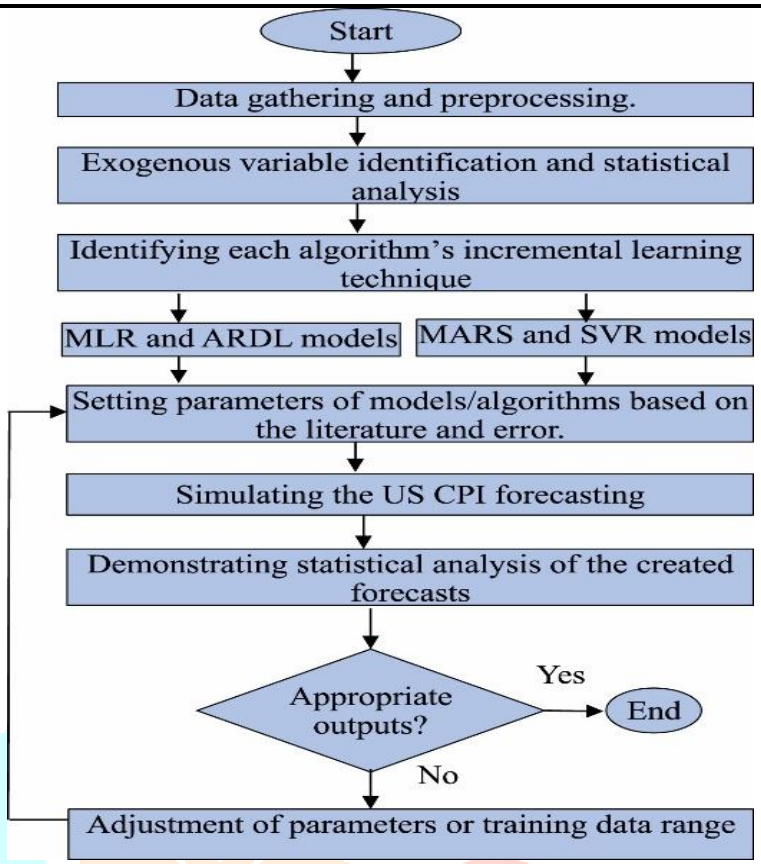
The Consumer Price Index traditionally serves as an inflation barometer, employed to measure changes in the cost of living. However, its utility extends beyond conventional applications, finding relevance in the domain of financial modeling. The objective of this paper is to provide a comprehensive overview of how the integration of CPI data into financial models can significantly enhance the accuracy and efficacy of decision-making processes in the stock market.

II. LITERATURE SURVEY

The application of various machine learning (ML) techniques in predicting inflation has been explored by several researchers. For instance, Simionescu utilized artificial neural networks (ANNs) and support vector machines (SVMs) to forecast inflation in Romania from Q1 2008 to Q4 2021. Similarly, Maldeni and Mascrenghe [1] employed a machine learning ensemble, including random forest (RF), ANNs, extreme gradient boost (XGBoost), support vector regression (SVR), k-nearest neighbors (kNN), and linear regression (LR), asserting its competitive accuracy compared to traditional methods. In a different approach, Barkan et al. applied the hierarchical recurrent neural network (HRNN) algorithm to predict disaggregated components of the Consumer Price Index (CPI). Salisu and Isah [2] used linear time-series algorithms like autoregressive integrated moving average (ARIMA) and fractionally integrated versions (ARFIMA) for forecasting US inflation from 1957 to 2017. Additionally, Özmen, Yılmaz, and Weber [3] utilized MARS and LR techniques to predict natural gas consumption for residential users. While these studies provide valuable insights and methodologies, it is crucial to emphasize the importance of original contributions in forecasting the US Consumer Price Index (CPI). Prior research has concentrated on factors influencing the CPI, such as oil prices, gold prices, and the federal funds effective rate. Notably, global oil prices exhibit a significant long-term impact on the CPI [4], as demonstrated in studies focusing on China from October 1999 to October 2008. The federal funds rate (FFR) is identified as a substantial influencer of the CPI, and global gold prices are considered important predictors. These factors—oil price, gold price, and the federal funds effective rate— stand out as essential elements influencing the US CPI. Consequently, these factors can be leveraged in modeling and analyzing US CPI predictions using machine learning methodologies.

III. PROPOSED SYSTEM

The exploration of CPI-powered methodologies for sector selection and stock predictions lays the groundwork for an enhanced financial decisionmaking system. The proposed system intends to draw upon the insights derived from this survey to integrate advanced machine learning algorithms, thereby creating a more dynamic and predictive model. Addressing the crucial need for timeliness in financial markets, the system aims to enhance real-time processing mechanisms for CPI data, allowing it to adapt swiftly to the latest information. A key focus of the proposed system involves the integration of CPIpowered strategies with other macro-economic indicators, fostering the development of a more comprehensive and holistic financial model that captures the intricate interdependencies within the market. Recognizing the global implications of CPIpowered strategies, the system aspires to refine these models for universal applicability, acknowledging potential variations in the impact of CPI on sector selection and stock predictions across diverse economic environments. The design of the system emphasizes ethical considerations and compliance with regulatory frameworks, ensuring responsible and transparent financial practices as these models evolve in sophistication.



Architecture diagram

In summary, the proposed system synthesizes the findings of this survey to propel the current state of CPI-powered financial analysis forward. Through the incorporation of cutting-edge technologies, optimization of real-time processing, and an expanded integration with macro-economic indicators, the proposed system aims to establish a more robust and adaptable framework for sector selection and stock predictions. Its global perspective and commitment to ethical considerations position the system as a forward looking solution, contributing to the ongoing evolution of informed financial decision-making in the dynamic landscape of the global economy.

IV. FUTURE WORK

In addition, scholars can direct their attention towards the advancement of real-time processing mechanisms tailored for Consumer Price Index (CPI) data, acknowledging the critical role of timeliness in financial decision-making. A thorough exploration into how these models can swiftly adapt to the most recent CPI information holds the potential to markedly enhance their efficacy within dynamically changing market conditions. Another prospective avenue for future research entails the examination of the integration of CPI-powered strategies with other macro-economic indicators, fostering the creation of more inclusive financial models. A nuanced understanding of the interplay and correlations between CPI and factors such as interest rates, GDP growth, and unemployment rates could offer a more comprehensive and holistic approach to market analysis. The potential integration of blockchain technology and cryptocurrency into investment portfolios is a promising avenue that could revolutionize how assets are managed and traded. Additionally, it is crucial to investigate the impact of global economic shifts, geopolitical events, and emerging market dynamics on investment performance to develop resilient and adaptive investment strategies. Moreover, in the context of rapid advancements in financial technology, ongoing exploration into regulatory frameworks and ethical considerations surrounding novel investment instruments is essential to foster a robust and trustworthy financial ecosystem. These proposed directions highlight the importance of continuous exploration and adaptation within the field of investment, ensuring that research remains at the forefront of innovation and remains responsive to the evolving complexities of the financial landscape.

V.CONCLUSION

In conclusion, this survey has systematically navigated the intricate landscape of CPI-powered methodologies in the realms of sector selection and stock predictions, providing insights into their contemporary applications, challenges, and future trajectories. The Consumer Price Index (CPI), traditionally utilized to measure changes in the cost of living, has emerged as a robust instrument within financial modeling, offering valuable perspectives on market trends and risk dynamics. Through a comprehensive review of existing literature and research initiatives, we have uncovered a spectrum of methodologies employed by researchers and practitioners, with a particular emphasis on the integration of cutting-edge technologies such as machine learning and artificial intelligence. The examination of real-time processing, the amalgamation of macro-economic indicators, and the global ramifications of CPI-powered strategies has underscored the imperative for sustained research efforts in refining and advancing these models. As financial markets continue to evolve, recognizing the ethical considerations and navigating regulatory frameworks associated with CPI-powered models is of paramount importance. Beyond consolidating the current state of knowledge, this survey serves as a catalyst for future research, urging scholars to delve deeper into unexplored dimensions and contributing to the ongoing discourse on informed financial decision-making within the dynamic global economy.

V. REFERENCES

1. R. Maldeni, M.A. Mascrenghe Title: A Machine Learning Approach to Inflation Prediction Based on CCPI. In the proceedings of the Sixth International Congress on Information and Communication Technology (ICICT 2021) in London, Volume 2, held by Springer Singapore, this research by R. Maldeni and M.A. Mascrenghe delves into a machine learning approach for predicting inflation based on the CCPI (Consumer Confidence Price Index). The study, presented in 2021, is a valuable contribution to the exploration of advanced techniques for inflation prediction.

2. A.A. Salisu, K.O. Isah Title: Predicting US Inflation: Evidence from a Novel Approach. Published in the Economic Modelling journal in 2018, this work by A.A. Salisu and K.O. Isah introduces a fresh perspective on predicting inflation in the United States. The researchers employ a novel approach, providing evidence that enriches the discourse on inflation prediction methodologies.

3. A. Özmen, Y. Yılmaz, G.W. Weber Title: Natural Gas Consumption Forecast Using MARS and CMARS Models for Residential Users. Explored in the Energy Economics journal in 2018, A. Özmen, Y. Yılmaz, and G.W. Weber present a study forecasting natural gas consumption for residential users. The research employs MARS (Multivariate Adaptive Regression Splines) and CMARS (Cubist Multivariate Adaptive Regression Splines) models, offering insights into energy consumption predictions.

4. G. Filis Title: Macro Economy, Stock Market, and Oil Prices: Examining Cyclical Fluctuations. This study by G. Filis examines the cyclical fluctuations among macroeconomics, the stock market, and oil prices. Explored in 2018. The author investigates meaningful relationships among these economic factors, contributing to a deeper understanding of their interconnected dynamics