

## Can the Content of News Better Improve Volatility Forecast?

Philip L.H. Yu\* and Jackie, K.C. Tom

The University of Hong Kong, Hong Kong, China  
plhyu@hku.hk

### Abstract

Volatility plays a critical role in providing information in marking various financial and investment decisions. In this talk, we will explore how the content of news improves the volatility forecasting. We will understand how to quantify the unstructured textual news through the process of text mining by their features. Possible features include the individual term count, sentiment, and length of the article. Then we attempt to identify features of news articles that could improve the volatility forecast during the periods in which volatility is relatively poorly modeled.

**Keywords:** Text mining; GARCH; News.