





FinGPT Forecaster:

Leveraging Large Language Models for Enhanced Robo-Advising in Finance

DMO-FinTech@PAKDD2024

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Agenda

Why Open-Source FinGPT

Challenges of Handling Financial Data

FinGPT Framework

FinGPT-FinNLP: Data-Centric Design of Data Curation Pipeline

FinGPT-Benchmark: Instruction Tuning Paradigm for Financial Data

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Why Open-Source FinGPT?

Data Perspective:

- Witnessing a shifting trend towards democratizing Internet-scale financial data
- > Promoting quality of financial data in a collaborative way, crucial for accurate modelling
- > Sharing the understandings of financial data, crucial for events

Model Perspective:

- Directly applying general-purpose LLMs to finance may lead to sub-optimal or even contradictory results.
- > Example: A layoff, negative to the public, may result in market going up (positive to investors)

Wall Street cannot open-source LLMs nor open APIs, due to FinTech institutes' internal regulations and policies.



Financial Innovation through AI and Open-Source Collaboration

Our mission emphasizes the promotion of standardized practices and the development of opensource resources, benefiting both the research community and industry professionals.

Short-term Goal:

We aim to foster their adoption across the open-source finance ecosystem, provide ongoing maintenance and bug fixes for mature environments, and integrate more key open-source projects into our portfolio, elevating them to our standards of maturity.

Long-term Goal:

Offer enhanced standardization tools for professionals engaged in applied financial tasks. This includes developing resources akin to a standardized API for financial environments, as well as broadening our suite of open-source tools beyond the foundational layers.



Lowering the Cost of Training Domain-Specific LLMs

Cost Estimation for GPT-3 Training & BloombergGPT

- GPT-3 (175B) Estimated Cost: According to OneFlow, training GPT-3 once costs approximately \$1.398 million.
- BloombergGPT (50B) Estimated Cost: 512 GPUs for 53 days, 24 hours a day = 651,264 GPU hours. With \$4.1 per hour for an A100 GPU, the total cost is approximately \$2,670,182.40.

Scaling Down: Training a 17.5B Domain-Specific Model

- Between \$140k \$890k based on the above estimated only for the GPU cost per training
- At least one million dollar cost to train a domainspecific LLM (GPU + Data + Manpower)

	GPT-3 (OpenAI)	Gopher (Google DeepMind)	MT-NLG (Microsoft/Nvidi a)	PaLM (Google Research)
Model Parameters	175B	280B	530B	540B
FLOPs/Token/Model Parameter			6	
TPUs/Machine			4	
Peak FLOPS/TPU			275T	
FLOPS Utilization		4	6.20%	
Cost/Machine/Hour(1-year reserved)		9	\$8.12	
Seconds/Hour			3600	
Training Cost/1000 Tokens	\$0.0047	\$0.0075	\$0.0141	\$0.0144
Train Tokens	300B	300B	270B	780B
Training Cost	\$1,398,072	\$2,236,915	\$3,810,744	\$11,216,529

Cost-Effective Strategies: Training smaller models can significantly reduce costs while maintaining efficacy.

For FinGPT: We use LoRA + open-source LLMs

- Example: Llama2-14B + LoRA cost about \$65.6 (One A100 16 hours)
- Lower cost: \$1,000,000 -> \$65.6



Challenges of Handling Financial Data

High Temporal Sensitivity:

- Financial data are characterized by their time-sensitive nature
- Market-moving news provides a narrow window for investors to capture alpha signal

High Dynamism:

- Constant state of flux due to deluging of news, social media updates, etc.
- > Retraining LLMs frequently is expensive and impractical

Low Signal-to-Noise Ratio (SNR):

- > Financial data often contain a significant amount of irrelevant or noisy data
- Extracting valuable insights is labor-intensive

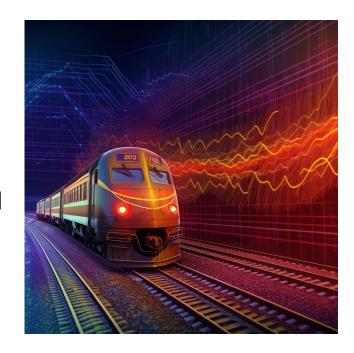


Key Features of FinGPT

Which data to train? Democratizing Internet-scale
Financial Data & Data-centric design of data curation
pipeline

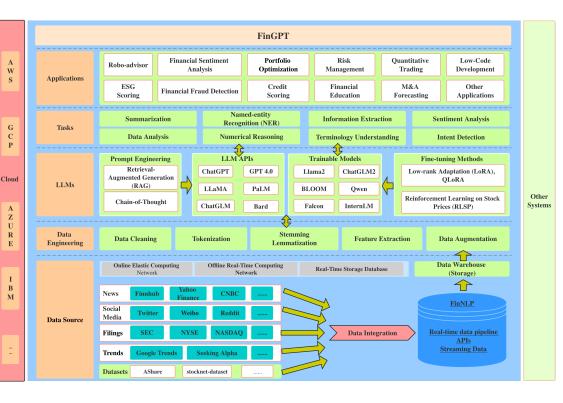
How to train? Instruction Tuning Paradigm & Retrieval Augmented Generation (RAG)

How to train efficiently? Low-rank Adaptation (LoRA, QLoRA).





FinGPT Framework



An End-to-End Framework

- Applications layer: Showcasing practical applications and demos, this layer highlights the potential capability of FinGPT in the finance sector
- Tasks Layer: the fundamental tasks tasks serve as the benchmarks for performance evaluations and crosscomparisons in the realm of FinLLMs.
- LLMs Layer: On the LLMs layer, FinGPT focuses on a range of fine-tuning methodologies, this layer takes care of the highly dynamic nature of financial data, ensuring the model's relevance and accuracy
- Data Engineering & Data Source Layer: tackles the inherent challenges of high temporal sensitivity and low signal-to-noise ratio in financial data

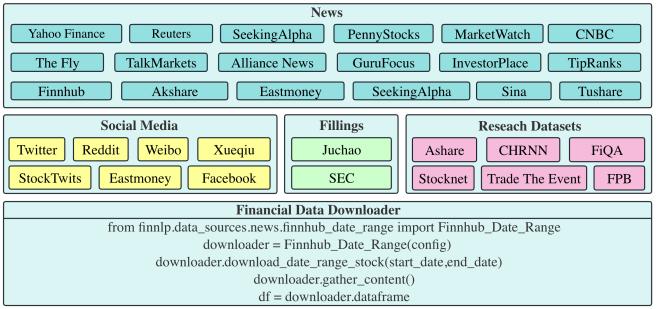
FinGPT-FinNLP: Data-Centric Design of Data Curation Pipeline

Challenges: Diverse Data Sources, Data Quality Issues, High Time-Validity

Our Solution: Data Curation Pipeline

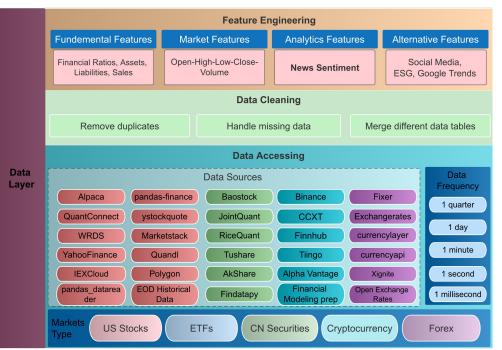
Contributions: An open-source and data-centric framework, automating the collection and curation of real-time

financial data from the Internet, with 34 financial data sources and the corresponding code.



FinGPT-FinNLP: Data-Centric Design of Data Curation Pipeline

US



Finnhub (Yahoo Finance, Reuters, SeekingAlpha, CNBC...) from finnlp.data_sources.news.finnhub_date_range import Finnhub_Date_Range start_date = "2023-01-01" end date = "2023-01-03" $confid = {$ "use_proxy": "us_free", # use proxies to prvent ip blocking "max retry": 5, "proxy pages": 5, "token": "YOUR_FINNHUB_TOKEN" # Available at https://finnhub.io/dashboard news downloader = Finnhub Date Range(config) # init news downloader.download date range stock(start date,end date) # Download headers news downloader.gather content() # Download contents df = news downloader.dataframe selected columns = ["headline", "content"] df[selected columns].head(10) headline content # 0 My 26-Stock \$349k Portfolio Gets A Nice Petrob... Home\nInvesting Strategy\nPortfo # 1 Apple's Market Cap Slides Below \$2 Trillion fo... Error # 2 US STOCKS-Wall St starts the year with a dip: ... (For a Reuters live blog on U.S. # 3 Buy 4 January Dogs Of The Dow, Watch 4 More Home\nDividends\nDividend Ouick Picks\nE # 4 Apple's stock market value falls below \$2 tril... Jan 3 (Reuters) - Apple Inc's \r # 5 CORRECTED-UPDATE 1-Apple's stock market value ... Jan 3 (Reuters) - Apple Inc's \r # 6 Apple Stock Falls Amid Report Of Product Order... Apple stock got off to a slow st # 7 US STOCKS-Wall St starts the year with a dip; ... Summary\nCompanies\nTesla shares # 8 More than \$1 trillion wiped off value of Apple... apple store\nMore than \$1 trill: # 9 McLean's Iridium inks agreement to put its sat... The company hasn't named its par



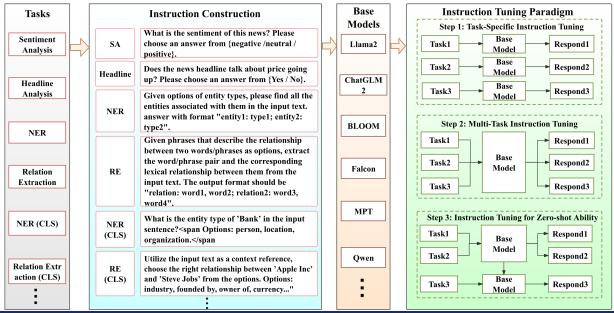
FinGPT-Benchmark: Instruction Tuning Paradigm for Financial Data

Current limitation: Focused on Single-Task Instruction Tuning

Our Solution: Expanding Instruction Tuning Paradigm on Task-Specific, Multi-Task, and Zero-Shot Tuning

Contributions: An Instruction Tuning paradigm, specifically tailored for open-source Large Language Models

(LLMs) in the financial sector. Promotion of openness and reproducibility.



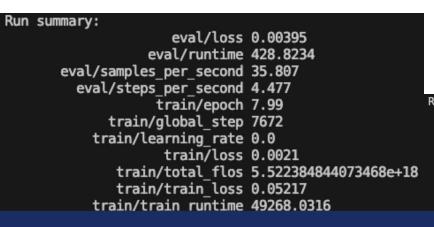
FinGPT-Benchmark: Single-Task Tuning

Data: https://huggingface.co/datasets/FinGPT/fingpt-sentiment-train

Model: https://huggingface.co/FinGPT/fingpt-sentiment_internlm-20b_lora

Code: https://github.com/AI4Finance-Foundation/FinGPT/blob/master/fingpt/FinGPT_Benchmark/train_lora.py

Model Name	Base-Model	FPB	FiQA	TFNS	NWGI
InternLM-20b-1gpu_8epochs_lr2e4_bs8_fp16	internlm-20b	0.878	0.892	0.904	0.646
FinGPT v3.3	llama2-13b	0.882	0.874	0.903	0.643
FinGPT v3.2	llama2-7b	0.850	0.860	0.894	0.636
FinGPT v3.1	chatglm2-6b	0.855	0.850	0.875	0.642



We used a newly release model InternLM-20B to finetune the sentiment analysis task and achieved SOTA



FinGPT-Benchmark: Multi-Task Tuning

==== Financial Sentiment Analysis =====

 $\textbf{Instruction:} \ What is the sentiment of this news? \ Please choose an answer from \ \{negative/neutral/positive\}.$

Input: Glaxo's ViiV Healthcare Signs China Manufacturing Deal With Desano

Answer: positive

==== Financial Relation Extraction =====

Instruction: Given phrases that describe the relationship between two words/phrases as options, extract the word/ph rase pair and the corresponding lexical relationship between them from the input text. The output format should be "relation1: word1, word2; relation2: word3, word4". Options: product/material produced, manufacturer, distributed by, industry, position held, original broadcaster, owned by, founded by, distribution format, headquarters location, sto ck exchange, currency, parent organization, chief executive officer, director/manager, owner of, operator, member of, employer, chairperson, platform, subsidiary, legal form, publisher, developer, brand, business division, location of formation, creator.

Input: Wednesday, July 8, 2015 10:30AM IST (5:00AM GMT) Rimini Street Comment on Oracle Litigation Las V egas, United States Rimini Street, Inc., the leading independent provider of enterprise software support for SAP AG's (NYSE:SAP) Business Suite and BusinessObjects software and Oracle Corporation's (NYSE:ORCL) Siebel, Peop leSoft, JD Edwards, E-Business Suite, Oracle Database, Hyperion and Oracle Retail software, today issued a state ment on the Oracle litigation.

Answer: product_or_material_produced: PeopleSoft, software; parent_organization: Siebel, Oracle Corporation; industry: Oracle Corporation, software; product_or_material_produced: Oracle Corporation, software; product_or_material_produced: Oracle Corporation, software

==== Financial Headline Classification ====

Instruction: Does the news headline talk about price in the past? Please choose an answer from {Yes/No}. Input: april gold down 20 cents to settle at \$1,116.10/oz

Answer: Yes

==== Financial Named Entity Recognition ====

Instruction: Please extract entities and their types from the input sentence, entity types should be chosen from {pers on/organization/location}.

Input: Subject to the terms and conditions of this Agreement, Bank agrees to lend to Borrower, from time to time p rior to the Commitment Termination Date, equipment advances (each an "Equipment Advance" and collectively the "Equipment Advances").

Answer: Bank is an organization, Borrower is a person.

Challenges: Task Interference & Hallucination

Task reformulation: We implement a strategy of task reformulation, we reform the instructions of all tasks into classification format

Instruction: [prompt] Input: [input] Answer:

[output]

Instruction: [prompt] Options: [options]

Input: [input] Answer: [output]

FinGPT-Benchmark: Multi-Task Tuning

-1.4%

+1.1%

Phase	Dataset	Llama2	Falcon	MPT	BLOOM	ChatGLM2	Qwen
	FPB	0.863	0.846	0.872	0.810	0.850	0.854
	FiQA	0.871	0.840	0.863	0.771	0.864	0.867
Task-Specific	TFNS	0.896	0.893	0.907	0.840	0.859	0.883
	NWGI	0.649	0.636	0.640	0.573	0.619	0.638
	Avg	0.820	0.804	0.821	0.748	0.798	0.811
	FPB	0.861↓	0.845↓	0.870↓	0.766↓	0.836↓	0.873↑
	FiQA	0.825↓	0.881↑	0.863-	0.737↓	0.822↓	0.870↑
Multi-Task	TFNS	0.890↓	0.880↓	0.892↓	0.789↓	0.858↓	0.890↑
	NWGI	0.652↑	0.647↑	0.651↑	0.530↓	0.618↓	0.653↑
	Avg	0.807	0.813	0.819	0.701	0.784	0.822

Table 3: Sentiment Analysis Instruction Tuning Results: The table reports detailed F1-scores for base models tuned during task-specific and multi-task phases on each sentiment analysis dataset. Arrows ($\uparrow\downarrow$) denote the influence of multi-task settings on Instruction Tuning results, with performance gains calculated between phases based on average F1 scores across all datasets.

For \$	Sing	le-T	ask	job:
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Performance Gain

No single model dominates across all tasks.

-1.3%

 The effectiveness of models varies depending on the specific task.

Task	Phase	Llama2	Falcon	MPT	BLOOM	ChatGLM2	Qwen
	Task-Specific	0.637	0.619	0.615	0.729	0.645	0.679
NER	Multi-Task	0.678↑	0.600↓	0.682↑	0.709↓	0.629↓	0.666↓
	Performance Gain	+4.1%	-1.9%	+6.7%	-2.0%	-1.6%	-1.3%
	Task-Specific	0.942	0.940	0.938	0.930	0.942	0.936
HC	Multi-Task	0.938↓	0.932↓	0.928↓	0.898↓	0.932↓	0.922↓
	Performance Gain	-0.4%	-0.8%	-1.0%	-3.2%	-1.0%	-1.4%
	Task-Specific	0.395	0.428	0.309	0.425	0.340	0.371
RE	Multi-Task	0.674↑	0.576↑	0.667↑	0.697↑	0.557↑	0.640↑
	Performance Gain	+27.2%	+14.8%	+35.8%	+27.2%	+21.7%	26.9%

Table 4: Multi-Task Instruction Tuning Summary: The table reports entity-level F1 scores for NER, relation-only F1 for RE, and standard classification F1 for HC. It includes both task-specific and multi-task models for comparison. Arrows $(\uparrow\downarrow)$ signify performance gains from multi-task settings, calculated in each task's last row.

For Multi-Task job:

- Some models that perform exceptionally well in singletask jobs may not excel in multi-task job scenarios.
- The performance of models can be different in multitask settings compared to single-task settings.



FinGPT-Benchmark: Zero-shot Results

- FinGPT showcases an advanced level of fine-tuning in financial sentiment analysis, leveraging
 Ilama2-7b as base models
- The benchmarks reveal a striking performance advantage, both in terms of prediction scores
 and efficiency in training time and cost

Metrics	Accuracy	F1
BloombergGPT	ı	0.51
ChatGPT 4.0	0.64	0.51
ChatGLM2-6B	0.47	0.40
Llama-7B	0.60	0.40
Ours (Instruct-FinGPT)	0.76	0.74

Training Cost Comparasion Between LLMs					
LLMs	BloombergGPT	ChatGLM2	Llama2	Instruct-FinGPT	
Devices	512 × A100	64 × A100	2048 × A100	8 × A100	
Time	53 days	2.5 days	21 days	2 hours	
Cost	\$2.67 million	\$ 14,976	\$4.23 million	\$65.6	

\$4.1 per GPU per hour

Zero-shot evaluation between BloombergGPT, general-purpose LLMs ChatGPT, ChatGLM2 6B, Llama-7B, and our model on the dataset of financial phaseBank (FPB)

FinGPT-RAG: Retrieval Augmented Generation Framework

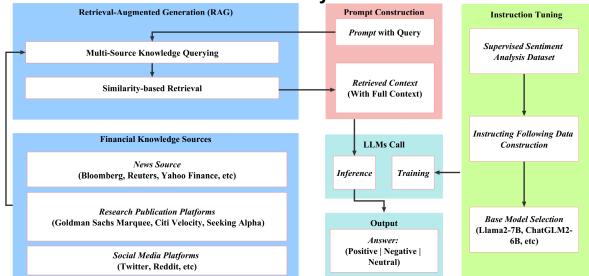
Current limitation: most financial news lack of adequate context information

Our Solution: use instruction tuning + retrieval augmented generation (RAG) to fill up contexts

Contributions: Integrate external knowledge retrieval to enhances information depth and context. Utilizing speci

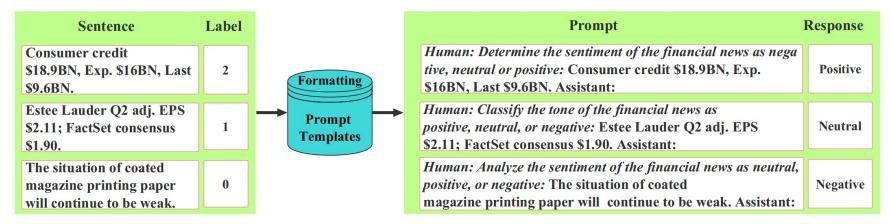
instruction tuning processes, the LLMs respond more accurately to financial sentiment analysis tasks, achieving

performance improvements of 15% to 48% in accuracy and F1 scores



FinGPT-RAG: Retrieval Augmented Generation Framework

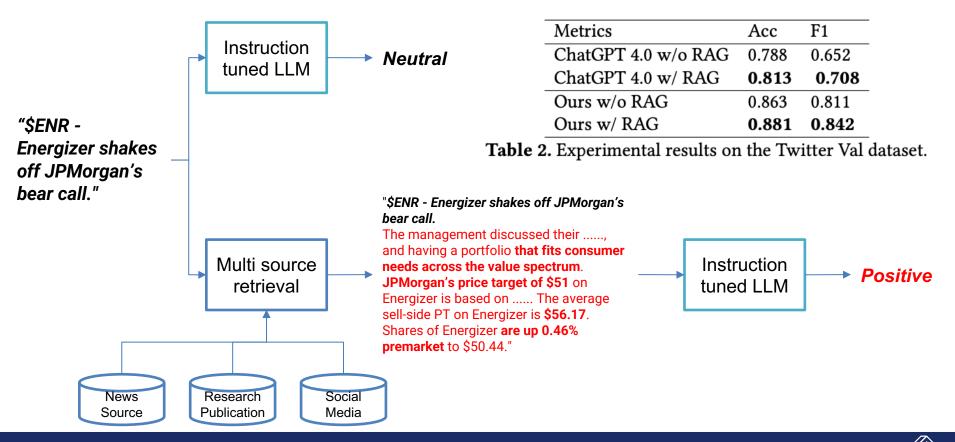
Format Instruction-following Dataset



Training Objective

$$\mathcal{L}_{\text{CausalLM}} = -\sum_{t=1}^{T} \log P(w_t | w_1, w_2, \dots, w_{t-1}; \theta) \qquad \nabla_{\theta} \mathcal{L}_{\text{CausalLM}} = -\sum_{t=1}^{T} \frac{\partial \log P(w_t | w_1, w_2, \dots, w_{t-1}; \theta)}{\partial \theta}$$

Examples and Results using RAG Framework for FinLLMs



FinGPT-Forecaster: The Future of Robo-Advisory Services

FinGPT-Forecaster

FinGPT-Forecaster takes random market news and optional basic financials related to the specified company from the past few weeks as input and responds with the company's **positive developments** and **potential concerns**. Then it gives out a **prediction** of stock price movement for the coming week and its **analysis** summary.

This model is finetuned on Llama2-7b-chat-hf with LoRA on the past year's DOW30 market data. Inference in this demo uses fp16 and welcomes any ticker symbol. Company profile & Market news & Basic financials & Stock prices are retrieved using yfinance & finhub. This is just a demo showing what this model is capable of. Results inferred from randomly chosen news can be strongly biased. For more detailed and customized implementation, refer to our FinGPT project: https://github.com/Al4Finance-Foundation/FinGPT

Disclaimer: Nothing herein is financial advice, and NOT a recommendation to trade real money. Please use common sense and always first consult a professional before trading or investing.

Ticker Companys from Dow-30 are recommended		Information
AAPL		
Date Date from which the prediction is made, use format yyyy-mm-dd 2023-11-08		Response
n_weeks Information of the past n weeks will be utilized, choose between 1 and 4	3	
If checked, the latest quarterly reported basic financials of the company	is taken into account.	
Use Latest Basic Financials		
Clear	Submit	

FinGPT-Forecaster: The Future of Robo-Advisory Services

Kweichow Moutai 600519

Forecaster for Kweichow Moutai on 2024-01-28 [积极发展]:

- 1. 贵州茅台的购买率持续上涨,表明市场对茅台的需求 持续增长。(News)
- 2. 公司的新闻发布,如"美茅台美世界"2024全球品牌 文化活动,表明公司继续追求国际化发展,并且将继 续以"美"的国际表达,坚持追求美,实现看好未来的发 展。(News)
- 3. 茅台的营业总收入同比增长率达到了19.80%,表明公司的经营状况良好,具有稳定的盈利能力。(Basic Financials)
- 4. 茅台的流动比率和速动比率都相对较高,表明公司的资金流动性较好,可以更好地应对市场的压力。(Basic Financials)

[潜在担忧]:

- 1. 茅台的资产负债率达到了17.98%,显示公司的负债压力较大,可能会对公司的盈利能力产生影响。(Basic Financials)
- 2. 公司未来可能面临的市场竞争压力可能会增加,如果公司无法继续提供高质量的产品和服务,可能会受到市场反应。(News)
- 3. 茅台的购买率上涨,可能会导致市场价格的偏高,可能会影响到公司的股价。(Stock Price)

[预测和分析]:

预测涨跌幅: 上涨0-1%

总结分析:虽然贵州茅台的资产负债率较高,但公司的经营状况良好,营业总收入同比增长率达到了19.80%,显示公司在市场的需求和竞争中具有稳定的盈利能力。考虑到茅台的购买率持续上涨,表明市场对茅台的需求持续增长,可能会对公司的股价产生积极影响。同时,公司的新闻发布,如"美茅台美世界"2024全球品牌文化活动,表明公司继续追求国际化发展,可能会带来未来的发展机会。因此,预计茅台的股价在下一周将上涨0-1%。

NVDA

Forecaster for NVDA on 2024-01-29 [Positive Developments]:

- 1. NVDA's stock price has been steadily increasing over the past weeks, suggesting a strong investor sentiment. (Stock Price)
- 2. The company's CEO, Jensen Huang, has expressed optimism about the future of AI and Nvidia's role in it, which could boost investor confidence. (News)
- 3. The company has received attention from Zacks.com users, indicating a strong performance in the market. (News)
- 4. The company has a strong balance sheet with a healthy gross margin and a high EV. (Basic Financials)

[Potential Concerns]:

- 1. The company's long-term debt-to-total asset and debt-to-total capital ratios are relatively high, indicating a potential risk of financial instability. (Basic Financials)
- 2. The company's high PE ratio and high net debt-to-total equity ratio suggest high valuation and potential financial risk. (Basic Financials)
- 3. The company's quick ratio is relatively low, indicating a potential liquidity risk. (Basic Financials)

[Prediction & Analysis]:

Prediction: Up by 0-1%

Analysis: Despite some potential concerns, the positive developments for NVDA are significant. The company's strong balance sheet and increasing stock price suggest a strong investor sentiment. The optimistic outlook from the CEO and the attention from Zacks.com users also suggest a positive future outlook. However, the high long-term debt-to-total asset and debt-to-total capital ratios are a cause for concern. These high ratios could potentially increase the company's financial risk and affect its liquidity.



FinGPT-Forecaster: The Future of Robo-Advisory Services

FinGPT-Forecaster is an LLMs model that synthesizes **recent market news** and **relevant financial ratios** of a given company to provide a dual output — a rundown of the **company's latest positive strides and potential concerns**, as well as **a forecast of the stock price movements** for the upcoming week, complete with an analytic summary.

Developed with a fine-tuned Llama-2-7b-chat-hf with LoRA, leveraging the latest year's market data from the DOW 30, FinGPT-Forecaster not only brings precision to predictions for these blue chips but also demonstrates remarkable generalization capabilities across various stock symbols.

FinGPT-Forecaster stands as a testament to the promise and potential of AI in finance, **a junior roboadvisor** that combines ease of deployment with strategic foresight, **marking a significant milestone on our path to the future of automated financial advisory**.

FinGPT-Forecaster: How to Use?

FinGPT-Forecaster is hosted on Hugging Face Spaces, allowing anyone with internet access to use it without any cost. It's the embodiment of open-source philosophy — shared, improved, and used by a community of developers and financial analysts alike.

Inputting Data

To start your forecasting journey, you simply need to:

- **1.Select Your Ticker Symbol**: Enter the ticker symbol for the company you are interested in, such as 'AAPL' for Apple Inc. or 'MSFT' for Microsoft.
- **2.Set Your Date**: Choose the specific day (formatted as **yyyy-mm-dd**) from which you want the prediction to commence.
- **3.Determine the News Timeframe**: Decide on the number of **past weeks** for which you'd like to gather market news. This helps the model to understand recent trends and sentiments.
- **4.Incorporate Financials**: Opt-in to add the **latest basic financials** for a more informed prediction, if desired.

https://huggingface.co/spaces/FinGPT/FinGPT-Forecaster

https://huggingface.co/FinGPT/fingpt-forecaster_dow30_llama2-7b_lora



FinGPT Project 2023 Academic Achievements

October 2023

- FinGPT: Instruction Tuning Benchmark for Open-Source Large Language Models in Financial Datasets; Instruction Workshop @ NeurIPS 2023; https://arxiv.org/abs/2310.04793
- FinGPT: Democratizing Internet-scale Data for Financial Large Language Models; Instruction Workshop @ NeurIPS 2023; https://arxiv.org/abs/2307.10485

September 2023

 Enhancing Financial Sentiment Analysis via Retrieval Augmented Large Language Models; ICAIF 2023; https://arxiv.org/abs/2310.04027

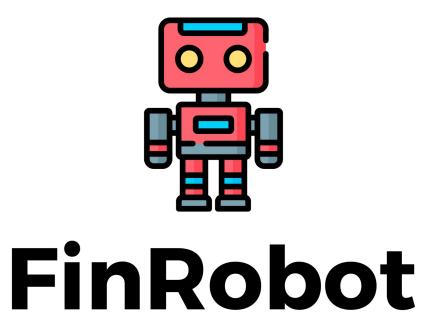
July 2023

- Instruct-FinGPT: Financial Sentiment Analysis by Instruction Tuning of General-Purpose Large Language Models; FinLLM 2023@IJCAI 2023; https://arxiv.org/abs/2306.12659
- FinGPT: Open-Source Financial Large Language Models; FinLLM 2023@IJCAI 2023; https://arxiv.org/abs/2306.06031



Al4Finance 2024 FinRobot Initiative

FinRobot: An Open-Source Al Agent Platform for Financial Applications using LLM





Conclusion

The models and data pipeline are open-sourced on huggingface:

Model: https://huggingface.co/FinGPT

Data Pipeline: https://github.com/Al4Finance-Foundation/FinNLP

FinGPT Github Repo: https://github.com/Al4Finance-Foundation/FinGPT, 10.1k stars

Tutorials for Beginners: <a href="mailto:[Training]] Training] Beginner's Guide to FinGPT: Training with LoRA and ChatGLM2-6B One Notebook, \$10 GPU

Education Channel: https://byfintech.medium.com/

- https://medium.datadriveninvestor.com/introducing-fingpt-forecaster-the-future-of-robo-advisory-services-50add34e3d3c
- https://medium.datadriveninvestor.com/fingpt-powering-the-future-of-finance-with-20cutting-edge-applications-7c4d082ad3d8
- https://medium.datadriveninvestor.com/fingpt-ii-cracking-the-financial-sentiment-analysistask-using-instruction-tuning-of-3333bce428c4

Discord Group: https://discord.gg/trsr8SXpW5

LinkedIn Group: https://www.linkedin.com/groups/14297568/



