AI in Finance
Big Data Analytics

Tamkang University

Foundations of AI in Finance
Big Data Analytics with Python

1081AIFBDA06
TLVXM2A (M2449) (8497) (**Fall 2019**)
(MBA, DBETKU) (3 Credits, Required) [**Full English Course**]
(**Master's Program in Digital Business and Economics**)
Tue, 2, 3, 4, (9:10-12:00) (B1012)

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Associate Professor
Department of Information Management
Tamkang University

http://mail.tku.edu.tw/myday

2019-10-22

Course Schedule (1/2)

Tamkang University

Week	Date	Subject/Topics
1	2019/09/10	Course Orientation on AI in Finance Big Data Analytics
2	2019/09/17	AI in FinTech: Financial Services Innovation and Application
3	2019/09/24	ABC: AI, Big Data, Cloud Computing
4	2019/10/01	Business Models of Fintech
5	2019/10/08	Event Studies in Finance
6	2019/10/15	Case Study on AI in Finance Big Data Analytics I
7	2019/10/22	Foundations of AI in Finance Big Data Analytics with Python
8	2019/10/29	Case Study on Financial Industry Practice I
9	2019/11/05	Quantitative Investing with Pandas in Python

Course Schedule (2/2)

Tamkang University

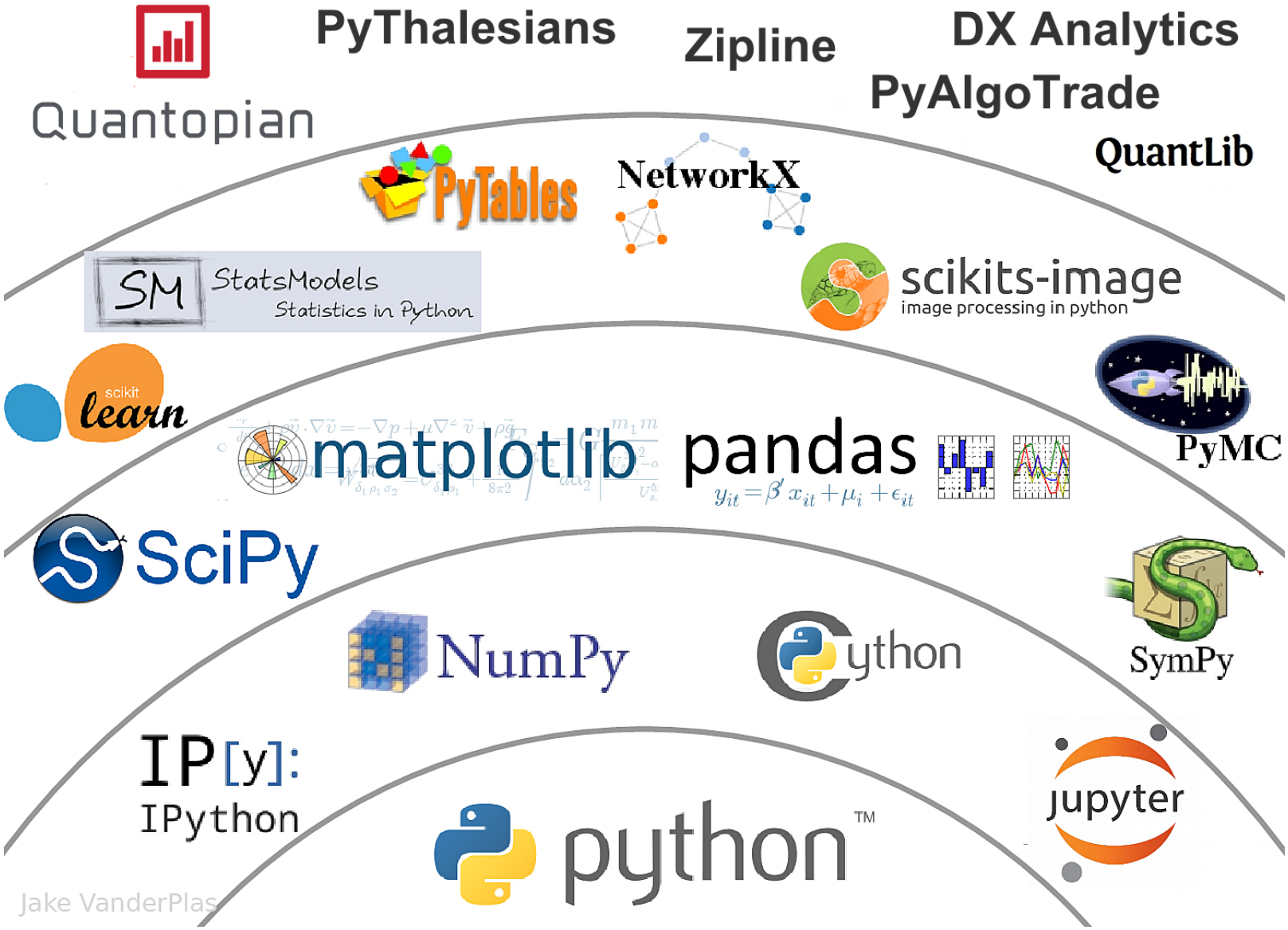
Week	Date	Subject/Topics
10	2019/11/12	Midterm Project Report
11	2019/11/19	Machine Learning in Finance Application with Scikit-Learn In Python
12	2019/11/26	Deep Learning for Financial Time Series Forecasting with TensorFlow I
13	2019/12/03	Case Study on AI in Finance Big Data Analytics II
14	2019/12/10	Deep Learning for Financial Time Series Forecasting with TensorFlow II
15	2019/12/17	Case Study on Financial Industry Practice II
16	2019/12/24	Deep Learning for Financial Time Series Forecasting with TensorFlow III
17	2019/12/31	Final Project Presentation I
18	2020/01/07	Final Project Presentation II

Foundations of AI in Finance Big Data Analytics with Python

Outline

- **Foundations of AI in Finance Big Data Analytics with Python**
  - **Python**
    - Programming language
  - **Numpy**
    - Scientific computing
  - **Pandas**
    - Data structures and data analysis tools

The Quant Finance PyData Stack



Source: http://nbviewer.jupyter.org/format/slides/github/quantopian/pyfolio/blob/master/pyfolio/examples/overview_slides.ipynb#/5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2017-10
2018-02
2018-06
2018-10
Date

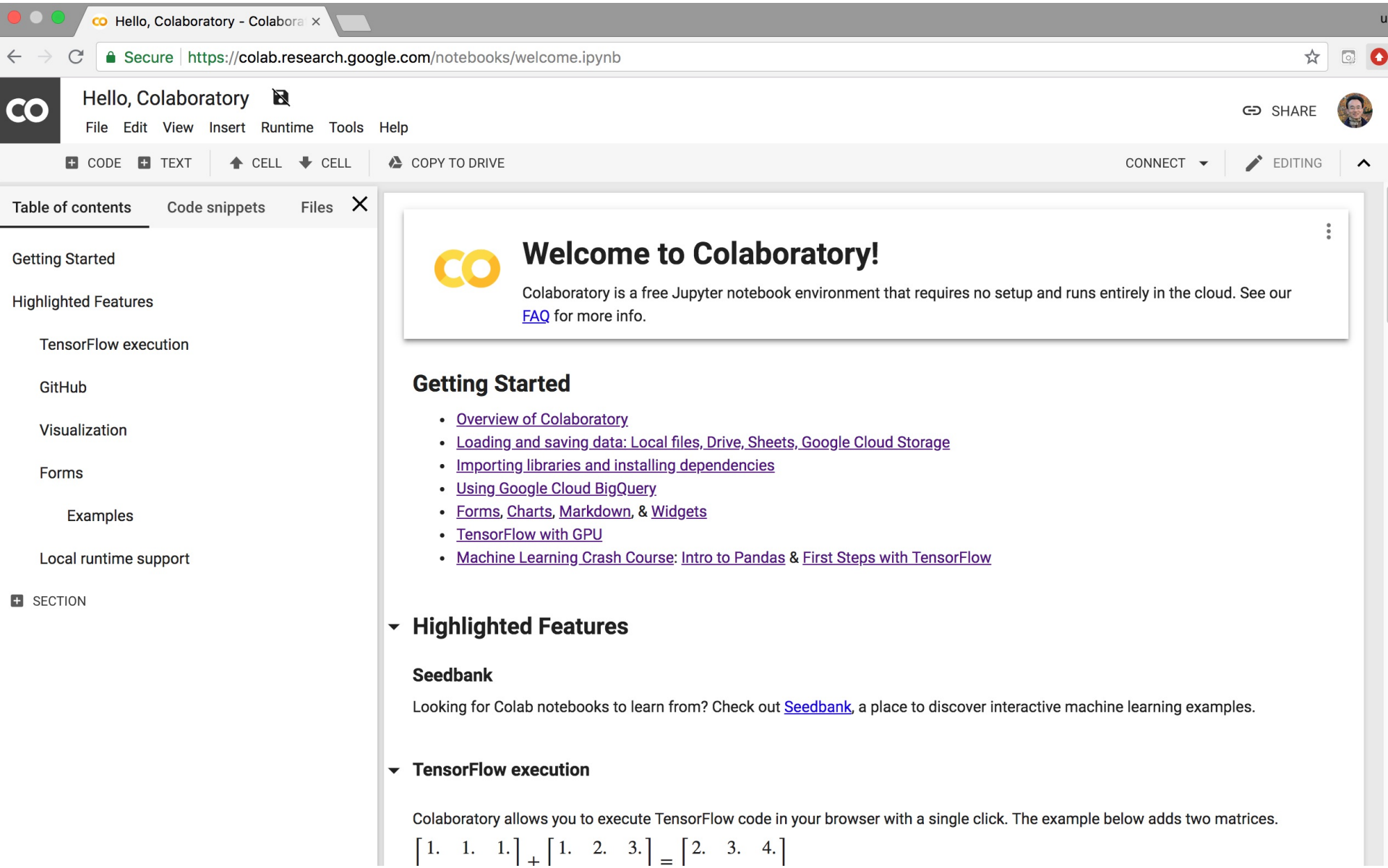
Python

python™

Python is an
interpreted,
object-oriented,
high-level
programming language
with
dynamic semantics.

Source: https://www.python.org/doc/essays/blurb/

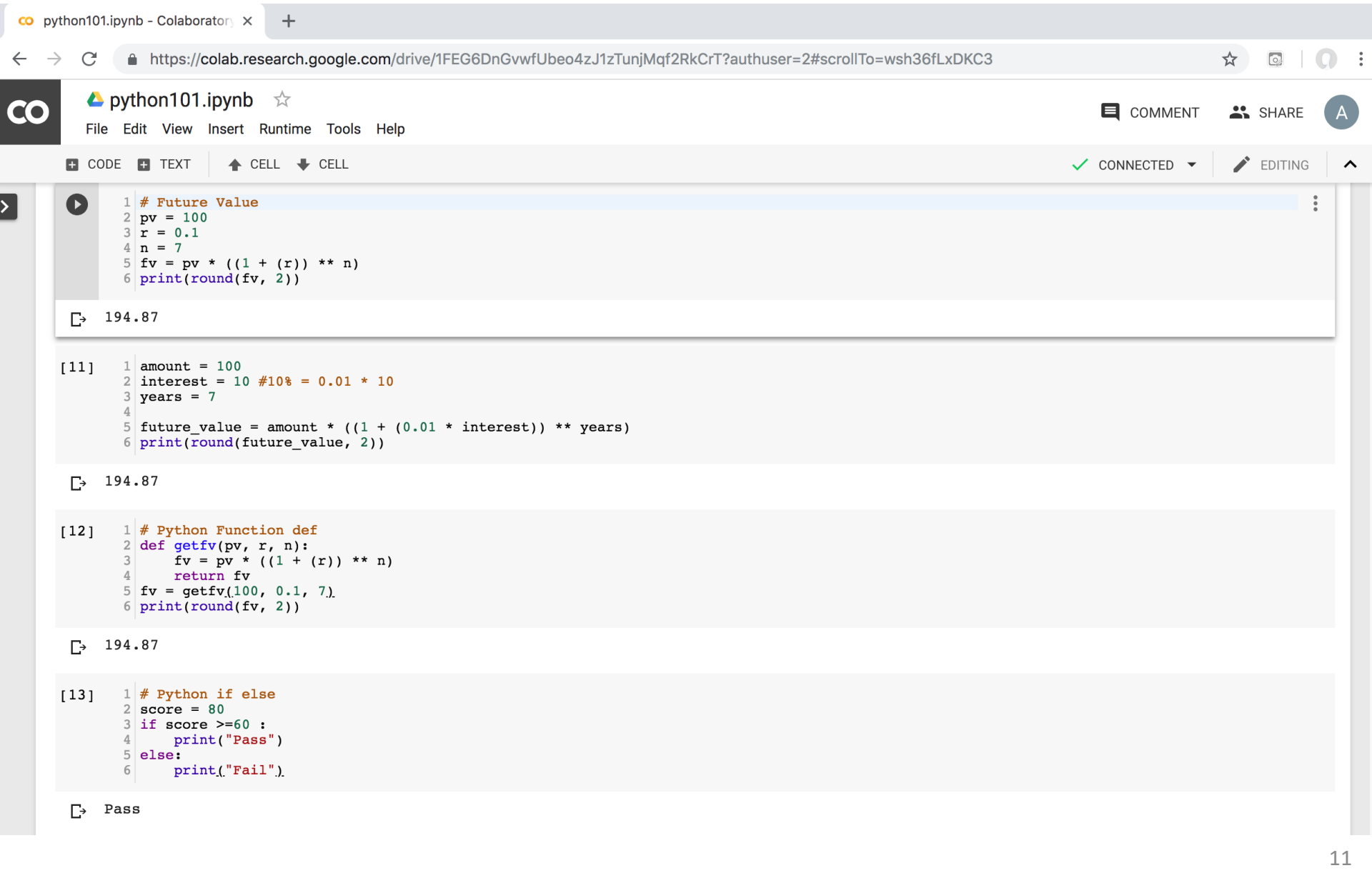
Google Colab



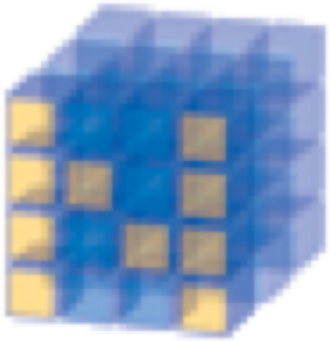
https://colab.research.google.com/notebooks/welcome.ipynb

Python in Google Colab

https://colab.research.google.com/drive/1FEG6DnGvwfUbeo4zJ1zTunjMqf2RkCrT



Numpy



NumPy

Base

N-dimensional array

package

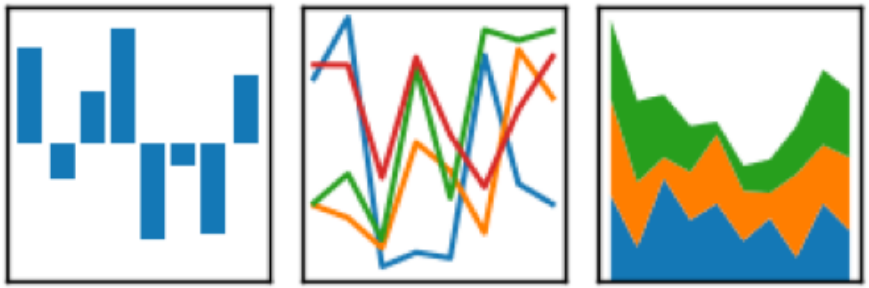
Python matplotlib

Source: https://matplotlib.org/

Python Pandas

pandas

$$y_{it} = \beta' x_{it} + \mu_i + \epsilon_{it}$$



http://pandas.pydata.org/

Iris flower data set

setosa

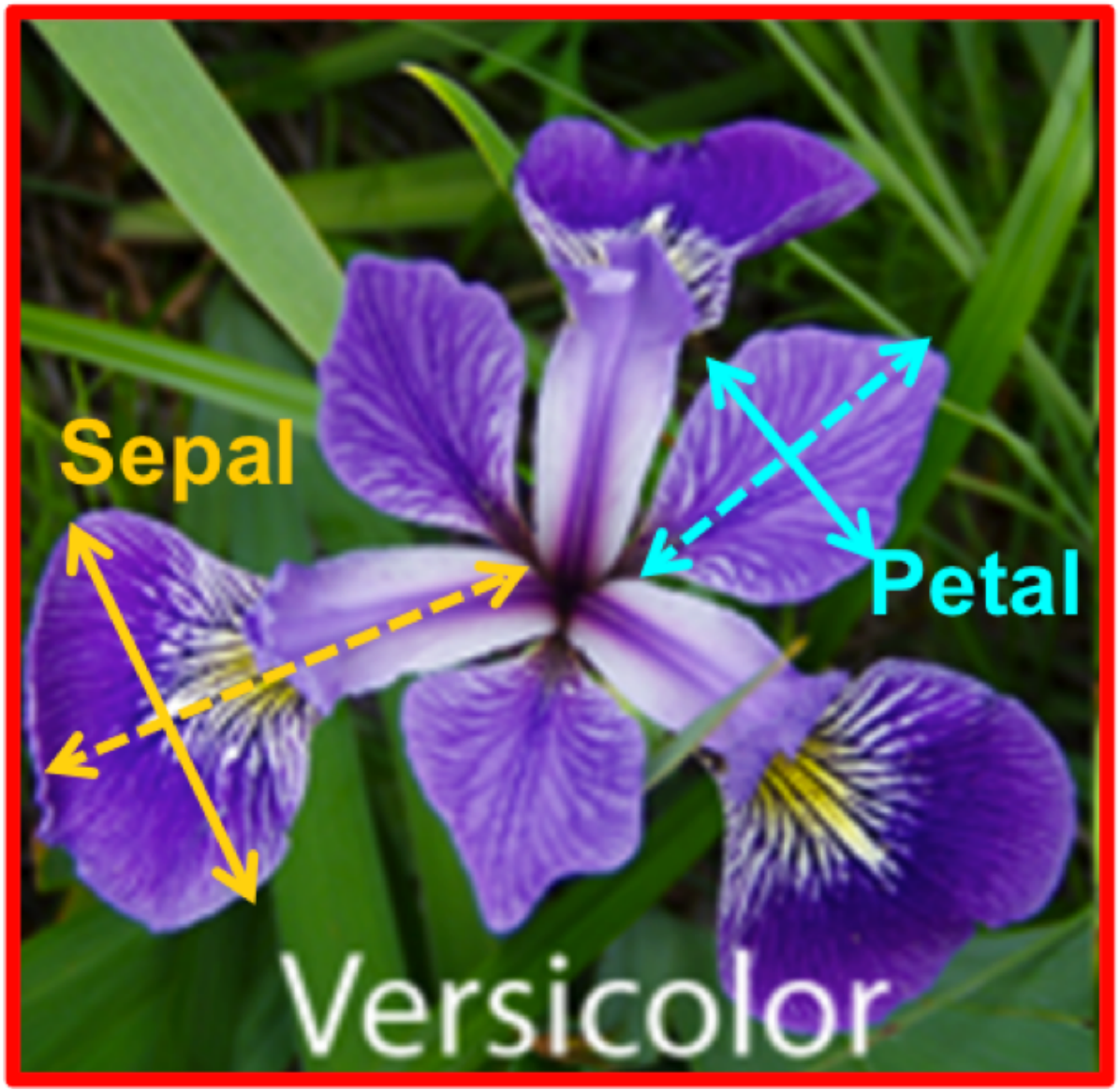
versicolor

virginica

Source: https://en.wikipedia.org/wiki/Iris_flower_data_set

Source: http://suruchifialoke.com/2016-10-13-machine-learning-tutorial-iris-classification/

Iris Classfication



Source: http://suruchifialoke.com/2016-10-13-machine-learning-tutorial-iris-classification/

iris.data

https://archive.ics.uci.edu/ml/machine-learning-databases/iris/iris.data

```
5.1,3.5,1.4,0.2,Iris-setosa
4.9,3.0,1.4,0.2,Iris-setosa
4.7,3.2,1.3,0.2,Iris-setosa
4.6,3.1,1.5,0.2,Iris-setosa
5.0,3.6,1.4,0.2,Iris-setosa
5.4,3.9,1.7,0.4,Iris-setosa
4.6,3.4,1.4,0.3,Iris-setosa
5.0,3.4,1.5,0.2,Iris-setosa
4.4,2.9,1.4,0.2,Iris-setosa
4.9,3.1,1.5,0.1,Iris-setosa
5.4,3.7,1.5,0.2,Iris-setosa
4.8,3.4,1.6,0.2,Iris-setosa
4.8,3.0,1.4,0.1,Iris-setosa
4.3,3.0,1.1,0.1,Iris-setosa
5.8,4.0,1.2,0.2,Iris-setosa
5.7,4.4,1.5,0.4,Iris-setosa
5.4,3.9,1.3,0.4,Iris-setosa
5.1,3.5,1.4,0.3,Iris-setosa
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4.8,3.4,1.9,0.2,Iris-setosa
5.0,3.0,1.6,0.2,Iris-setosa
```
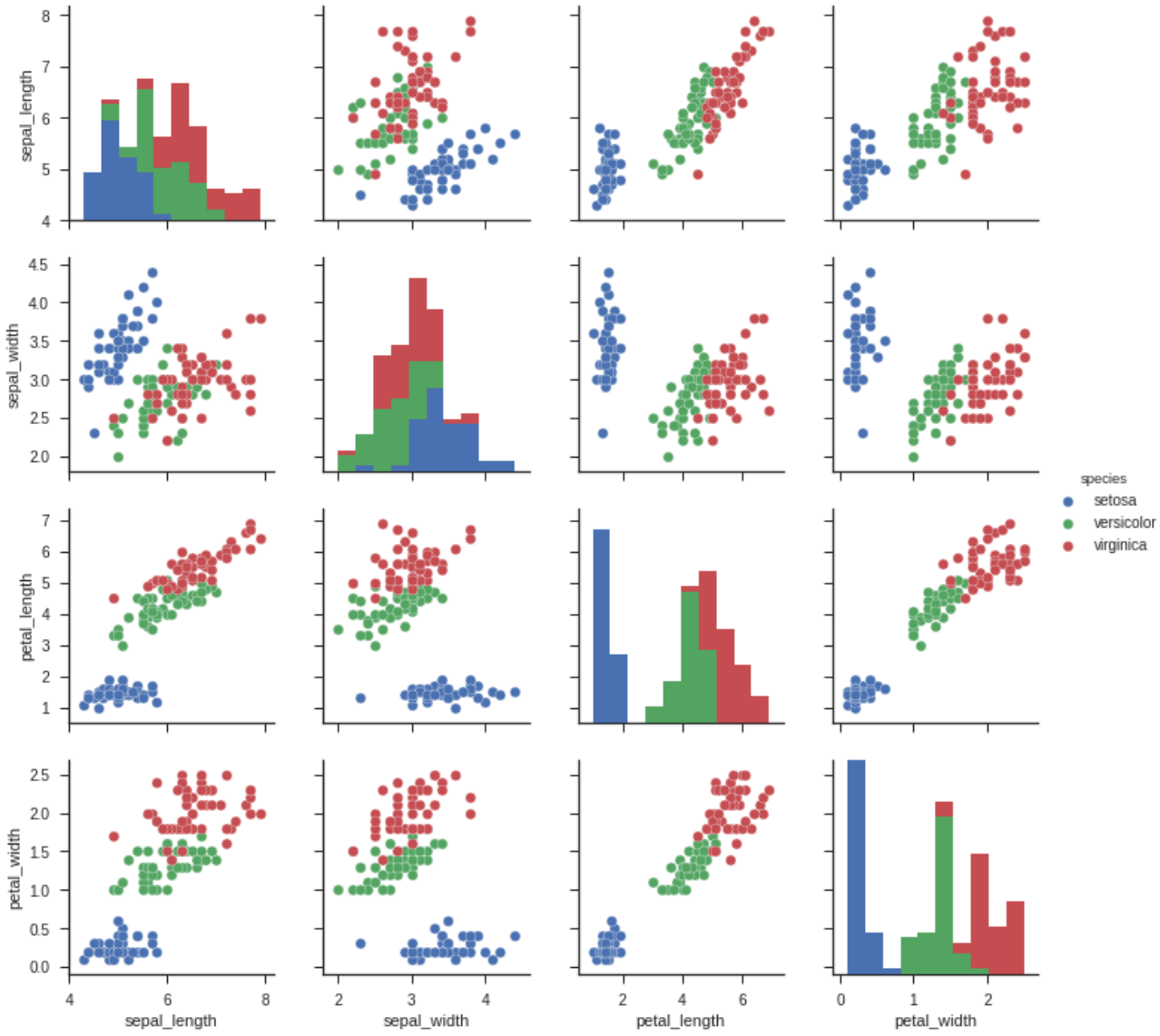

setosa

virginica

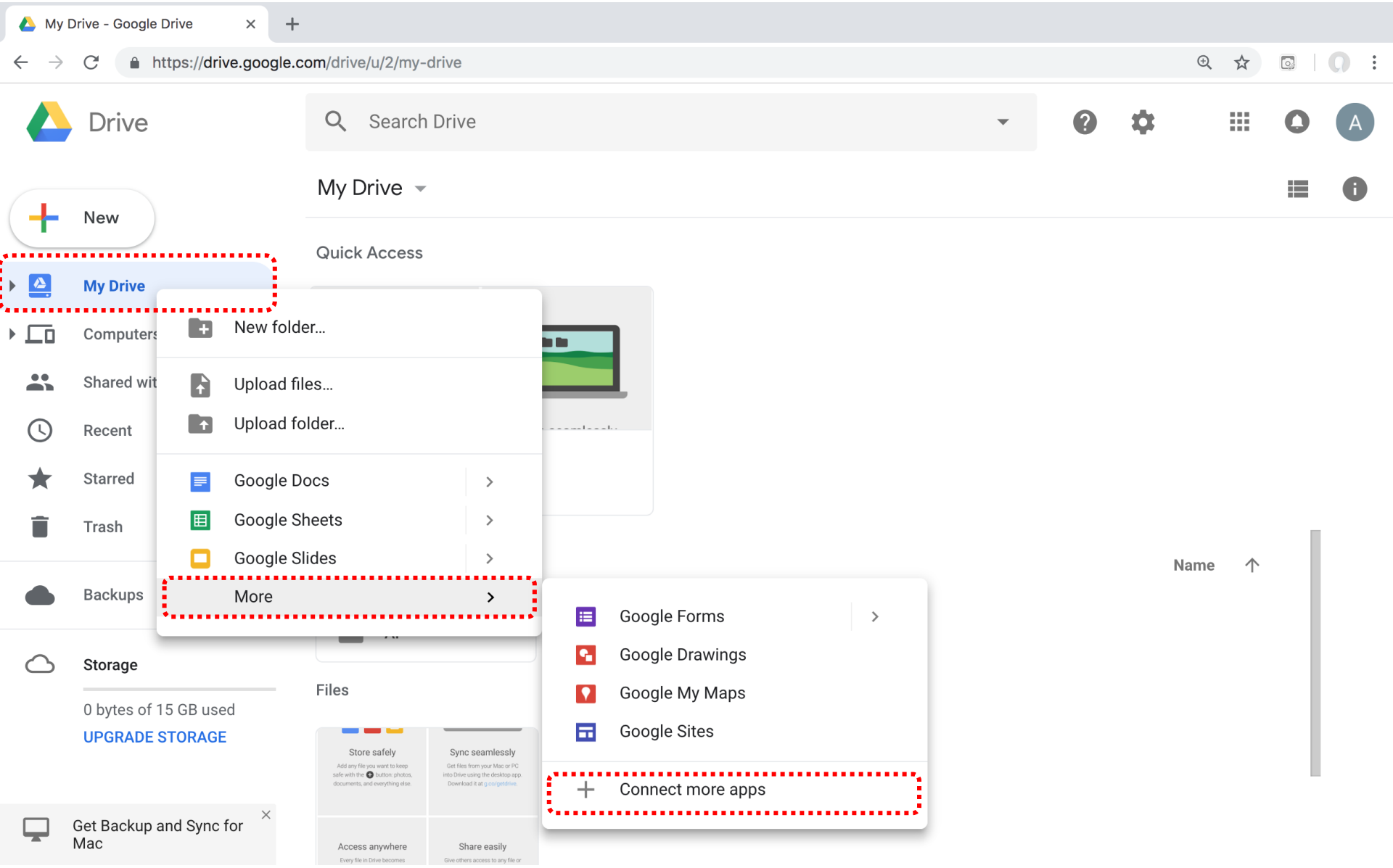
versicolor

Iris Data Visualization

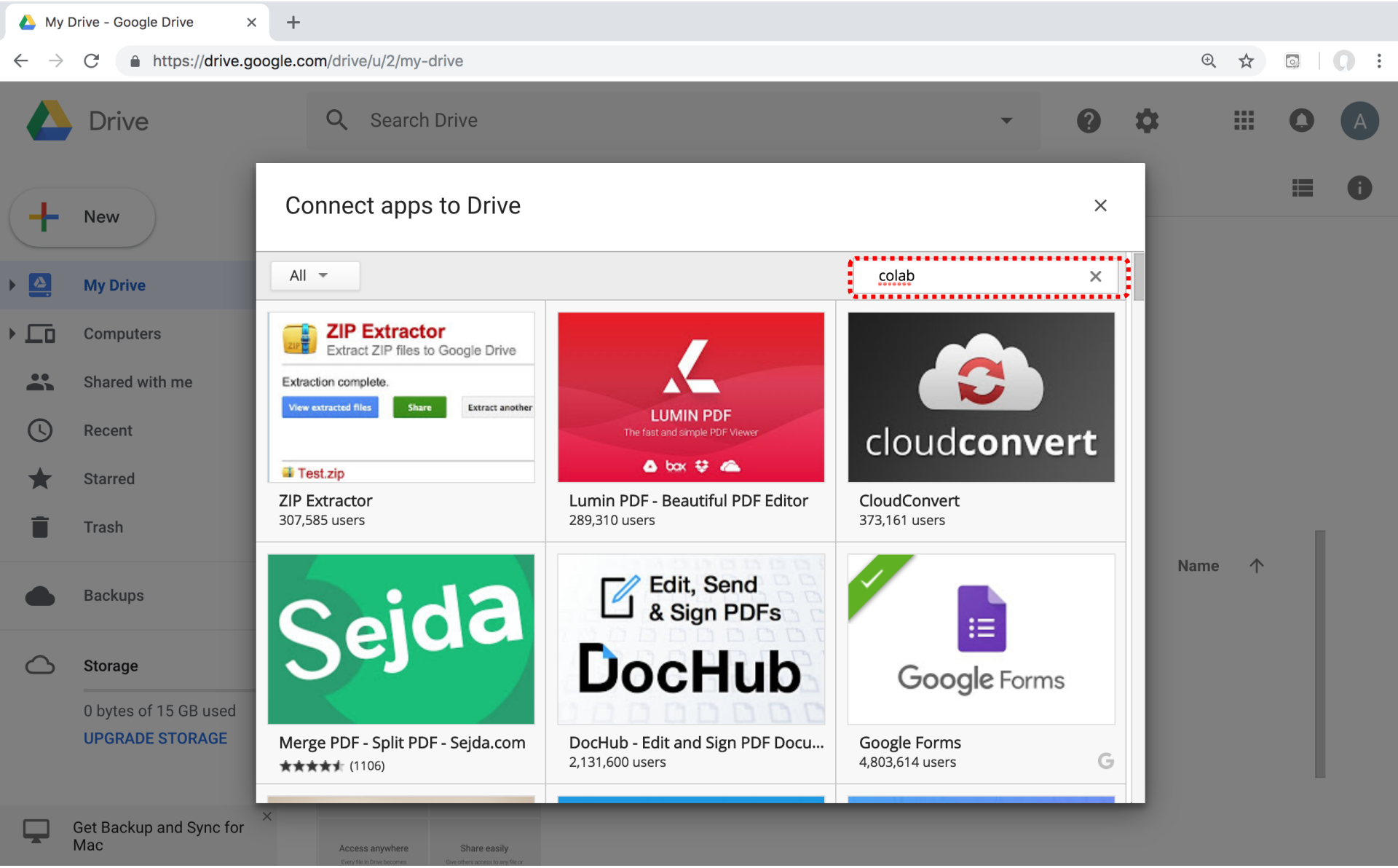


Source: https://seaborn.pydata.org/generated/seaborn.pairplot.html

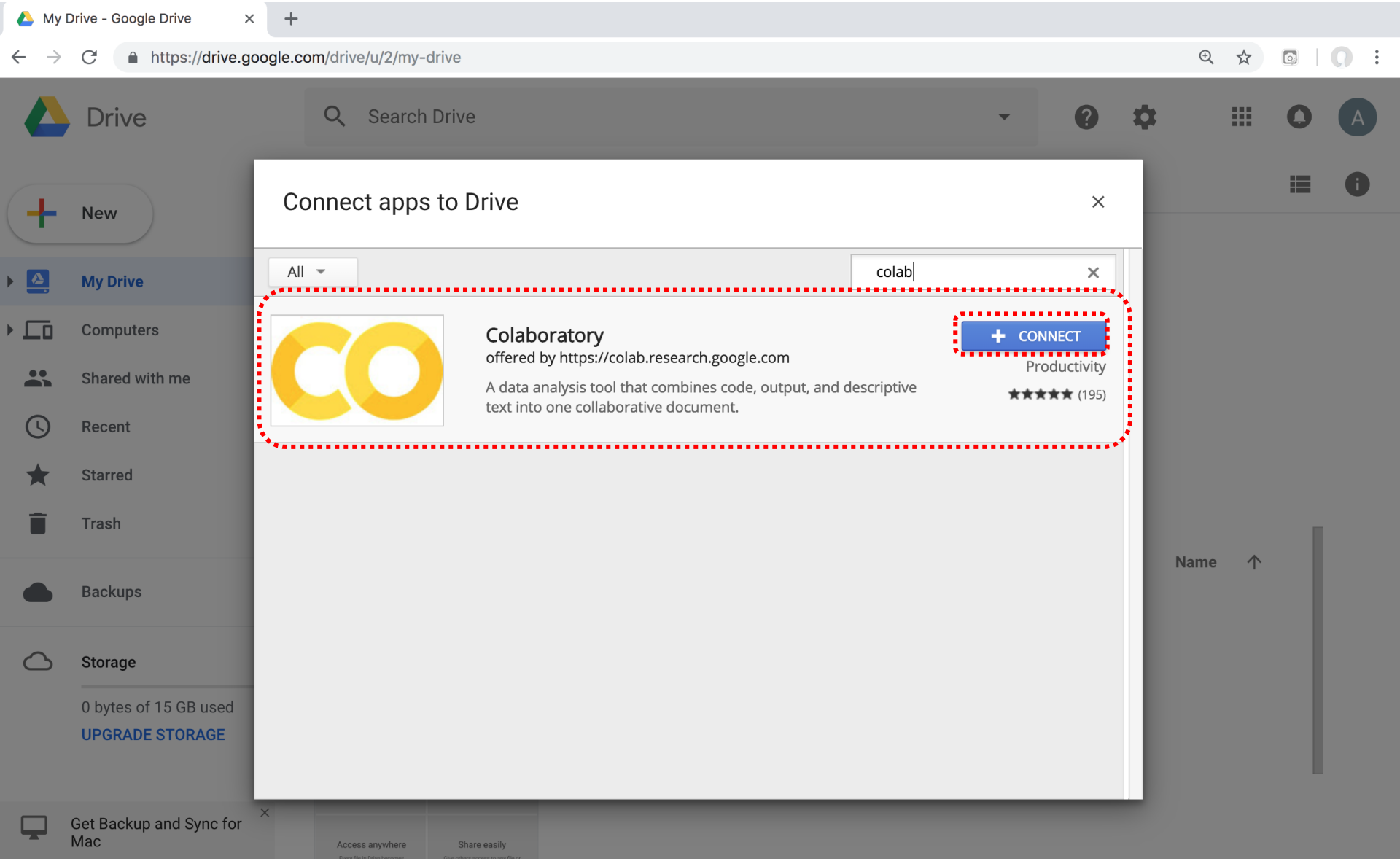
Connect Google Colab in Google Drive



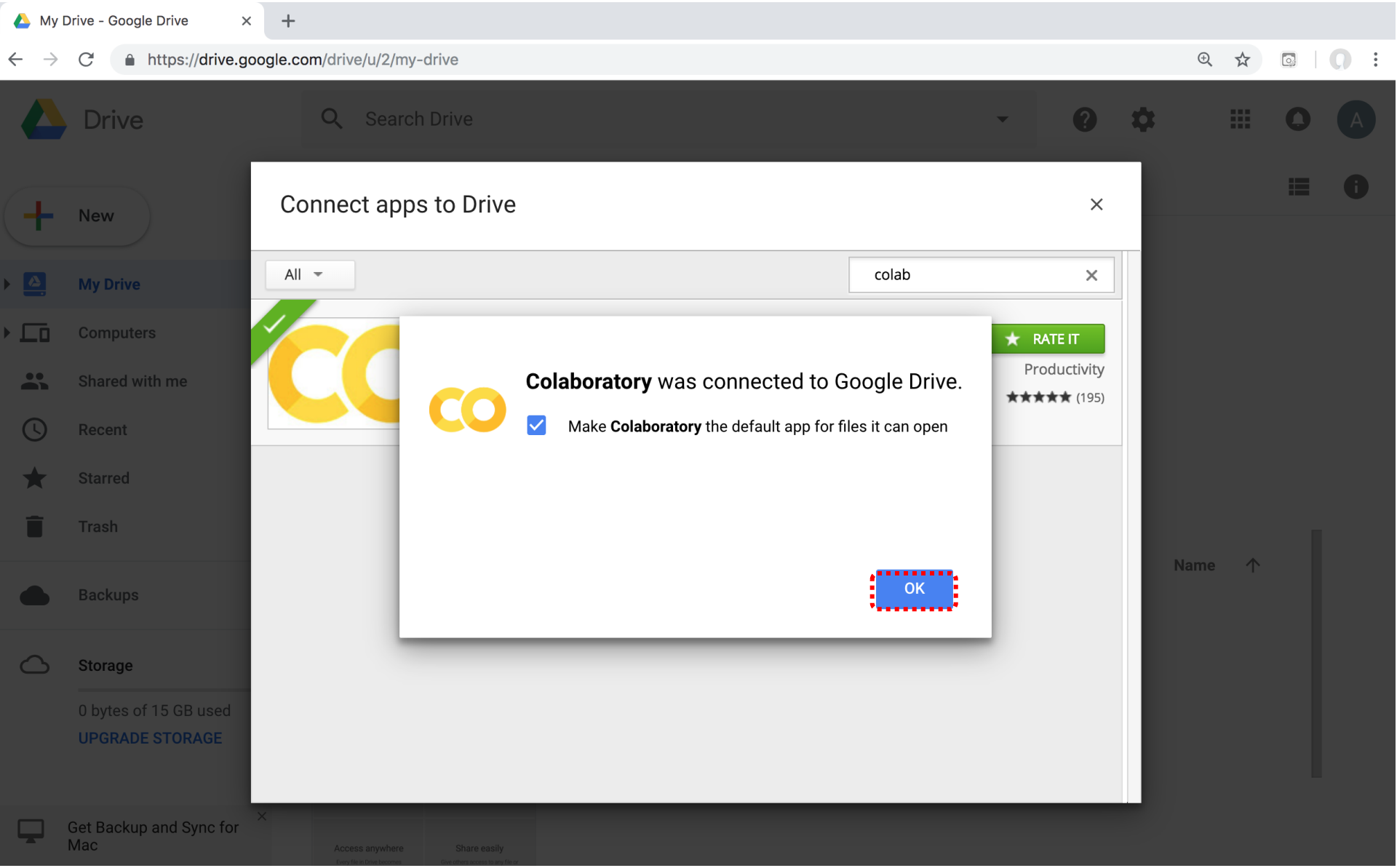
Google Colab



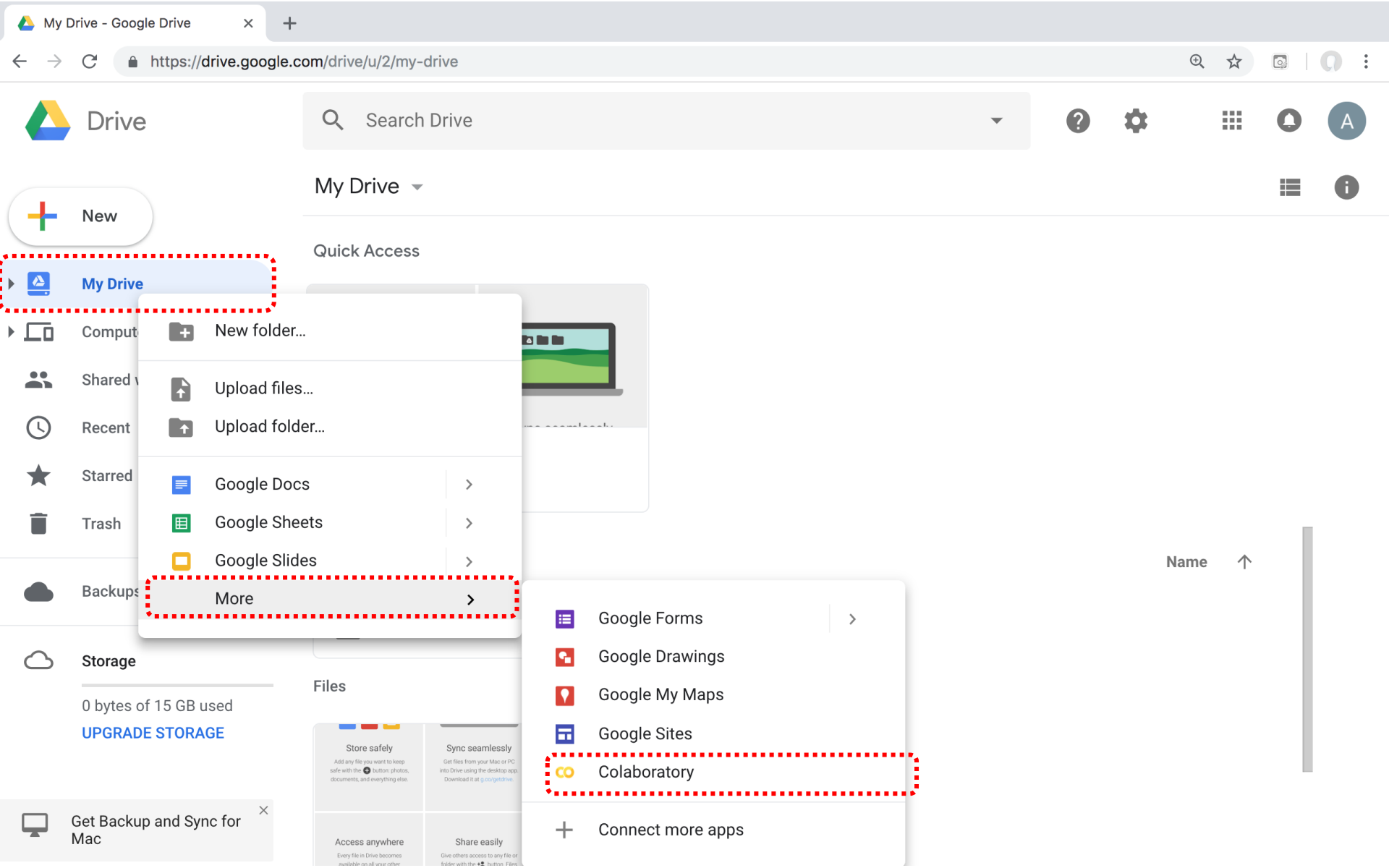
Google Colab



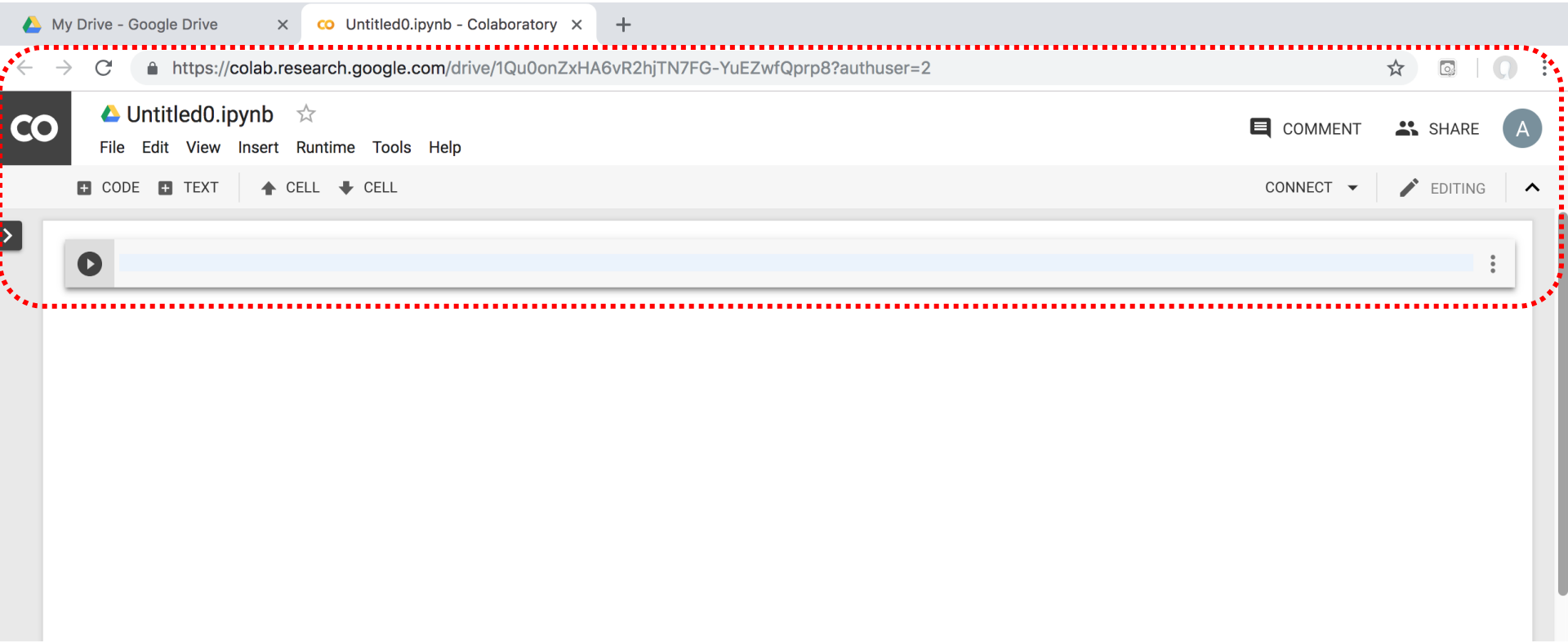
Connect Colaboratory to Google Drive



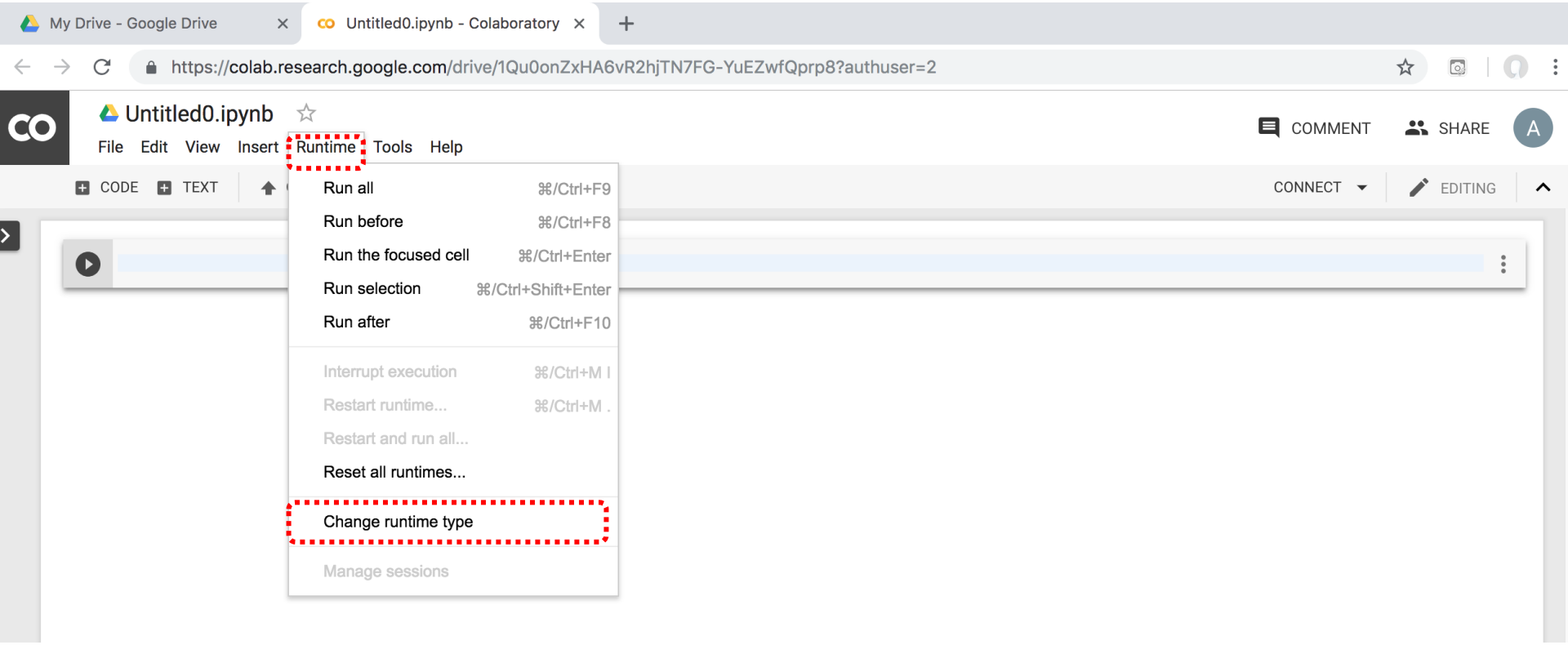
Google Colab



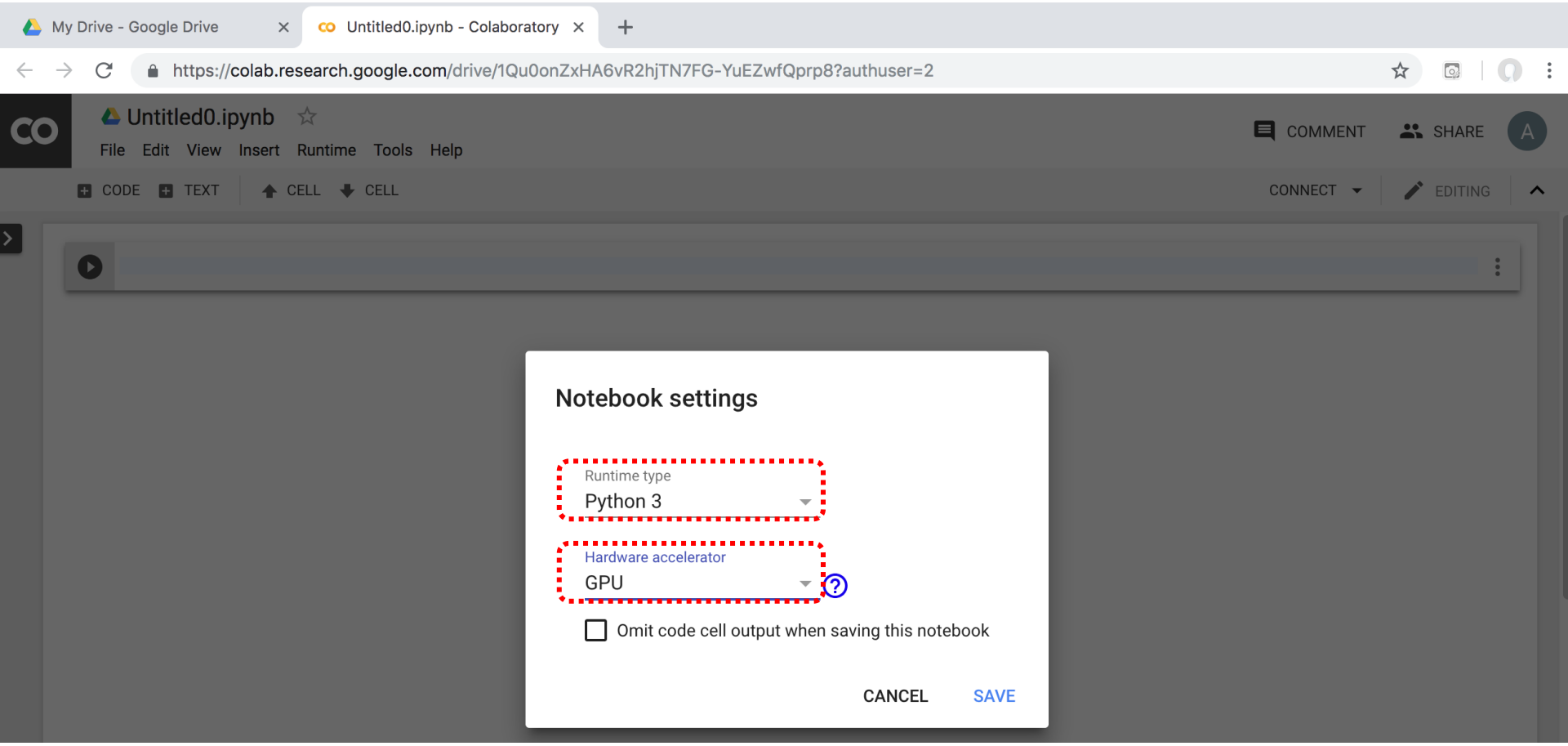
Google Colab



Google Colab



Run Jupyter Notebook Python3 GPU Google Colab



Google Colab Python Hello World print('Hello World')

Data Visualization in Google Colab

https://colab.research.google.com/drive/1KRqtEUd2Hg4dM2au9bfVQKrxWnWN3O9-

datav.ipynb - Colaboratory

https://colab.research.google.com/drive/1KRqtEUd2Hg4dM2au9bfVQKrxWnWN3O9-?authuser=2

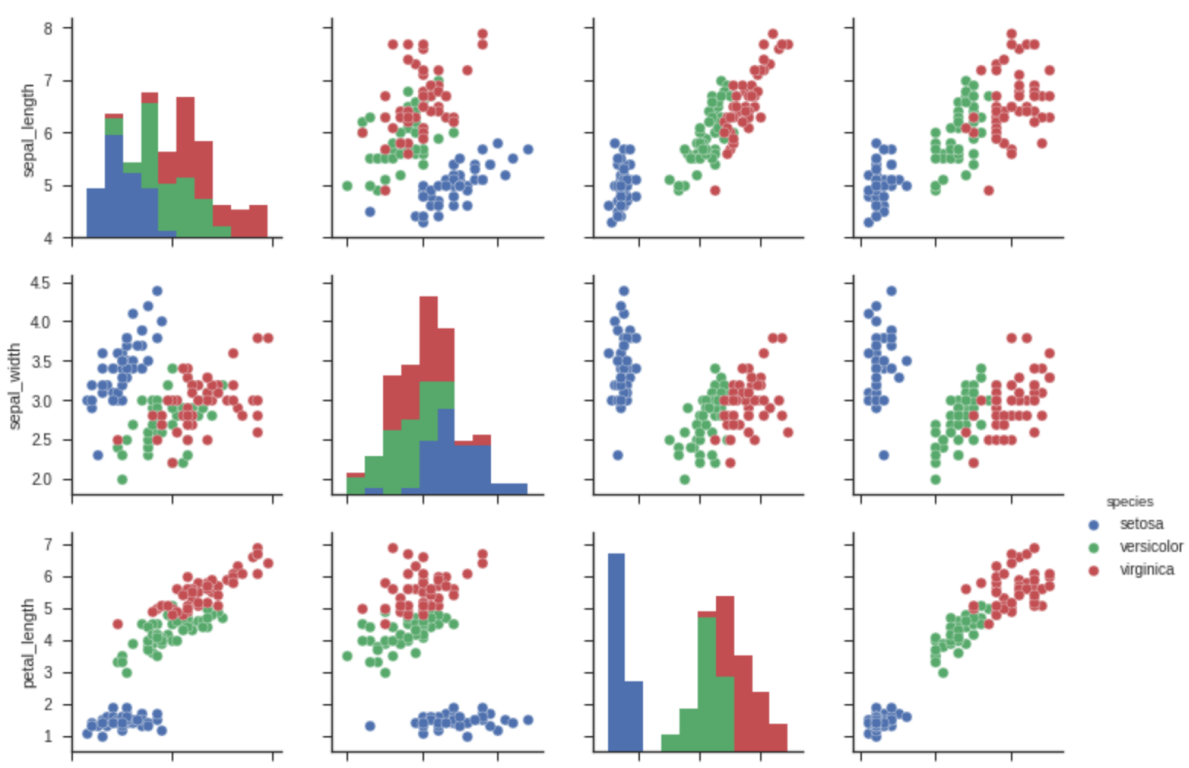
datav.ipynb

File Edit View Insert Runtime Tools Help

COMMENT SHARE A

CODE TEXT CELL CELL CONNECTED EDITING

```
import seaborn as sns
sns.set(style="ticks", color_codes=True)
iris = sns.load_dataset("iris")
g = sns.pairplot(iris, hue="species")
```



Source: https://seaborn.pydata.org/generated/seaborn.pairplot.html

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import seaborn as sns
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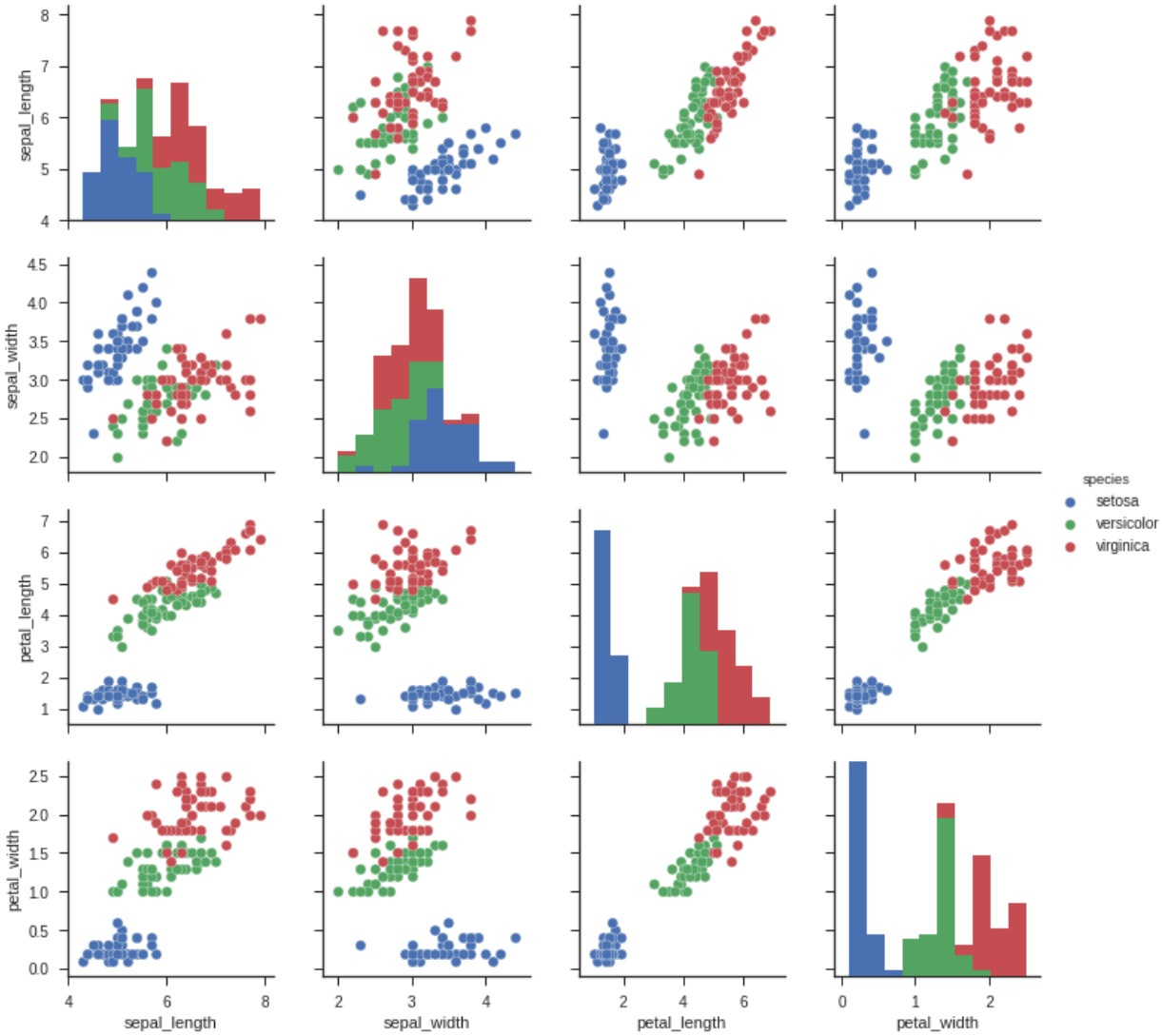


Source: https://seaborn.pydata.org/generated/seaborn.pairplot.html

https://colab.research.google.com/drive/1KRqtEUd2Hg4dM2au9bfVQKrxWnWN3O9-

```
import numpy as np
import pandas as pd
%matplotlib inline
import matplotlib.pyplot as plt
import seaborn as sns
from pandas.plotting import scatter_matrix

# Load dataset
url = "https://archive.ics.uci.edu/ml/machine-learning-databases/iris/iris.data"
names = ['sepal-length', 'sepal-width', 'petal-length', 'petal-width', 'class']
df = pd.read_csv(url, names=names)

print(df.head(10))
print(df.tail(10))
print(df.describe())
print(df.info())
print(df.shape)
print(df.groupby('class').size())

plt.rcParams["figure.figsize"] = (10,8)
df.plot(kind='box', subplots=True, layout=(2,2), sharex=False, sharey=False)
plt.show()

df.hist()
plt.show()

scatter_matrix(df)
plt.show()

sns.pairplot(df, hue="class", size=2)
```

Source: https://machinelearningmastery.com/machine-learning-in-python-step-by-step/

```
import numpy as np
import pandas as pd
%matplotlib inline
import matplotlib.pyplot as plt
import seaborn as sns
from pandas.plotting import scatter_matrix
```

```
# Import Libraries
import numpy as np
import pandas as pd
%matplotlib inline
import matplotlib.pyplot as plt
import seaborn as sns
from pandas.plotting import scatter_matrix
print('imported')
```

```
imported
```

```
url = "https://archive.ics.uci.edu/ml/machine-learning-databases/iris/iris.data"
names = ['sepal-length', 'sepal-width', 'petal-length', 'petal-width', 'class']
df = pd.read_csv(url, names=names)
print(df.head(10))
```

```
# Load dataset
url = "https://archive.ics.uci.edu/ml/machine-learning-databases/iris/iris.data"
names = ['sepal-length', 'sepal-width', 'petal-length', 'petal-width', 'class']
df = pd.read_csv(url, names=names)
print(df.head(10))
```

	sepal-length	sepal-width	petal-length	petal-width	class
0	5.1	3.5	1.4	0.2	Iris-setosa
1	4.9	3.0	1.4	0.2	Iris-setosa
2	4.7	3.2	1.3	0.2	Iris-setosa
3	4.6	3.1	1.5	0.2	Iris-setosa
4	5.0	3.6	1.4	0.2	Iris-setosa
5	5.4	3.9	1.7	0.4	Iris-setosa
6	4.6	3.4	1.4	0.3	Iris-setosa
7	5.0	3.4	1.5	0.2	Iris-setosa
8	4.4	2.9	1.4	0.2	Iris-setosa
9	4.9	3.1	1.5	0.1	Iris-setosa

df.tail(10)

```
print(df.tail(10))
```

	sepal-length	sepal-width	petal-length	petal-width	class
140	6.7	3.1	5.6	2.4	Iris-virginica
141	6.9	3.1	5.1	2.3	Iris-virginica
142	5.8	2.7	5.1	1.9	Iris-virginica
143	6.8	3.2	5.9	2.3	Iris-virginica
144	6.7	3.3	5.7	2.5	Iris-virginica
145	6.7	3.0	5.2	2.3	Iris-virginica
146	6.3	2.5	5.0	1.9	Iris-virginica
147	6.5	3.0	5.2	2.0	Iris-virginica
148	6.2	3.4	5.4	2.3	Iris-virginica
149	5.9	3.0	5.1	1.8	Iris-virginica

df.describe()

```
print(df.describe())
```

```
       sepal-length  sepal-width  petal-length  petal-width
count    150.000000   150.000000    150.000000   150.000000
mean       5.843333     3.054000      3.758667     1.198667
std        0.828066     0.433594      1.764420     0.763161
min        4.300000     2.000000      1.000000     0.100000
25%        5.100000     2.800000      1.600000     0.300000
50%        5.800000     3.000000      4.350000     1.300000
75%        6.400000     3.300000      5.100000     1.800000
max        7.900000     4.400000      6.900000     2.500000
```

print(df.info())
print(df.shape)

```
print(df.info())
```

```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 150 entries, 0 to 149
Data columns (total 5 columns):
sepal-length    150 non-null float64
sepal-width     150 non-null float64
petal-length    150 non-null float64
petal-width     150 non-null float64
class           150 non-null object
dtypes: float64(4), object(1)
memory usage: 5.9+ KB
None
```

```
print(df.shape)
```

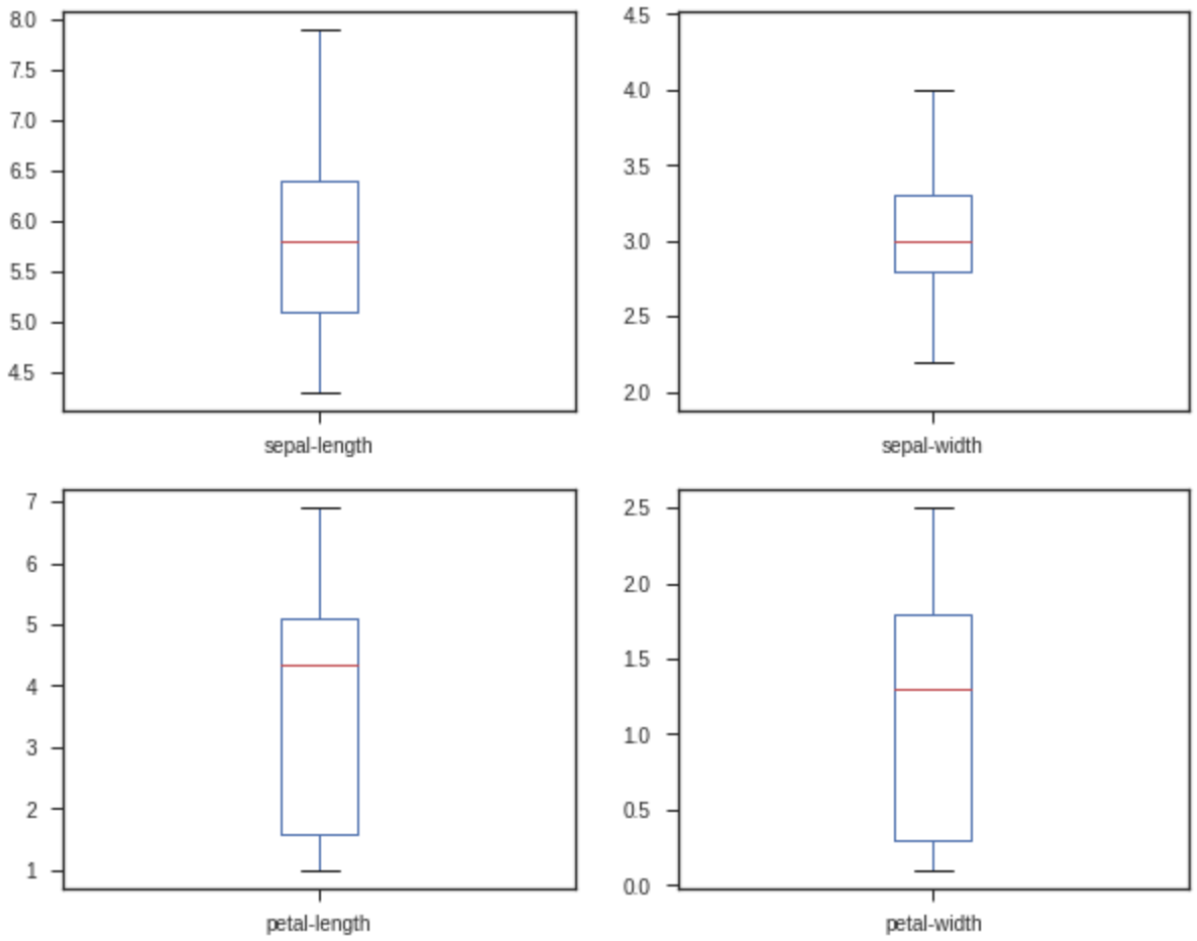
```
(150, 5)
```

df.groupby('class').size()

```
print(df.groupby('class').size())
```

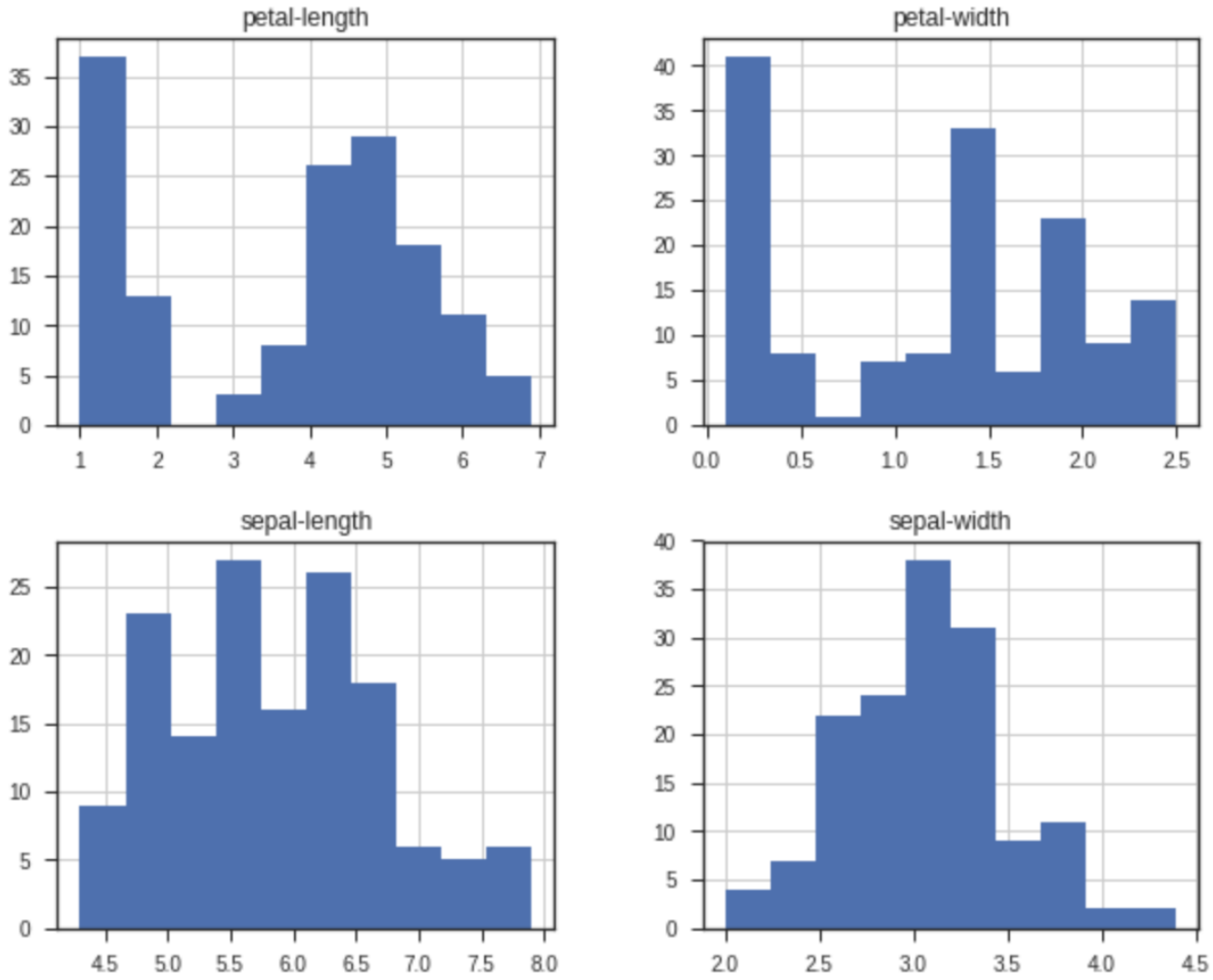
```
class
Iris-setosa        50
Iris-versicolor    50
Iris-virginica     50
dtype: int64
```

```
plt.rcParams["figure.figsize"] = (10,8)
df.plot(kind='box', subplots=True, layout=(2,2), sharex=False, sharey=False)
plt.show()
```



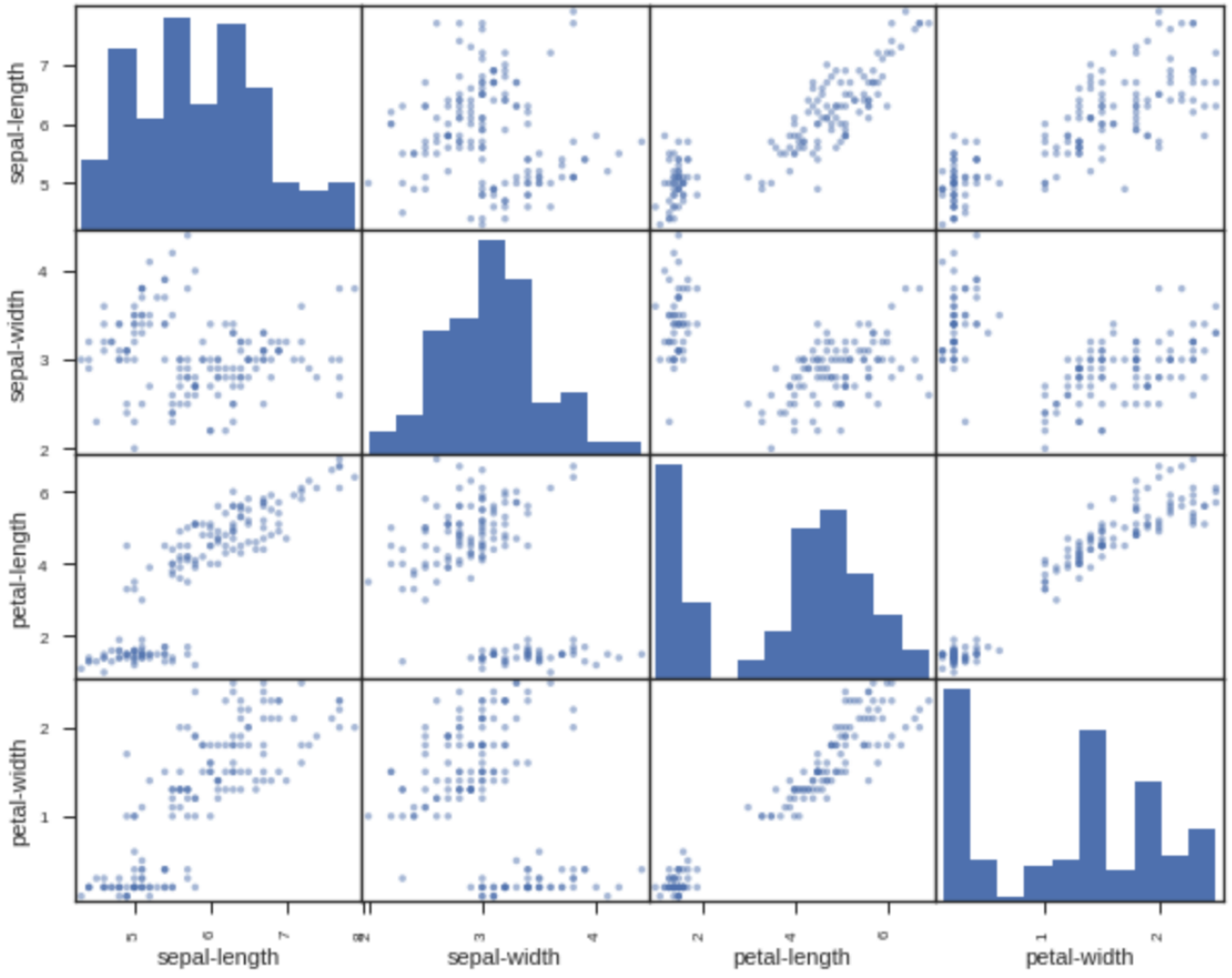
df.hist()
plt.show()

```
df.hist()
plt.show()
```



scatter_matrix(df)
plt.show()

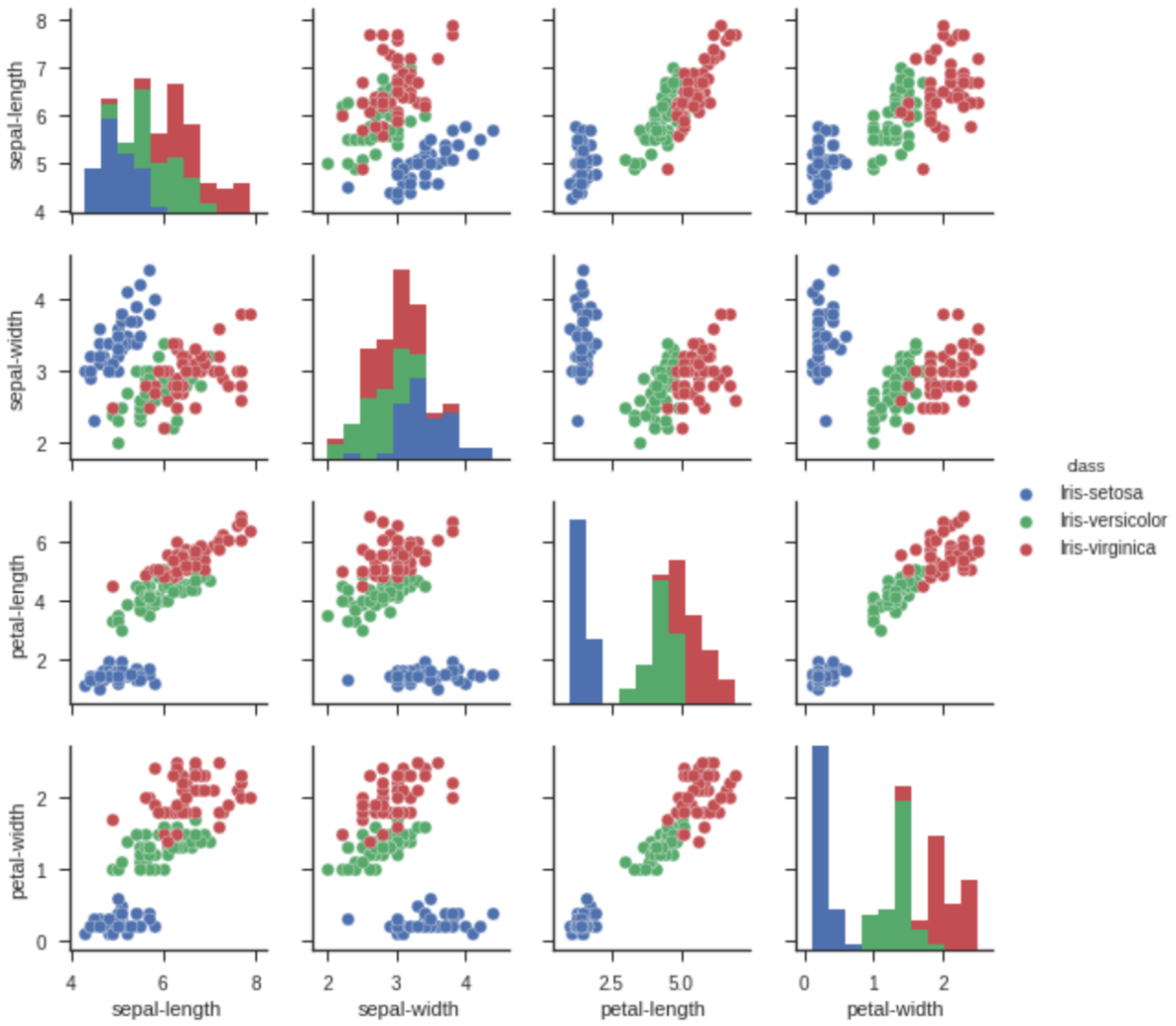
```
scatter_matrix(df)
plt.show()
```



sns.pairplot(df, hue="class", size=2)

```
sns.pairplot(df, hue="class", size=2)
```

```
<seaborn.axisgrid.PairGrid at 0x7f1d21267390>
```

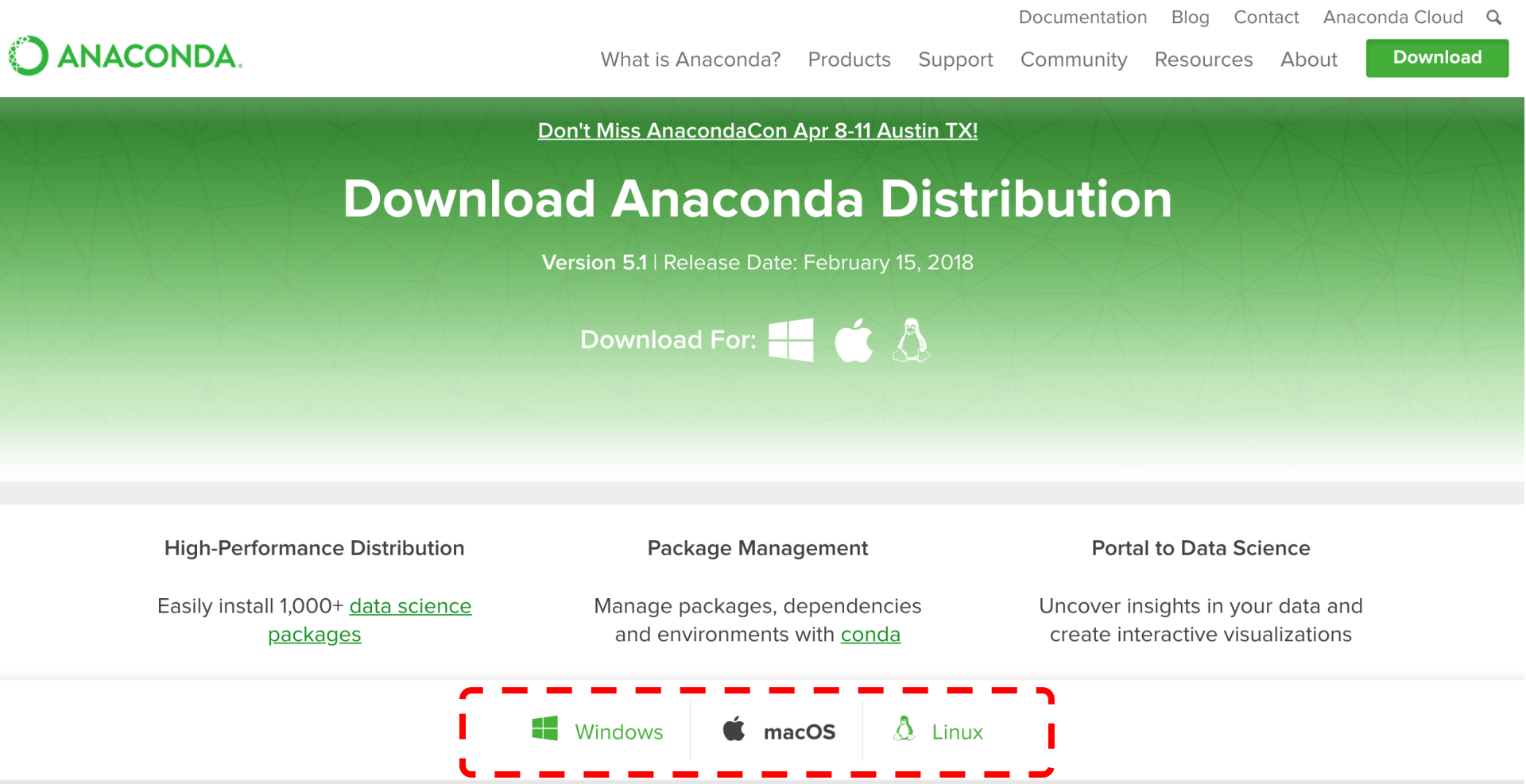


Anaconda

The Most Popular Python Data Science Platform

Source: https://www.anaconda.com/

Download Anaconda

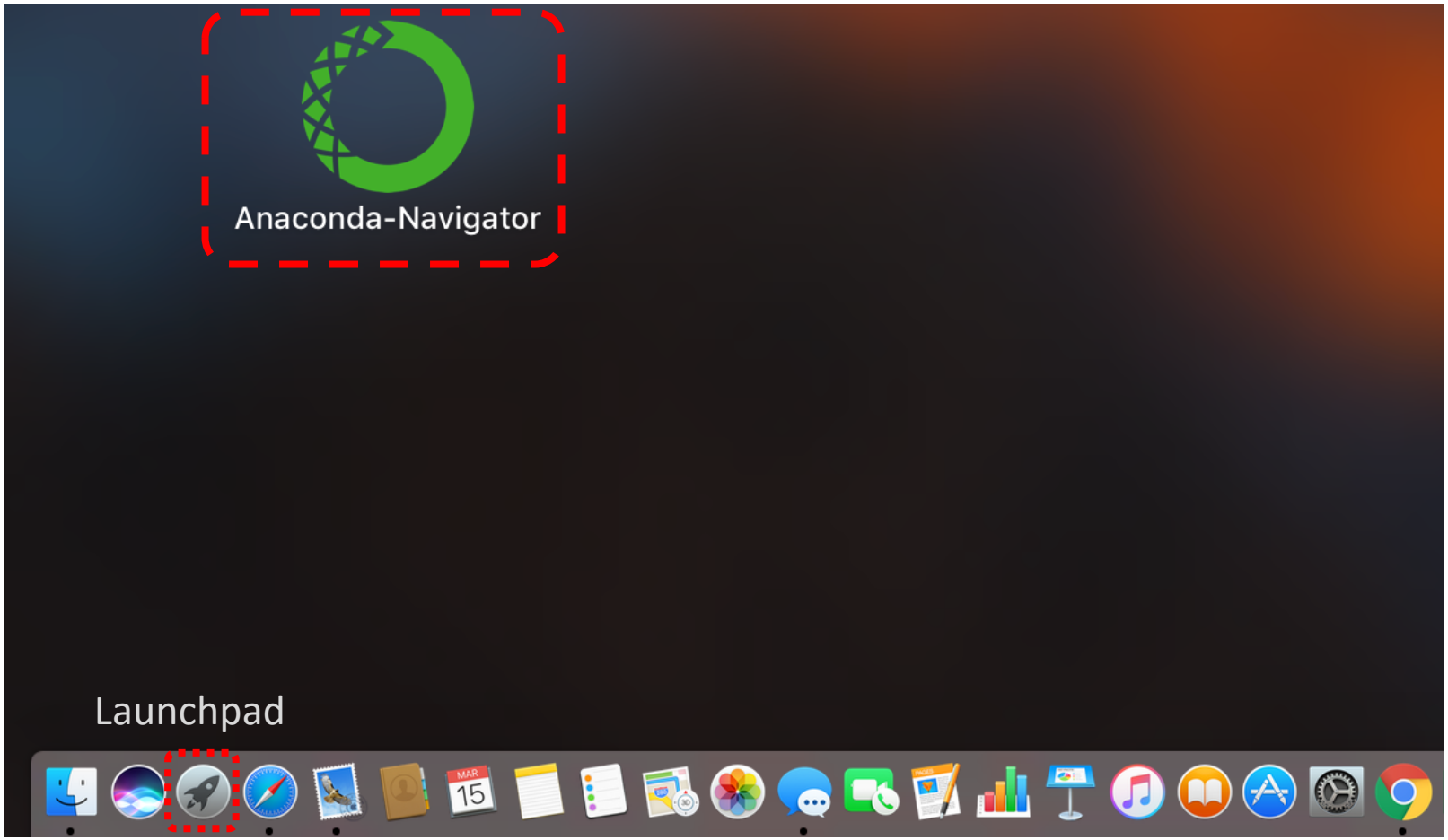


https://www.anaconda.com/download

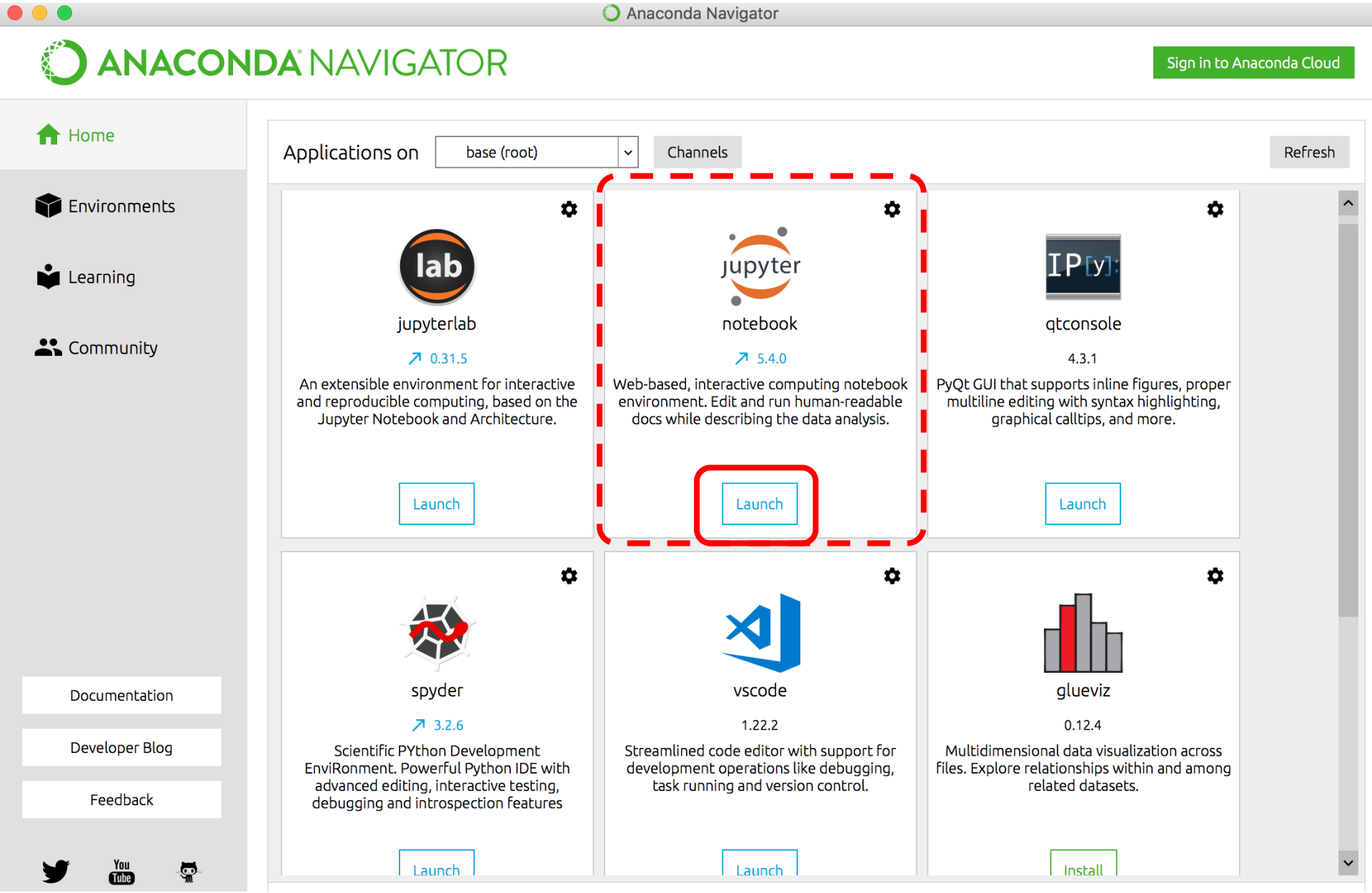
Python

HelloWorld

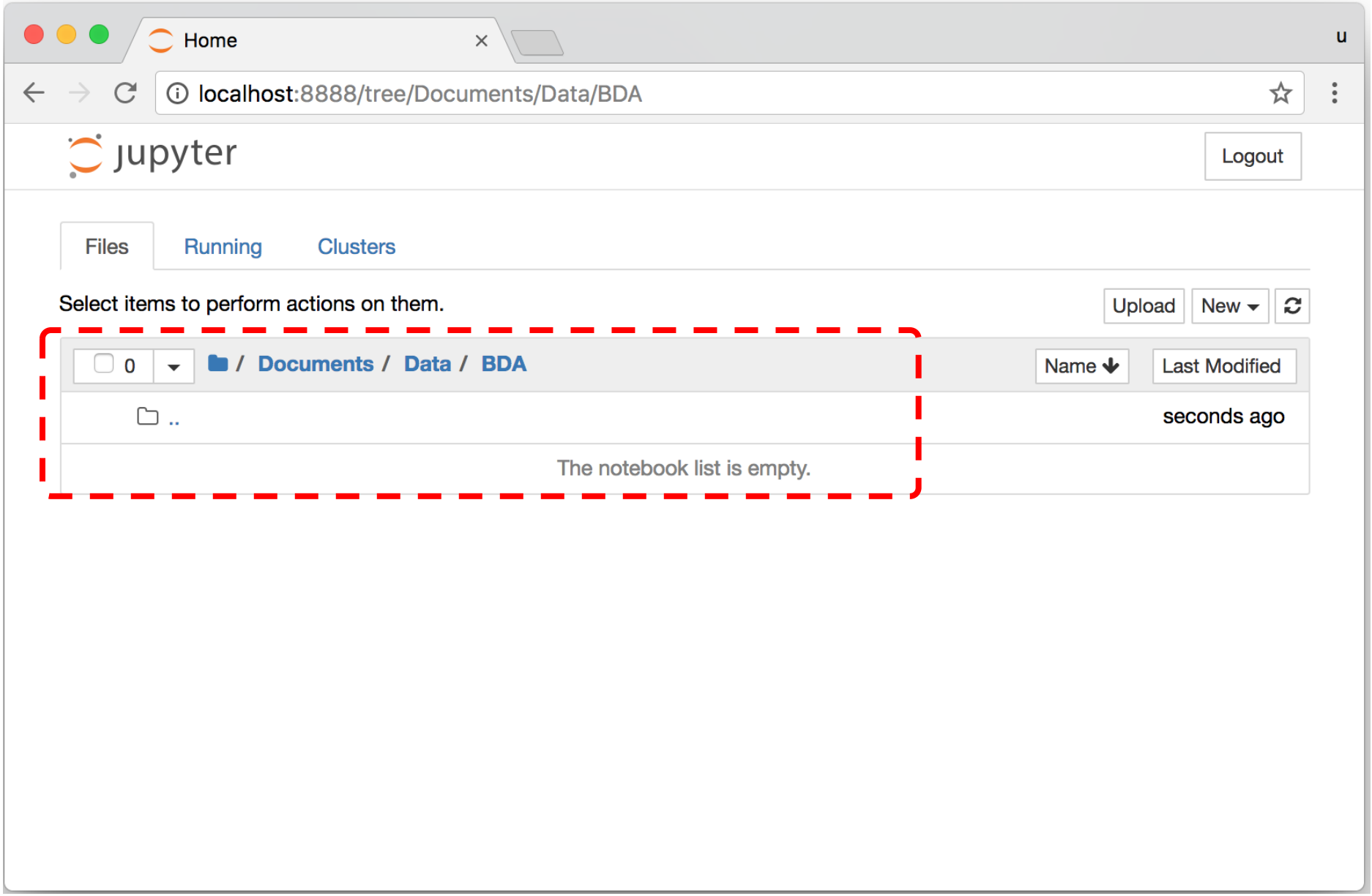
Anaconda-Navigator



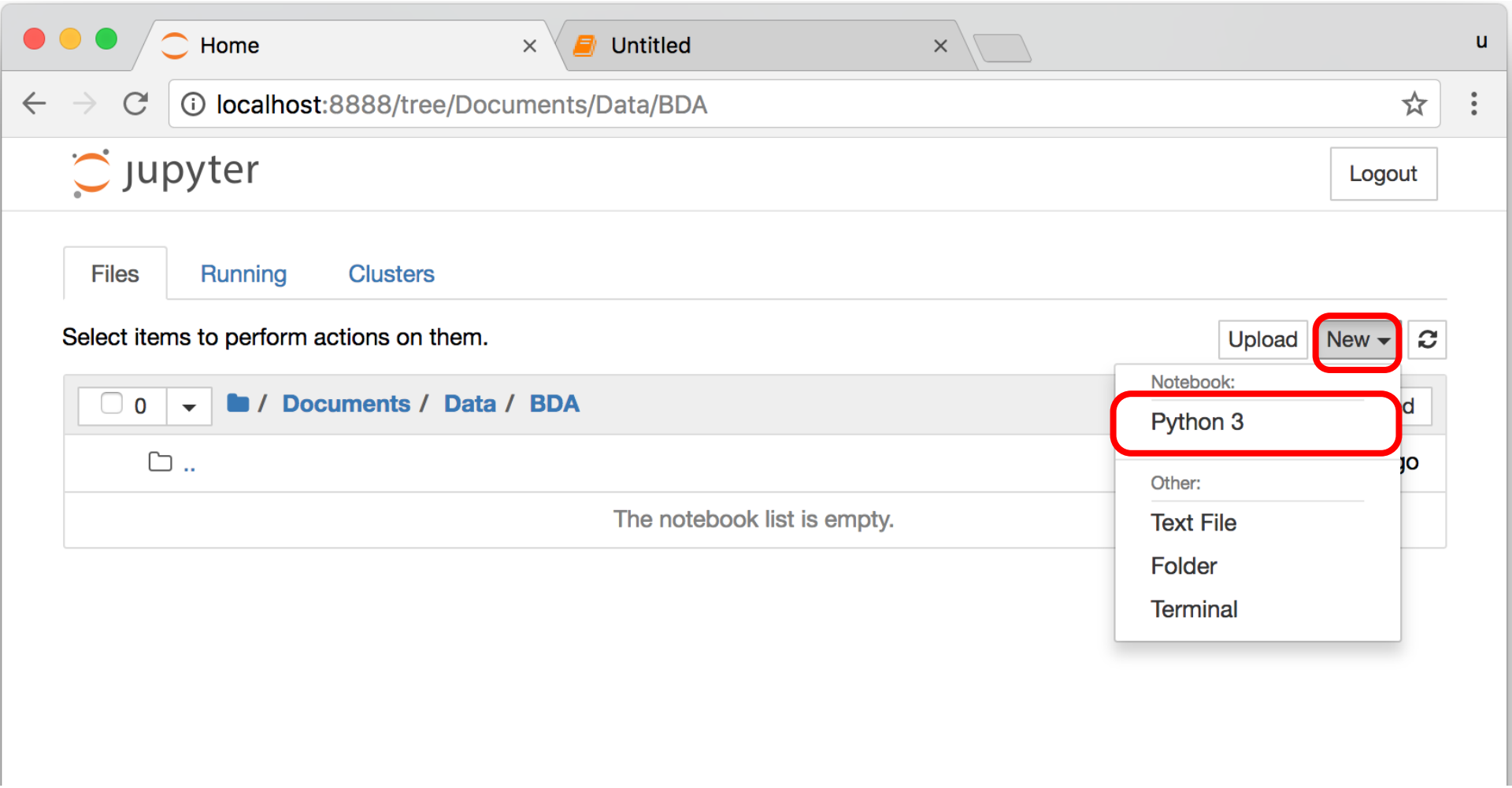
Anaconda Navigator



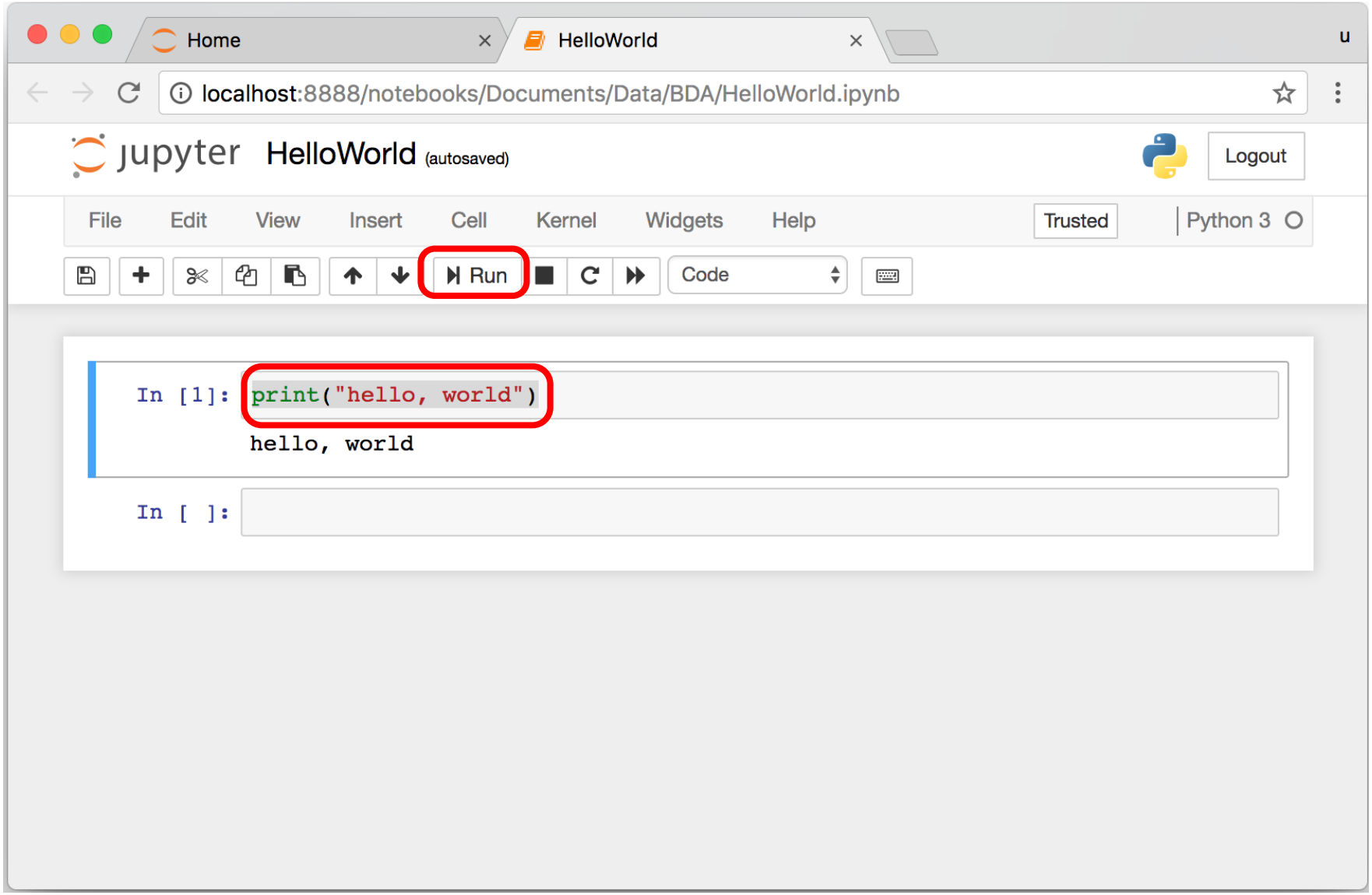
Jupyter Notebook



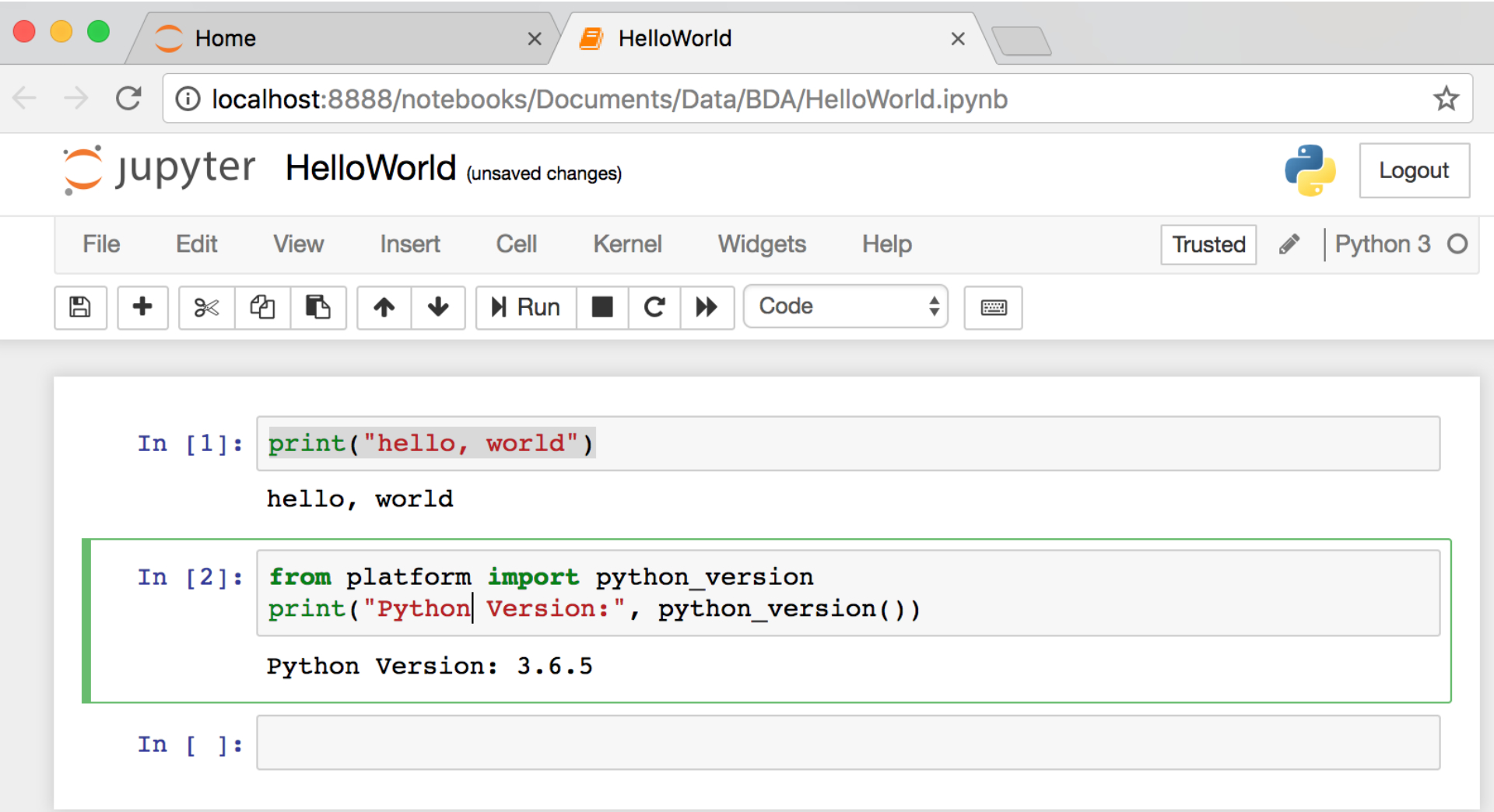
Jupyter Notebook
New Python 3



print("hello, world")



```
from platform import python_version
print("Python Version:", python_version())
```

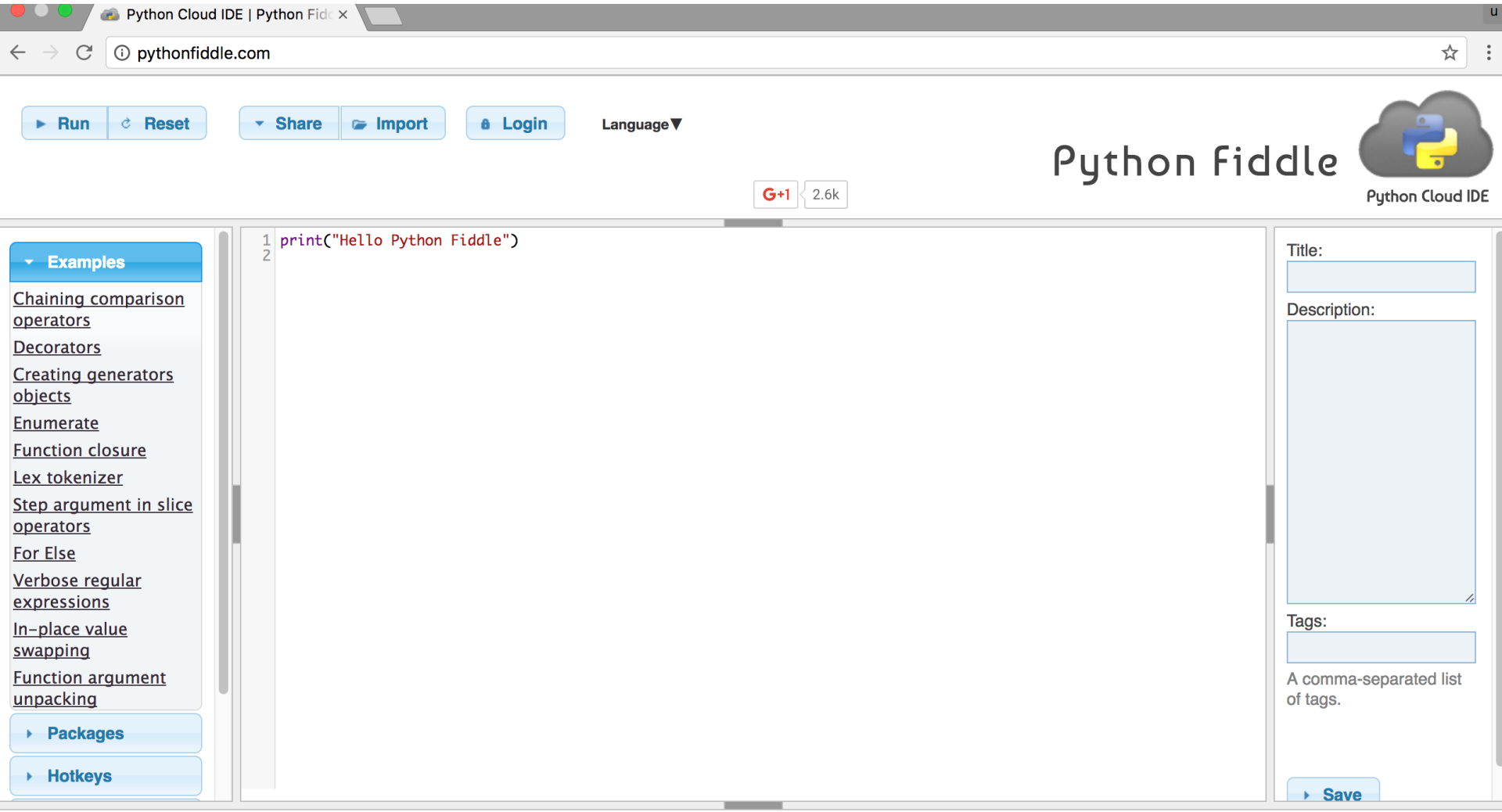


Python

Programming

Source: https://www.python.org/community/logos/

Python Fiddle



http://pythonfiddle.com/

Text input and output

```
print("Hello World")
```

```
print("Hello World\nThis is a message")
```

```
x = 3
print(x)
```

```
x = 2
y = 3
print(x, ' ', y)
```

```
name = input("Enter a name: ")
```

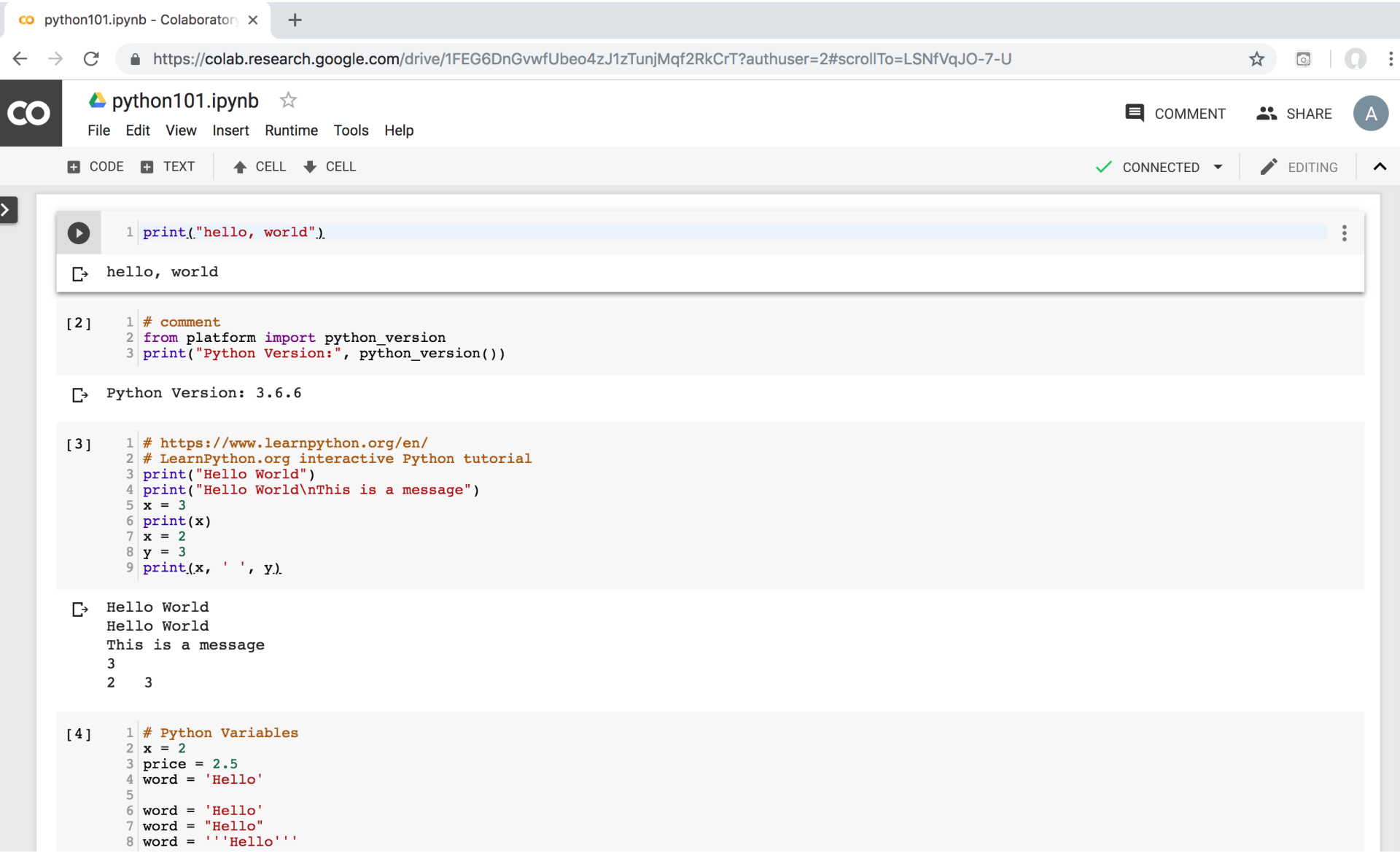
```
x = int(input("What is x? "))
```

```
x = float(input("Write a number "))
```

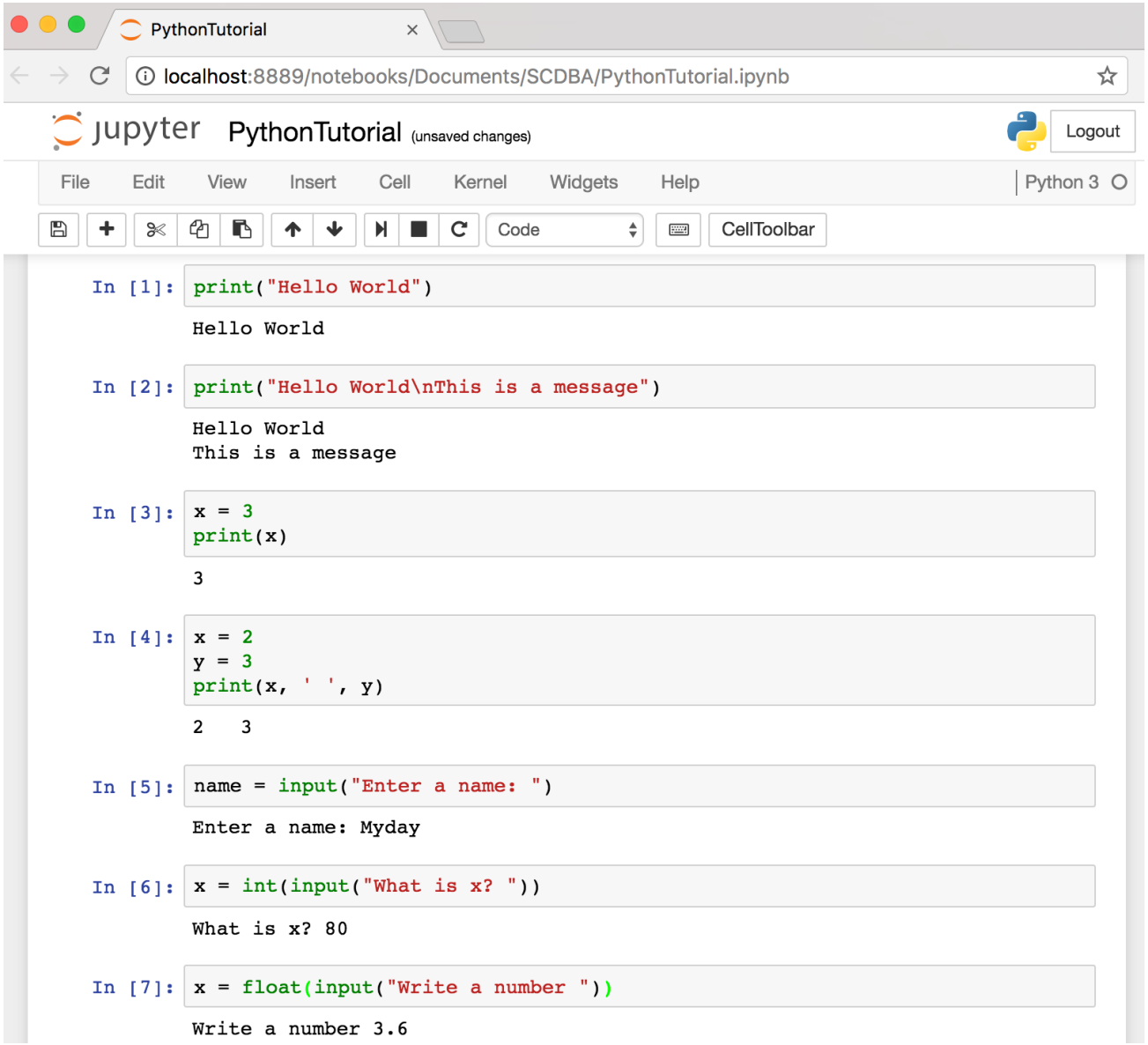
Source: http://pythonprogramminglanguage.com/text-input-and-output/

Python in Google Colab

https://colab.research.google.com/drive/1FEG6DnGvwfUbeo4zJ1zTunjMqf2RkCrT



Text input and output



Source: http://pythonprogramminglanguage.com/text-input-and-output/

Variables

```
x = 2
price = 2.5
word = 'Hello'
```

```
word = 'Hello'
word = "Hello"
word = '''Hello'''
```

```
x = 2
x = x + 1
x = 5
```

Source: http://pythonprogramminglanguage.com/

Python Basic Operators

```
print('7 + 2 =', 7 + 2)
print('7 - 2 =', 7 - 2)
print('7 * 2 =', 7 * 2)
print('7 / 2 =', 7 / 2)
print('7 // 2 =', 7 // 2)
print('7 % 2 =', 7 % 2)
print('7 ** 2 =', 7 ** 2)
```

```
print('7 + 2 =', 7 + 2)
print('7 - 2 =', 7 - 2)
print('7 * 2 =', 7 * 2)
print('7 / 2 =', 7 / 2)
print('7 // 2 =', 7 // 2)
print('7 % 2 =', 7 % 2)
print('7 ** 2 =', 7 ** 2)
```

```
7 + 2 = 9
7 - 2 = 5
7 * 2 = 14
7 / 2 = 3.5
7 // 2 = 3
7 % 2 = 1
7 ** 2 = 49
```

BMI Calculator in Python

```
height_cm = float(input("Enter your height in cm: "))
weight_kg = float(input("Enter your weight in kg: "))

height_m = height_cm/100
BMI = (weight_kg/(height_m**2))

print("Your BMI is: " + str(round(BMI,1)))
```

Source: http://code.activestate.com/recipes/580615-bmi-code/

BMI Calculator in Python

jupyter PythonTutorial Last Checkpoint: a minute ago (unsaved changes) Logout

File Edit View Insert Cell Kernel Widgets Help Python 3

Code CellToolbar

In [1]:
```
height_cm = float(input("Enter your height in cm: "))
weight_kg = float(input("Enter your weight in kg: "))

height_m = height_cm/100
BMI = (weight_kg/(height_m**2))

print("Your BMI is: " + str(round(BMI,1)))
```

```
Enter your height in cm: 170
Enter your weight in kg: 60
Your BMI is: 20.8
```

In [ ]:

Source: http://code.activestate.com/recipes/580615-bmi-code/

Future value
of a specified
principal amount,
rate of interest, and
a number of years

Source: https://www.w3resource.com/python-exercises/python-basic-exercise-39.php

Future Value (FV)

```
# How much is your $100 worth after 7 years?
print(100 * 1.1 ** 7)
# output = 194.87
```

```
print(100 * 1.1 ** 7)
```

```
194.87171000000012
```

Source: https://www.w3resource.com/python-exercises/python-basic-exercise-39.php

Future Value (FV)

```
pv = 100
r = 0.1
n = 7

fv = pv * ((1 + (r)) ** n)
print(round(fv, 2))
```

```
pv = 100
r = 0.1
n = 7

fv = pv * ((1 + (r)) ** n)
print(round(fv, 2))
```

```
194.87
```

Future Value (FV)

```
amount = 100
interest = 10 #10% = 0.01 * 10
years = 7

future_value = amount * ((1 + (0.01 * interest)) ** years)
print(round(future_value, 2))
```

```
amount = 100
interest = 10 #10% = 0.01 * 10
years = 7

future_value  = amount * ((1 + (0.01 * interest)) ** years)
print(round(future_value, 2))
```

```
194.87
```

Source: https://www.w3resource.com/python-exercises/python-basic-exercise-39.php

if statements

> greater than
< smaller than
== equals
!= is not

```
score = 80
if score >=60 :
    print("Pass")
else:
    print("Fail")
```

```
Pass
```

```
score = 80
if score >=60 :
    print("Pass")
else:
    print("Fail")
```

Source: http://pythonprogramminglanguage.com/

if elif else

```
score = 90
grade = ""
if score >=90:
    grade = "A"
elif score >= 80:
    grade = "B"
elif score >= 70:
    grade = "C"
elif score >= 60:
    grade = "D"
else:
    grade = "E"
print(grade)
# grade = ”A”
```

```
A
```

http://pythontutor.com/visualize.html
https://goo.gl/E6w5ph

Source: http://pythonprogramminglanguage.com/

for loops

```
for i in range(1,11):
    print(i)
```

```
1
2
3
4
5
6
7
8
9
10
```

Source: http://pythonprogramminglanguage.com/

for loops

```
for i in range(1,10):
    for j in range(1,10):
        print(i, ' * ' , j , ' = ', i*j)
```

```
9 * 1 = 9
9 * 2 = 18
9 * 3 = 27
9 * 4 = 36
9 * 5 = 45
9 * 6 = 54
9 * 7 = 63
9 * 8 = 72
9 * 9 = 81
```

Source: http://pythonprogramminglanguage.com/

while loops

```
age = 10

while age < 20:
    print(age)
    age = age + 1
```

```
10
11
12
13
14
15
16
17
18
19
```

Source: https://learnpython.trinket.io/learn-python-part-8-loops#/while-loops/about-while-loops

Functions

```
def convertCMtoM(xcm):
    m = xcm/100
    return m

cm = 180
m = convertCMtoM(cm)
print(str(m))
```

```
1.8
```

python™

Lists

```
x = [60, 70, 80, 90]
print(len(x))
print(x[0])
print(x[1])
print(x[-1])
```

```
4
60
70
90
```

Tuples

A tuple in Python is a collection that cannot be modified.

A tuple is defined using parenthesis.

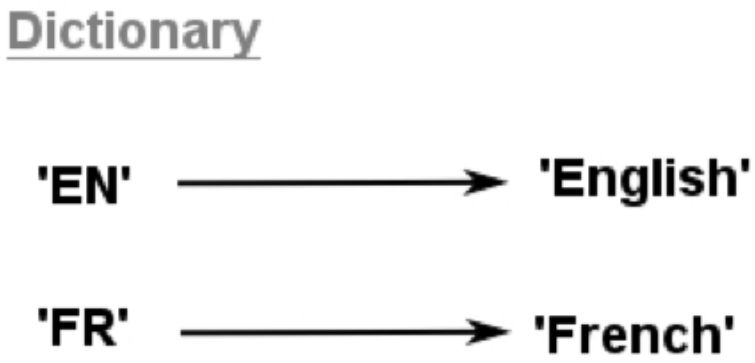
```
x = (10, 20, 30, 40, 50)
print(x[0])
print(x[1])
print(x[2])
print(x[-1])
```

```
10
20
30
50
```

Source: http://pythonprogramminglanguage.com/tuples/

Dictionary

```
k = { 'EN':'English', 'FR':'French' }
print(k['EN'])
```



English

Source: http://pythonprogramminglanguage.com/dictionary/

Sets

```
animals = {'cat', 'dog'}
```

```
animals = {'cat', 'dog'}
print('cat' in animals)  # Check if an element is in a set; prints "True"
print('fish' in animals) # prints "False"
animals.add('fish')      # Add an element to a set
print('fish' in animals) # Prints "True"
print(len(animals))      # Number of elements in a set; prints "3"
animals.add('cat')       # Adding an element that is already in the set does nothing
print(len(animals))      # Prints "3"
animals.remove('cat')    # Remove an element from a set
print(len(animals))      # Prints "2"
```

```
True
False
True
3
3
2
```

```
animals = {'cat', 'dog'}
print('cat' in animals)
print('fish' in animals)
animals.add('fish')
print('fish' in animals)
print(len(animals))
animals.add('cat')
print(len(animals))
animals.remove('cat')
print(len(animals))
```

Source: http://cs231n.github.io/python-numpy-tutorial/

File Input / Output

```
with open('myfile.txt', 'w') as file:
    file.write('Hello World\nThis is Python File Input Output')

with open('myfile.txt', 'r') as file:
    text = file.read()
print(text)
```

```
with open('myfile.txt', 'w') as file:
    file.write('Hello World\nThis is Python File Input Output')
```

```
with open('myfile.txt', 'r') as file:
    text = file.read()
print(text)
```

```
Hello World
This is Python File Input Output
```

```
text
```

```
'Hello World\nThis is Python File Input Output'
```

Source: https://github.com/TiesdeKok/LearnPythonforResearch/blob/master/0_python_basics.ipynb

File Input / Output

```
with open('myfile.txt', 'a+') as file:
    file.write('\n' + 'New line')

with open('myfile.txt', 'r') as file:
    text = file.read()
print(text)
```

```
with open('myfile.txt', 'a+') as file:
    file.write('\n' + 'New line')
```

```
with open('myfile.txt', 'r') as file:
    text = file.read()
print(text)
```

```
Hello World
This is Python File Input Output
New line
```

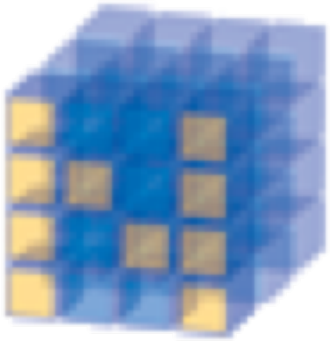
Source: https://github.com/TiesdeKok/LearnPythonforResearch/blob/master/0_python_basics.ipynb

Big Data Analytics with

Numpy

in Python

Numpy



NumPy

Base

N-dimensional array

package

NumPy

is the

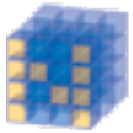
fundamental package

for

scientific computing

with Python.

Source: http://www.numpy.org/

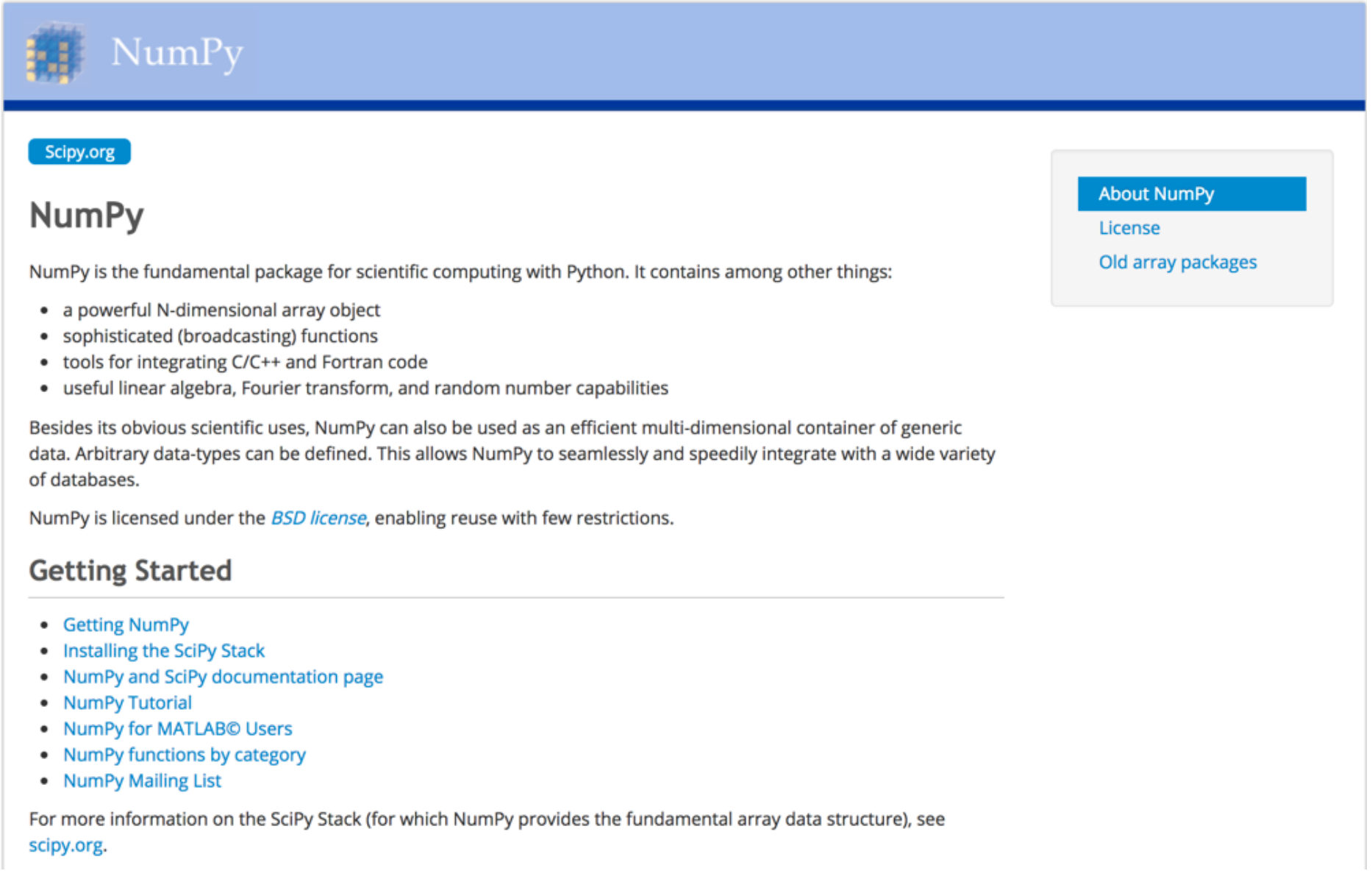


NumPy

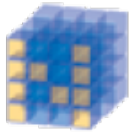
NumPy

- NumPy provides a **multidimensional array** object to store homogenous or heterogeneous data;
  it also provides optimized functions/methods to operate on this array object.

NumPy



http://www.numpy.org/



NumPy

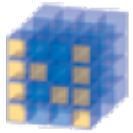
NumPy ndarray

One-dimensional Array (1-D Array)

0	1			n-1
1	**2**	**3**	**4**	**5**

Two-dimensional Array (2-D Array)

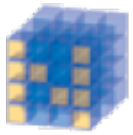
	0	1			n-1
0	**1**	**2**	**3**	**4**	**5**
1	**6**	**7**	**8**	**9**	**10**
	11	**12**	**13**	**14**	**15**
m-1	**16**	**17**	**18**	**19**	**20**



NumPy

NumPy

```
v = list(range(1, 6))
v
2 * v
import numpy as np
v = np.arange(1, 6)
v
2 * v
```



NumPy

Base
N-dimensional
array package

```
1 v = list(range(1, 6))
2 v
```

```
[1, 2, 3, 4, 5]
```

```
1 2 * v
```

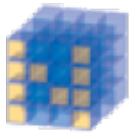
```
[1, 2, 3, 4, 5, 1, 2, 3, 4, 5]
```

```
1 import numpy as np
2 v = np.arange(1, 6)
3 v
```

```
array([1, 2, 3, 4, 5])
```

```
1 2 * v
```

```
array([ 2,  4,  6,  8, 10])
```



NumPy

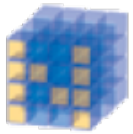
NumPy Create Array

```
import numpy as np
a = np.array([1, 2, 3])
b = np.array([4, 5, 6])
c = a * b
c
```

```
import numpy as np
a = np.array([1, 2, 3])
b = np.array([4, 5, 6])
c = a * b
c
```

```
array([ 4, 10, 18])
```

Source: Yves Hilpisch (2014), Python for Finance: Analyze Big Financial Data, O'Reilly



NumPy

NumPy

```python
import numpy as np

a = np.zeros((2,2))  # Create an array of all zeros
print(a)             # Prints "[[ 0.  0.]
                     #          [ 0.  0.]]"

b = np.ones((1,2))   # Create an array of all ones
print(b)             # Prints "[[ 1.  1.]]"

c = np.full((2,2), 7) # Create a constant array
print(c)              # Prints "[[ 7.  7.]
                      #          [ 7.  7.]]"

d = np.eye(2)        # Create a 2x2 identity matrix
print(d)             # Prints "[[ 1.  0.]
                     #          [ 0.  1.]]"

e = np.random.random((2,2)) # Create an array filled with random values
print(e)                    # Might print "[[ 0.91940167  0.08143941]
                            #               [ 0.68744134  0.87236687]]"
```

```
[[0. 0.]
 [0. 0.]]
[[1. 1.]]
[[7 7]
 [7 7]]
[[1. 0.]
 [0. 1.]]
[[0.66258211 0.65552598]
 [0.00429934 0.21695824]]
```

Source: http://cs231n.github.io/python-numpy-tutorial/

Numpy Quickstart Tutorial

SciPy.org Sponsored By ENTHOUGHT

Scipy.org | Docs | NumPy v1.13.dev0 Manual | NumPy User Guide

index | next | previous

Quickstart tutorial

Prerequisites

Before reading this tutorial you should know a bit of Python. If you would like to refresh your memory, take a look at the Python tutorial.

If you wish to work the examples in this tutorial, you must also have some software installed on your computer. Please see http://scipy.org/install.html for instructions.

The Basics

NumPy's main object is the homogeneous multidimensional array. It is a table of elements (usually numbers), all of the same type, indexed by a tuple of positive integers. In NumPy dimensions are called *axes*. The number of axes is *rank*.

For example, the coordinates of a point in 3D space `[1, 2, 1]` is an array of rank 1, because it has one axis. That axis has a length of 3. In the example pictured below, the array has rank 2 (it is 2-dimensional). The first dimension (axis) has a length of 2, the second dimension has a length of 3.

```
[[ 1., 0., 0.],
 [ 0., 1., 2.]]
```

NumPy's array class is called `ndarray`. It is also known by the alias `array`. Note that `numpy.array` is not the same as the Standard Python Library class `array.array`, which only handles one-dimensional arrays and offers less functionality. The more important attributes of an `ndarray` object are:

ndarray.ndim

the number of axes (dimensions) of the array. In the Python world, the number of dimensions is referred to as *rank*.

ndarray.shape

Table Of Contents

https://docs.scipy.org/doc/numpy-dev/user/quickstart.html

```
import numpy as np
a = np.arange(15).reshape(3, 5)
```

```
a.shape
a.ndim
a.dtype.name
```

```
import numpy as np
a = np.arange(15).reshape(3, 5)
a
```

```
array([[ 0,  1,  2,  3,  4],
       [ 5,  6,  7,  8,  9],
       [10, 11, 12, 13, 14]])
```

```
print(a.shape)
```

```
(3, 5)
```

```
a.ndim
```

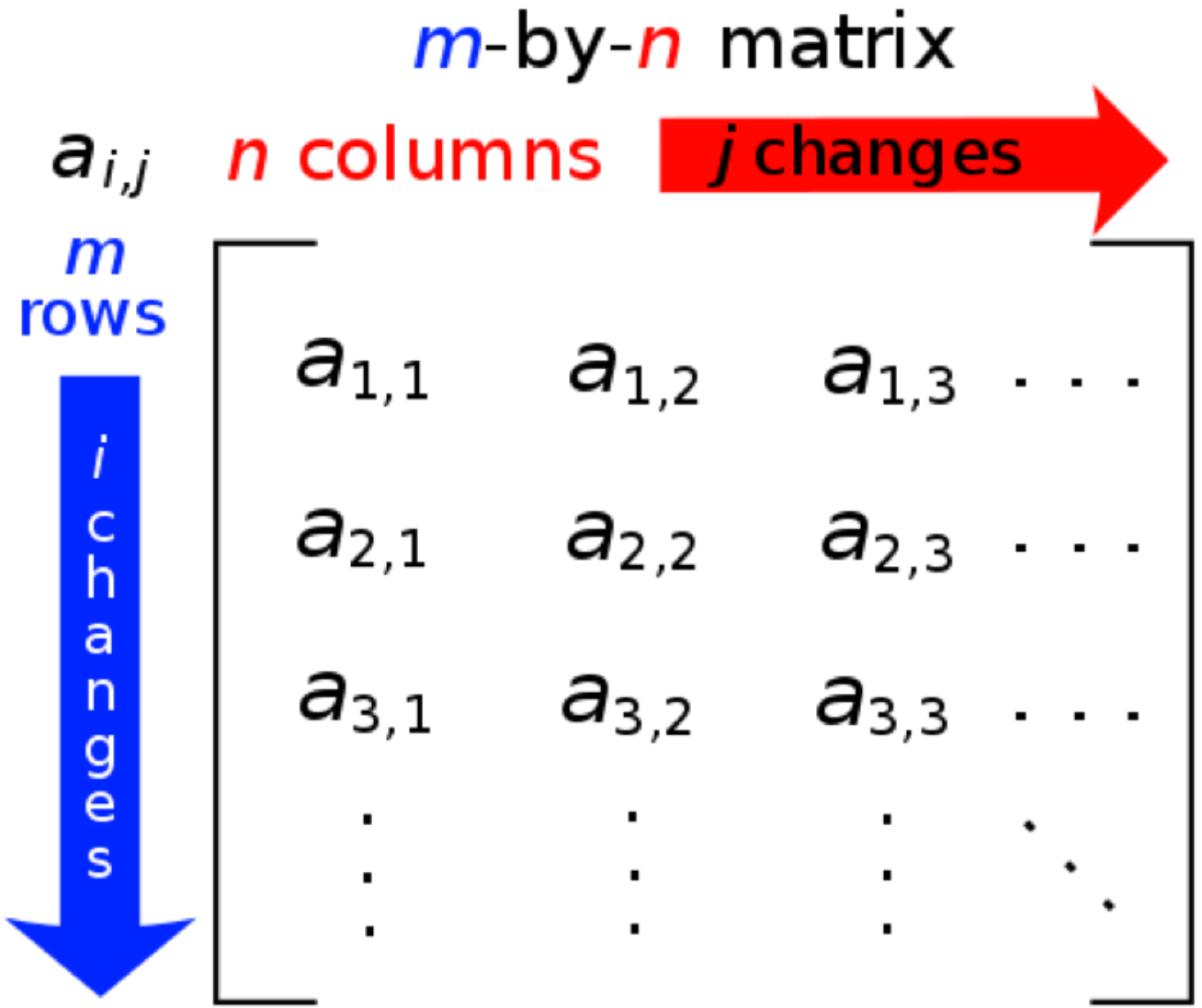
```
2
```

```
a.dtype.name
```

```
'int64'
```

Source: https://docs.scipy.org/doc/numpy-dev/user/quickstart.html

Matrix



Source: https://simple.wikipedia.org/wiki/Matrix_(mathematics)

NumPy ndarray: Multidimensional Array Object

NumPy ndarray

One-dimensional Array (1-D Array)

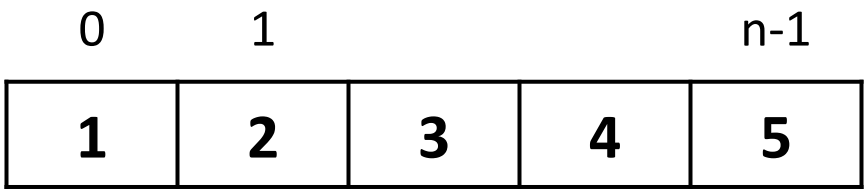
0	1			n-1
1	**2**	**3**	**4**	**5**

Two-dimensional Array (2-D Array)

	0	1			n-1
0	**1**	**2**	**3**	**4**	**5**
1	**6**	**7**	**8**	**9**	**10**
	11	**12**	**13**	**14**	**15**
m-1	**16**	**17**	**18**	**19**	**20**

```
import numpy as np
a = np.array([1,2,3,4,5])
```

One-dimensional Array (1-D Array)




```
a = np.array([1,2,3,4,5])
a
```

```
array([1, 2, 3, 4, 5])
```

```
a = np.array([[1,2,3,4,5],[6,7,8,9,10],[11,12,13,14,15],[16,17,18,19,20]])
```

Two-dimensional Array (2-D Array)

	0	1			n-1
0	**1**	**2**	**3**	**4**	**5**
1	**6**	**7**	**8**	**9**	**10**
	11	**12**	**13**	**14**	**15**
m-1	**16**	**17**	**18**	**19**	**20**

```
a = np.array([[1,2,3,4,5],[6,7,8,9,10],[11,12,13,14,15],[16,17,18,19,20]])
a
```

```
array([[ 1,  2,  3,  4,  5],
       [ 6,  7,  8,  9, 10],
       [11, 12, 13, 14, 15],
       [16, 17, 18, 19, 20]])
```

```
import numpy as np
a = np.array([[0, 1, 2, 3],
[10, 11, 12, 13],
[20, 21, 22, 23]])
a
```

0	1	2	3
10	11	12	13
20	21	22	23

a = np.array([[0, 1, 2, 3], [10, 11, 12, 13], [20, 21, 22, 23]])

```
a = np.array([[0, 1, 2, 3], [10, 11, 12, 13], [20, 21, 22, 23]])
a
```

```
array([[ 0,  1,  2,  3],
       [10, 11, 12, 13],
       [20, 21, 22, 23]])
```

```
print(a.ndim)
```

```
2
```

```
print(a.shape)
```

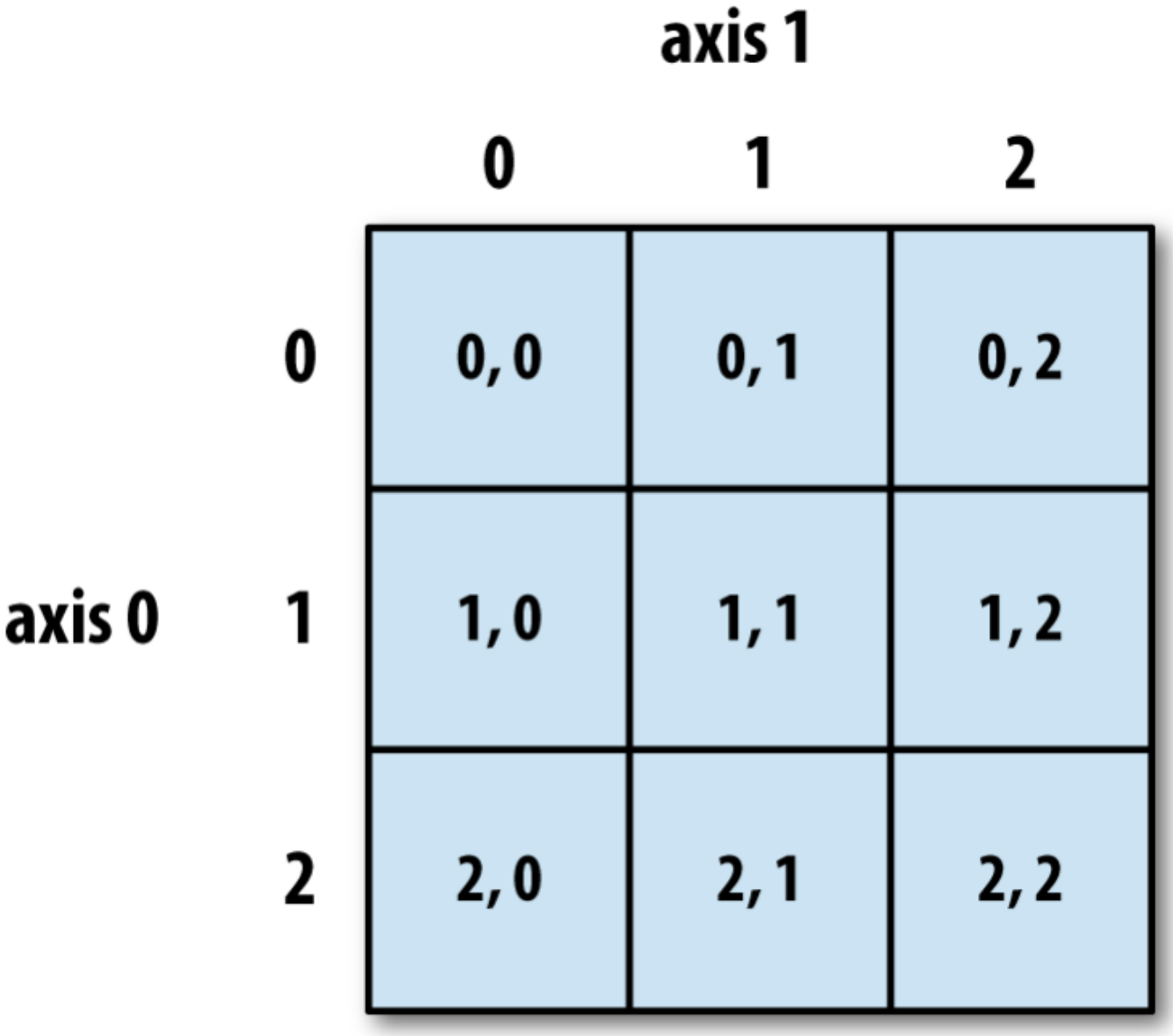
```
(3, 4)
```

0	1	2	3
10	11	12	13
20	21	22	23

NumPy Basics: Arrays and Vectorized Computation

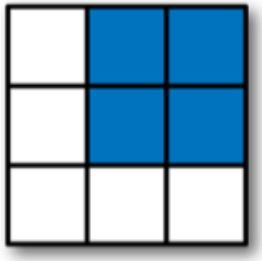
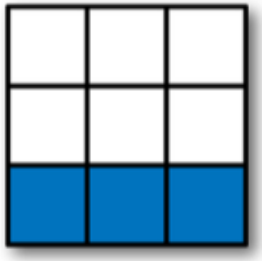
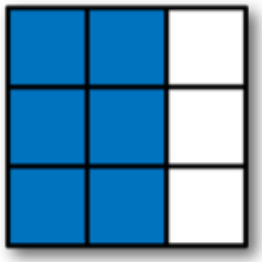
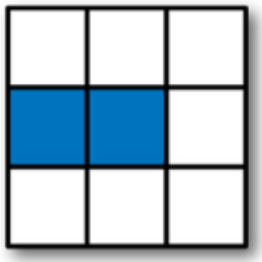
Source: https://www.safaribooksonline.com/library/view/python-for-data/9781449323592/ch04.html

NumPy Array



Source: https://www.safaribooksonline.com/library/view/python-for-data/9781449323592/ch04.html

Numpy Array

	Expression	Shape
	`arr[:2, 1:]`	`(2, 2)`
	`arr[2]`	`(3,)`
	`arr[2, :]`	`(3,)`
	`arr[2:, :]`	`(1, 3)`
	`arr[:, :2]`	`(3, 2)`
	`arr[1, :2]`	`(2,)`
	`arr[1:2, :2]`	`(1, 2)`

Source: https://www.safaribooksonline.com/library/view/python-for-data/9781449323592/ch04.html

Wes McKinney (2017), "Python for Data Analysis: Data Wrangling with Pandas, NumPy, and IPython", 2nd Edition, O'Reilly Media.

Materials and IPython notebooks for "Python for Data Analysis" by Wes McKinney, published by O'Reilly Media

52 commits | **2** branches | **0** releases | **6** contributors

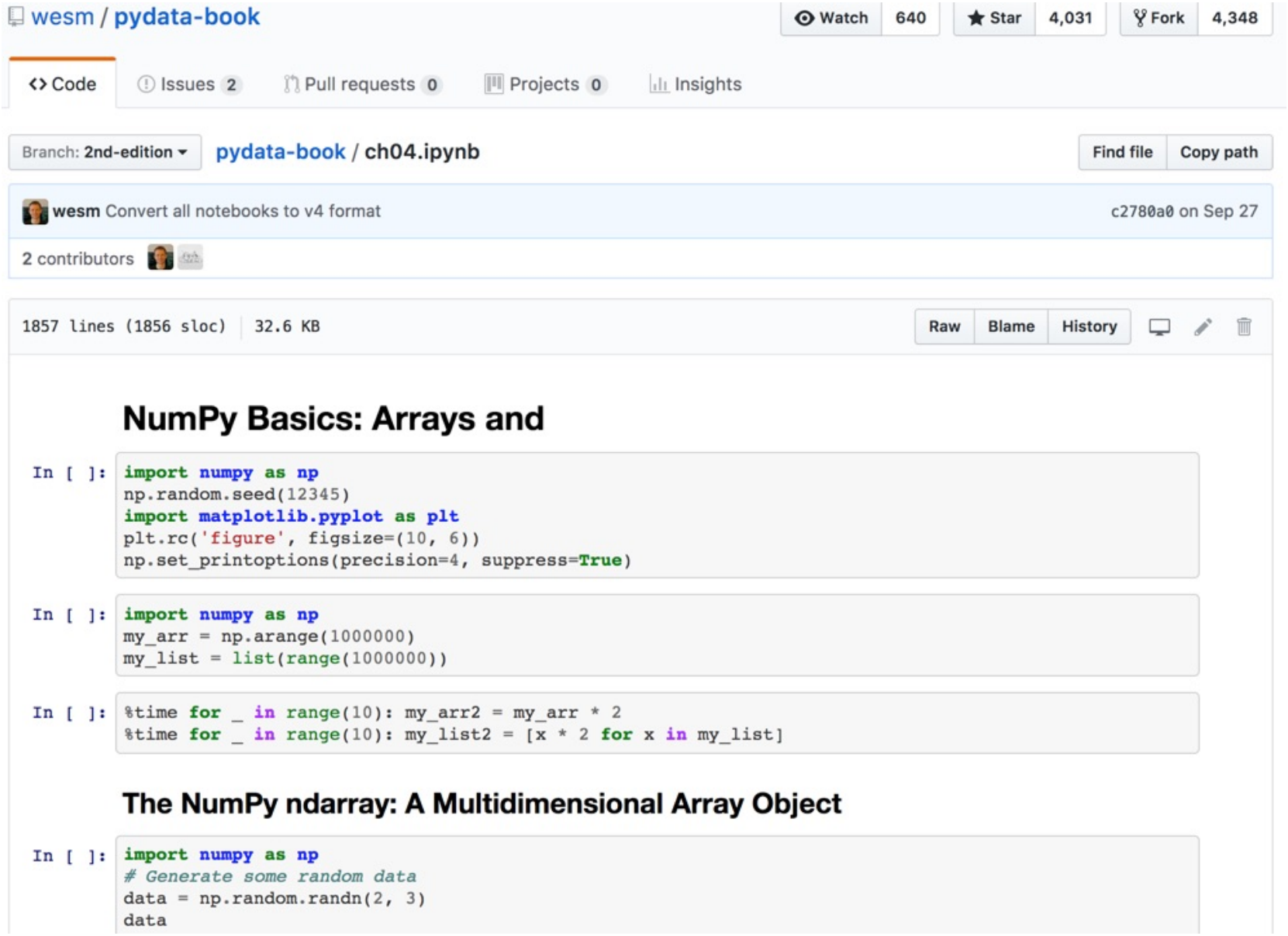
Branch: **2nd-edition** | New pull request | Find file | Clone or download

betatim committed with **wesm** Add requirements (#71) — Latest commit ea47998 5 days ago

datasets	Add Kaggle titanic dataset	5 months ago
examples	Remove sex column from tips dataset	4 months ago
.gitignore	Add gitignore	2 years ago
COPYING	Use MIT license for code examples	a month ago
README.md	Add launch in Azure Notebooks button (#70)	19 days ago
appa.ipynb	Make more cells markdown instead of raw	a month ago
ch02.ipynb	Make more cells markdown instead of raw	a month ago
ch03.ipynb	Make more cells markdown instead of raw	a month ago
ch04.ipynb	Convert all notebooks to v4 format	a month ago
ch05.ipynb	Make more cells markdown instead of raw	a month ago
ch06.ipynb	Make more cells markdown instead of raw	a month ago
ch07.ipynb	Convert all notebooks to v4 format	a month ago
ch08.ipynb	Make more cells markdown instead of raw	a month ago
ch09.ipynb	Make more cells markdown instead of raw	a month ago
ch10.ipynb	Make more cells markdown instead of raw	a month ago

https://github.com/wesm/pydata-book

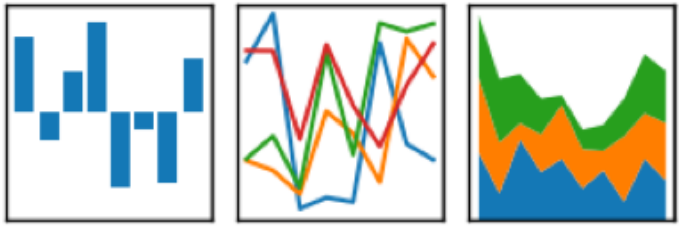
Wes McKinney (2017), "Python for Data Analysis: Data Wrangling with Pandas, NumPy, and IPython", 2nd Edition, O'Reilly Media.



Source: https://github.com/wesm/pydata-book/blob/2nd-edition/ch04.ipynb

pandas

$$y_{it} = \beta' x_{it} + \mu_i + \epsilon_{it}$$



Python Pandas

Python Pandas for Finance

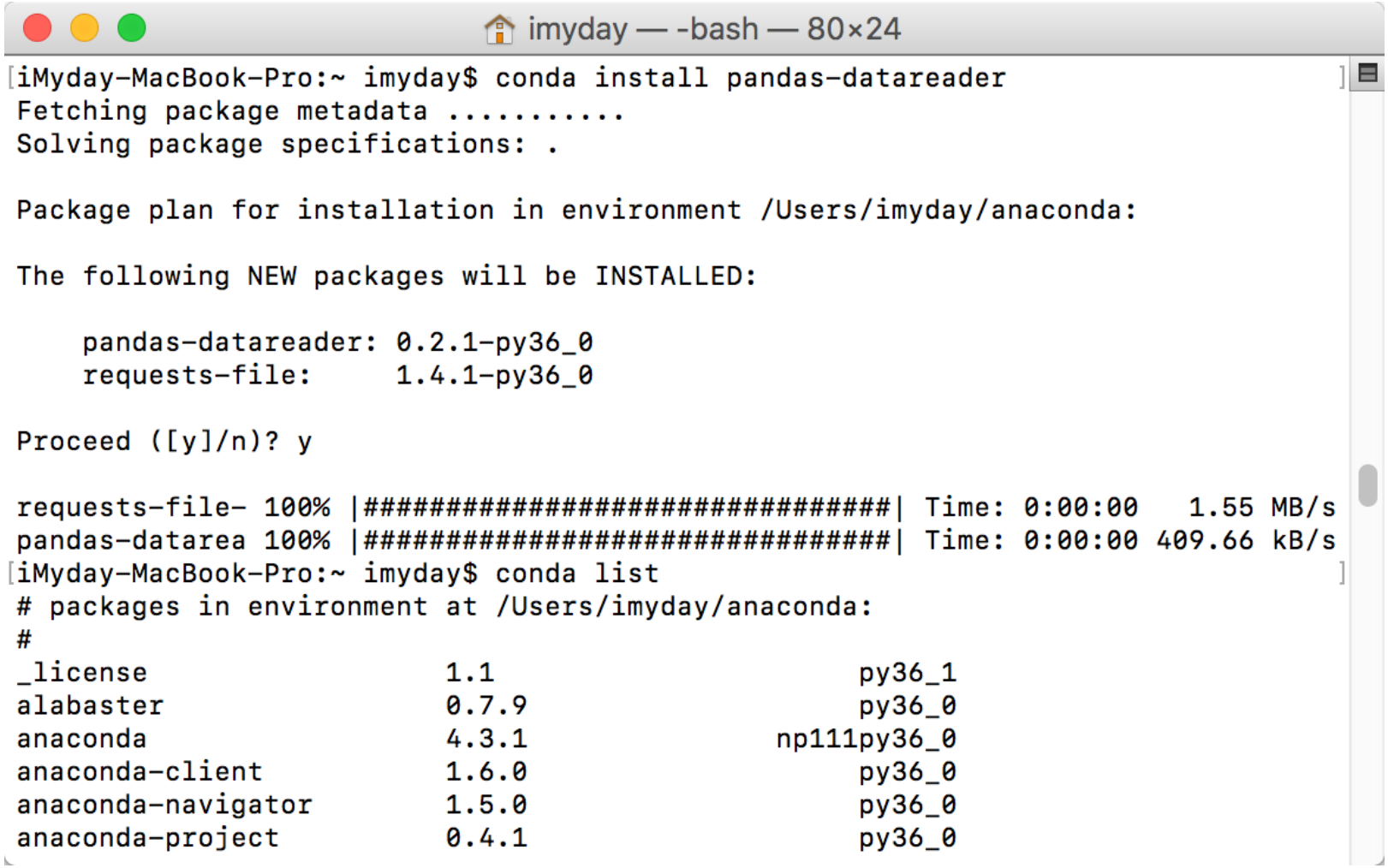
Source: https://mapattack.wordpress.com/2017/02/12/using-python-for-stocks-1/

! pip install pandas_datareader

```
1 ! pip install pandas_datareader
```

```
Collecting pandas_datareader
  Downloading https://files.pythonhosted.org/packages/cc/5c/ea5b6dcfd0f55c5fb1e37fb45335ec01cceca199b8a79339137f5ed269e0/pandas_datarea
    100% |████████████████████████████████| 112kB 2.7MB/s
Collecting lxml (from pandas_datareader)
  Downloading https://files.pythonhosted.org/packages/03/a4/9eea8035fc7c7670e5eab97f34ff2ef0ddd78a491bf96df5accedb0e63f5/lxml-4.2.5-cp3
    100% |████████████████████████████████| 5.8MB 7.5MB/s
Requirement already satisfied: pandas>=0.19.2 in /usr/local/lib/python3.6/dist-packages (from pandas_datareader) (0.22.0)
Requirement already satisfied: requests>=2.3.0 in /usr/local/lib/python3.6/dist-packages (from pandas_datareader) (2.18.4)
Requirement already satisfied: wrapt in /usr/local/lib/python3.6/dist-packages (from pandas_datareader) (1.10.11)
Requirement already satisfied: python-dateutil>=2 in /usr/local/lib/python3.6/dist-packages (from pandas>=0.19.2->pandas_datareader) (2
Requirement already satisfied: numpy>=1.9.0 in /usr/local/lib/python3.6/dist-packages (from pandas>=0.19.2->pandas_datareader) (1.14.6)
Requirement already satisfied: pytz>=2011k in /usr/local/lib/python3.6/dist-packages (from pandas>=0.19.2->pandas_datareader) (2018.5)
Requirement already satisfied: idna<2.7,>=2.5 in /usr/local/lib/python3.6/dist-packages (from requests>=2.3.0->pandas_datareader) (2.6)
Requirement already satisfied: chardet<3.1.0,>=3.0.2 in /usr/local/lib/python3.6/dist-packages (from requests>=2.3.0->pandas_datareader
Requirement already satisfied: certifi>=2017.4.17 in /usr/local/lib/python3.6/dist-packages (from requests>=2.3.0->pandas_datareader) (
Requirement already satisfied: urllib3<1.23,>=1.21.1 in /usr/local/lib/python3.6/dist-packages (from requests>=2.3.0->pandas_datareader
Requirement already satisfied: six>=1.5 in /usr/local/lib/python3.6/dist-packages (from python-dateutil>=2->pandas>=0.19.2->pandas_data
Installing collected packages: lxml, pandas-datareader
Successfully installed lxml-4.2.5 pandas-datareader-0.7.0
```

conda install pandas-datareader




AAPL
Adj Close
MA05
MA20
MA60
220
200
180
160
140
120
100
80
2016-02
2016-06
2016-10
2017-02
2017-06
2017-10
2018-02
2018-06
2018-10
Date

Finance Data from Yahoo Finance

```
# !pip install pandas_datareader
import pandas_datareader.data as web
import datetime as dt
#Read Stock Data from Yahoo Finance
end = dt.datetime(2017, 12, 31)
start = dt.datetime(2016, 1, 1)
df = web.DataReader("AAPL", 'yahoo', start, end)
df.to_csv('AAPL.csv')
df.from_csv('AAPL.csv')
df.tail()
```

```
# !pip install pandas_datareader
import pandas as pd
import pandas_datareader.data as web
import matplotlib.pyplot as plt
import seaborn as sns
import datetime as dt
%matplotlib inline

#Read Stock Data from Yahoo Finance
end = dt.datetime.now()
#start = dt.datetime(end.year-2, end.month,
end.day)
start = dt.datetime(2016, 1, 1)
df = web.DataReader("AAPL", 'yahoo', start, end)
df.to_csv('AAPL.csv')
df.from_csv('AAPL.csv')
df.tail()
```

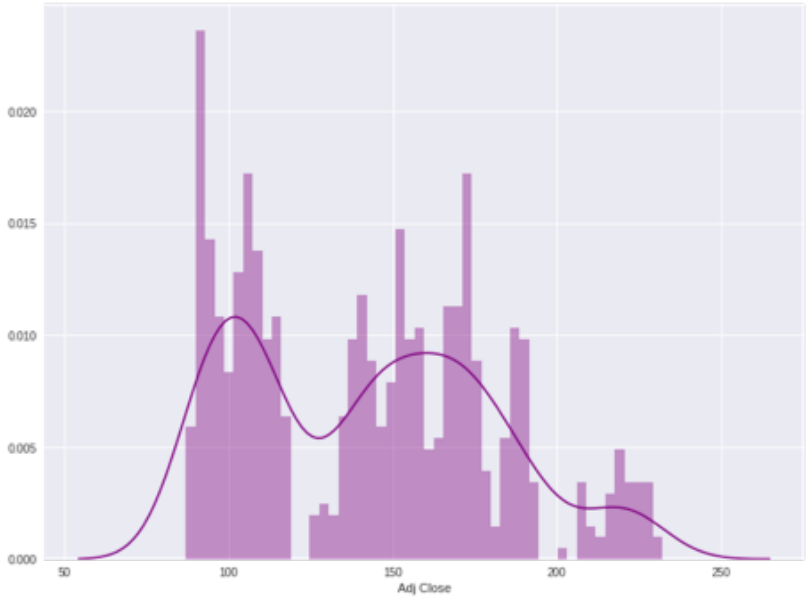
```
df['Adj Close'].plot(legend=True, figsize=(12, 8), title='AAPL', label='Adj Close')
```

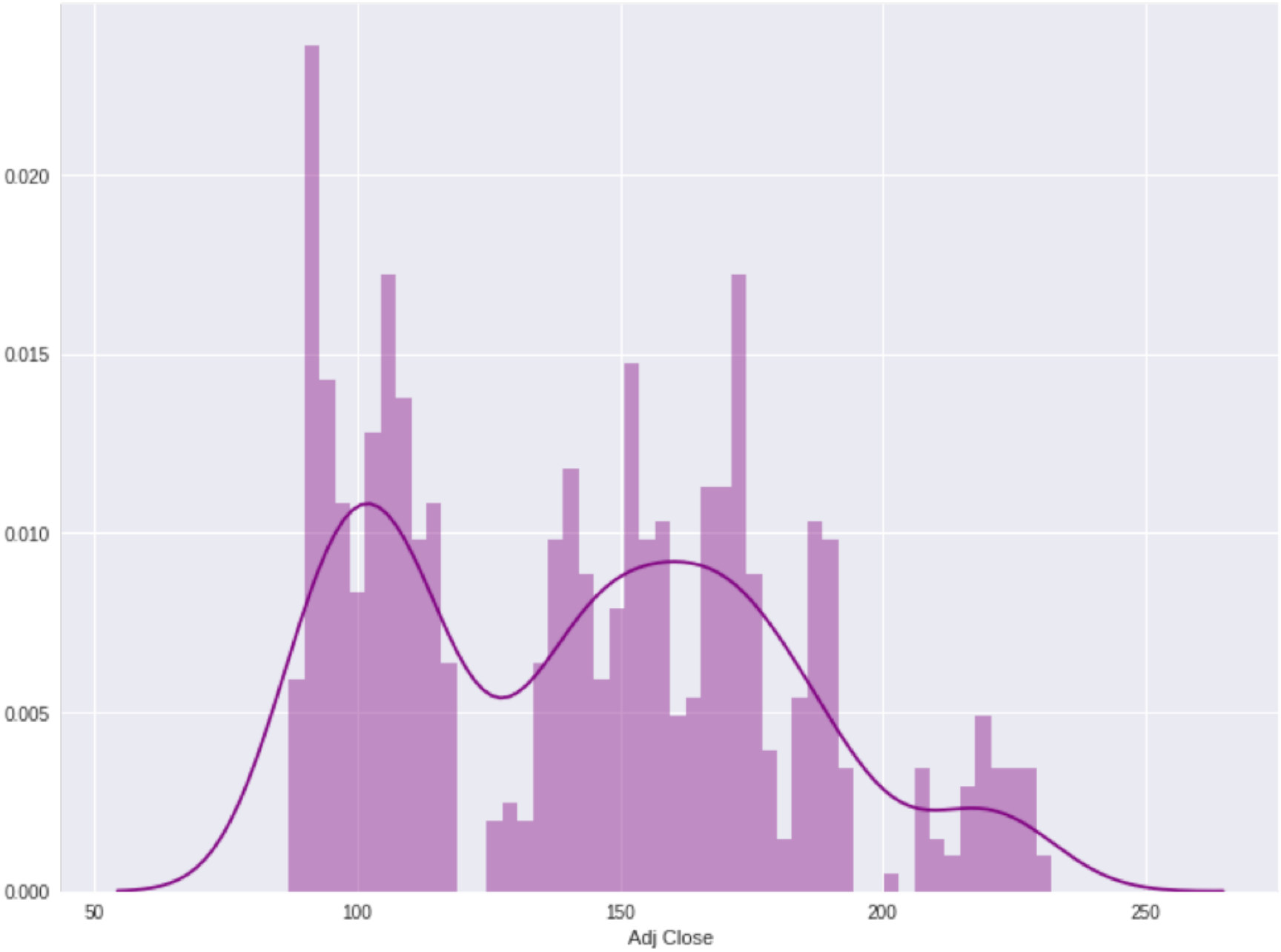
```
plt.figure(figsize=(12,9))
top = plt.subplot2grid((12,9), (0, 0),
rowspan=10, colspan=9)
bottom = plt.subplot2grid((12,9), (10,0),
rowspan=2, colspan=9)
top.plot(df.index, df['Adj Close'],
color='blue') #df.index gives the dates
bottom.bar(df.index, df['Volume'])
```


AAPL
Adj Close
220
200
180
160
140
120
100
80
1e8
Volume
1.0
0.5
0.0
2016-02
2016-06
2016-10
2017-02
2017-06
2017-10
2018-02
2018-06
2018-10

```
 # set the labels
top.axes.get_xaxis().set_visible(False)
top.set_title('AAPL')
top.set_ylabel('Adj Close')
bottom.set_ylabel('Volume')

plt.figure(figsize=(12,9))
sns.distplot(df['Adj Close'].dropna(),
bins=50, color='purple')
```




0.020
0.015
0.010
0.005
0.000
50
100
150
200
250
Adj Close

```
# simple moving averages
df['MA05'] = df['Adj Close'].rolling(5).mean()
#5 days
df['MA20'] = df['Adj
Close'].rolling(20).mean() #20 days
df['MA60'] = df['Adj
Close'].rolling(60).mean() #60 days
df2 = pd.DataFrame({'Adj Close': df['Adj
Close'],'MA05': df['MA05'],'MA20': df['MA20'],
'MA60': df['MA60']})
df2.plot(figsize=(12, 9), legend=True,
title='AAPL')
df2.to_csv('AAPL_MA.csv')
fig = plt.gcf()
fig.set_size_inches(12, 9)
fig.savefig('AAPL_plot.png', dpi=300)
plt.show()
```


AAPL
Adj Close
MA05
MA20
MA60
220
200
180
160
140
120
100
80
2016-02
2016-06
2016-10
2017-02
2017-06
2017-10
2018-02
2018-06
2018-10
Date

```
# !pip install pandas_datareader
import pandas as pd
import pandas_datareader.data as web
import matplotlib.pyplot as plt
import seaborn as sns
import datetime as dt
%matplotlib inline

#Read Stock Data from Yahoo Finance
end = dt.datetime.now()
#start = dt.datetime(end.year-2, end.month, end.day)
start = dt.datetime(2016, 1, 1)
df = web.DataReader("AAPL", 'yahoo', start, end)
df.to_csv('AAPL.csv')
df.from_csv('AAPL.csv')
df.tail()

df['Adj Close'].plot(legend=True, figsize=(12, 8), title='AAPL', label='Adj Close')
plt.figure(figsize=(12,9))
top = plt.subplot2grid((12,9), (0, 0), rowspan=10, colspan=9)
bottom = plt.subplot2grid((12,9), (10,0), rowspan=2, colspan=9)
top.plot(df.index, df['Adj Close'], color='blue') #df.index gives the dates
bottom.bar(df.index, df['Volume'])

# set the labels
top.axes.get_xaxis().set_visible(False)
top.set_title('AAPL')
top.set_ylabel('Adj Close')
bottom.set_ylabel('Volume')

plt.figure(figsize=(12,9))
sns.distplot(df['Adj Close'].dropna(), bins=50, color='purple')

# simple moving averages
df['MA05'] = df['Adj Close'].rolling(5).mean() #5 days
df['MA20'] = df['Adj Close'].rolling(20).mean() #20 days
df['MA60'] = df['Adj Close'].rolling(60).mean() #60 days
df2 = pd.DataFrame({'Adj Close': df['Adj Close'],'MA05': df['MA05'],'MA20': df['MA20'], 'MA60': df['MA60']})
df2.plot(figsize=(12, 9), legend=True, title='AAPL')
df2.to_csv('AAPL_MA.csv')
fig = plt.gcf()
fig.set_size_inches(12, 9)
fig.savefig('AAPL_plot.png', dpi=300)
plt.show()
```

```
# !pip install pandas_datareader
import pandas as pd
import pandas_datareader.data as web
import matplotlib.pyplot as plt
import seaborn as sns
import datetime as dt
%matplotlib inline

#Read Stock Data from Yahoo Finance
end = dt.datetime.now()
#start = dt.datetime(end.year-2, end.month, end.day)
start = dt.datetime(2016, 1, 1)
df = web.DataReader("AAPL", 'yahoo', start, end)
df.to_csv('AAPL.csv')
df.from_csv('AAPL.csv')
df.tail()

df['Adj Close'].plot(legend=True, figsize=(12, 8), title='AAPL', label='Adj Close')
plt.figure(figsize=(12,9))
top = plt.subplot2grid((12,9), (0, 0), rowspan=10, colspan=9)
bottom = plt.subplot2grid((12,9), (10,0), rowspan=2, colspan=9)
top.plot(df.index, df['Adj Close'], color='blue') #df.index gives the dates
bottom.bar(df.index, df['Volume'])

# set the labels
top.axes.get_xaxis().set_visible(False)
top.set_title('AAPL')
top.set_ylabel('Adj Close')
bottom.set_ylabel('Volume')

plt.figure(figsize=(12,9))
sns.distplot(df['Adj Close'].dropna(), bins=50, color='purple')

# simple moving averages
df['MA05'] = df['Adj Close'].rolling(5).mean() #5 days
df['MA20'] = df['Adj Close'].rolling(20).mean() #20 days
df['MA60'] = df['Adj Close'].rolling(60).mean() #60 days
df2 = pd.DataFrame({'Adj Close': df['Adj Close'],'MA05': df['MA05'],'MA20': df['MA20'], 'MA60': df['MA60']})
df2.plot(figsize=(12, 9), legend=True, title='AAPL')
df2.to_csv('AAPL_MA.csv')
fig = plt.gcf()
fig.set_size_inches(12, 9)
fig.savefig('AAPL_plot.png', dpi=300)
plt.show()
```

Finance Data from Quandl

```
# ! pip install quandl
import quandl
# quandl.ApiConfig.api_key = "YOURAPIKEY"
df = quandl.get("WIKI/AAPL", start_date="2016-01-01", end_date="2017-12-31")
df.to_csv('AAPL.csv')
df.from_csv('AAPL.csv')
df.tail()
```

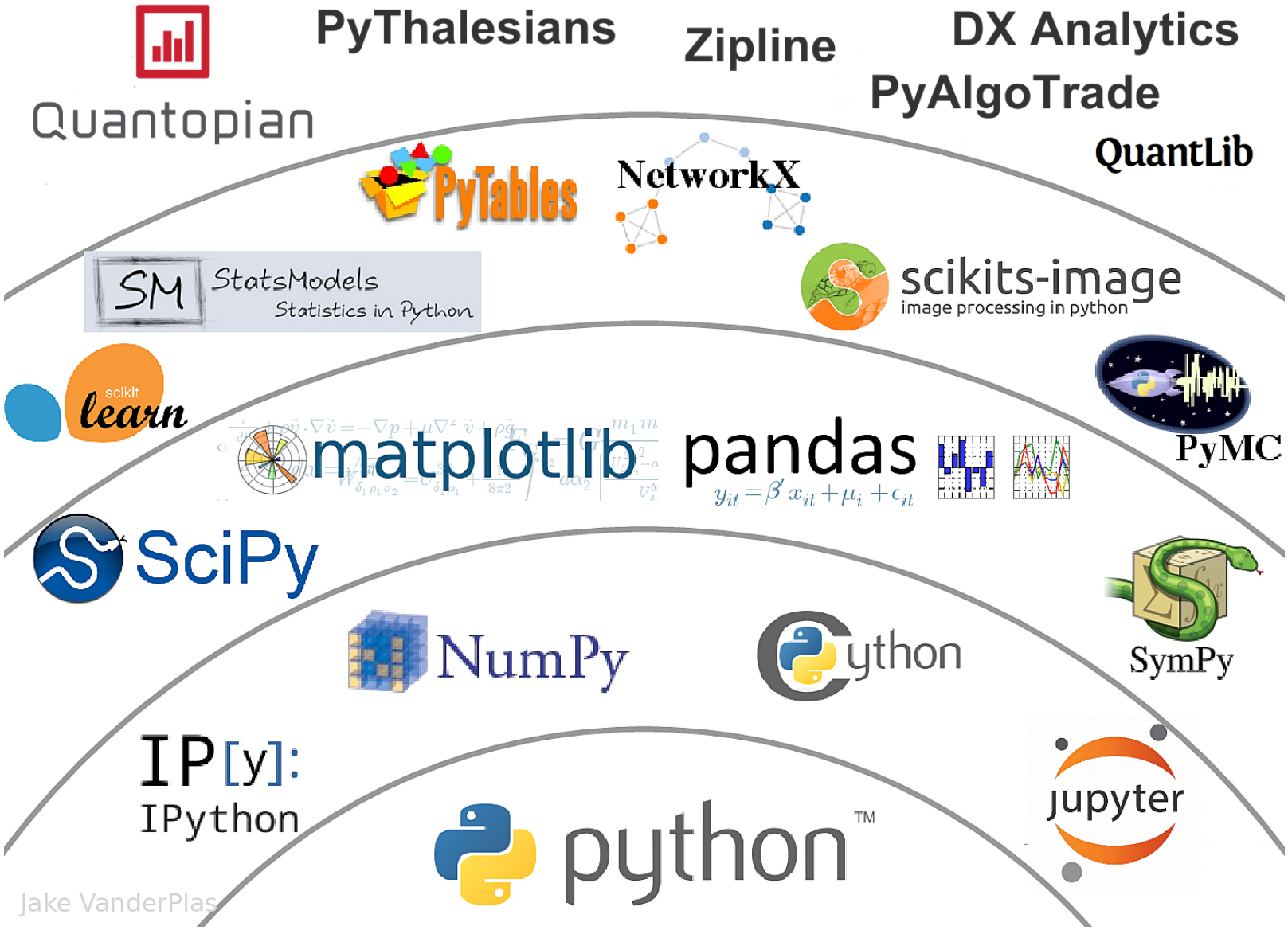
```
1 # ! pip install quandl
2 import quandl
3 # quandl.ApiConfig.api_key = "YOURAPIKEY"
4 df = quandl.get("WIKI/AAPL", start_date="2016-01-01", end_date="2017-12-31")
5 df.to_csv('AAPL.csv')
6 df.from_csv('AAPL.csv')
7 df.tail()
```

```
/usr/local/lib/python3.6/dist-packages/ipykernel_launcher.py:5: FutureWarning: from_csv is deprecated. Please use read_csv(...) instead
  """
```

Date	Open	High	Low	Close	Volume	Ex-Dividend	Split Ratio	Adj. Open	Adj. High	Adj. Low	Adj. Close	Adj. Volume
2017-12-22	174.68	175.424	174.500	175.01	16052615.0	0.0	1.0	174.68	175.424	174.500	175.01	16052615.0
2017-12-26	170.80	171.470	169.679	170.57	32968167.0	0.0	1.0	170.80	171.470	169.679	170.57	32968167.0
2017-12-27	170.10	170.780	169.710	170.60	21672062.0	0.0	1.0	170.10	170.780	169.710	170.60	21672062.0
2017-12-28	171.00	171.850	170.480	171.08	15997739.0	0.0	1.0	171.00	171.850	170.480	171.08	15997739.0
2017-12-29	170.52	170.590	169.220	169.23	25643711.0	0.0	1.0	170.52	170.590	169.220	169.23	25643711.0

Source: https://www.quandl.com/tools/python

The Quant Finance PyData Stack



Source: http://nbviewer.jupyter.org/format/slides/github/quantopian/pyfolio/blob/master/pyfolio/examples/overview_slides.ipynb#/5

Summary

- **Foundations of AI in Finance Big Data Analytics with Python**
  - **Python**
    - Programming language
  - **Numpy**
    - Scientific computing
  - **Pandas**
    - Data structures and data analysis tools

References

- Wes McKinney (2017), "Python for Data Analysis: Data Wrangling with Pandas, NumPy, and IPython", 2nd Edition, O'Reilly Media. https://github.com/wesm/pydata-book
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- Avinash Jain (2017), Introduction To Python Programming, Udemy, https://www.udemy.com/pythonforbeginnersintro/
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- Jason Brownlee (2016), Your First Machine Learning Project in Python Step-By-Step, https://machinelearningmastery.com/machine-learning-in-python-step-by-step/