

TABLE OF CONTENTS

TITLE PAGE	i
APPROVAL	ii
STATEMENT	iii
UNDERGRADUATE THESIS PAPER	iv
PAGE OF DEDICATION	v
PREFACE	vi
ACKNOWLEDGEMENT	vii
TABLE OF CONTENTS	ix
TABLE OF FIGURES	xii
TABLE OF TABLES	xiv
LIST OF NOTATION AND ABBREVIATION	xv
TABLE OF APPENDIX	xvi
INTISARI	xvii
ABSTRACT	xviii
INTRODUCTION	1
1.1 Background	1
1.2 Problem Formulation	2
1.3 Scope Statement	2
1.4 Objectives	3
1.5 Benefits	3
LITERATURE REVIEW	4
2.1 Relation between Stock Prices and Financial Condition	4
2.2 Stock Market Correlation Network	5
2.3 Machine Learning Algorithms for Financial Indicators Prediction	6
THEORETICAL BACKGROUND	8

3.1	Network Analysis	8
3.1.1	Density	8
3.1.2	Modularity	9
3.1.3	Clustering coefficient	9
3.1.4	Centrality	9
3.2	Correlation	11
3.3	Model Validation	11
3.3.1	Stratified K fold	11
3.3.2	Repeated stratified K fold	12
3.4	Classification	12
3.4.1	Multi-Layer Perceptron Neural Network	13
3.4.2	Linear SVC	14
3.5	Feature Selection	15
3.5.1	Recursive Feature Selection (RFE)	15
3.5.2	F-value	16
3.6	Grid Search with Cross-Validation	16
3.7	Data Standardization	17
3.8	Prediction Performance Metrics	17
3.8.1	Confusion Matrix	17
3.8.2	Prediction Accuracy	18
3.8.3	F1-Score	18
RESEARCH METHODOLOGY		19
4.1	Research Object	19
4.2	Tools and Equipment	19
4.3	Research Design	20
4.3.1	Problems formulation	20
4.3.2	Literature review	20
4.3.3	Data collection	20
4.3.4	Choosing the best network features	21
4.3.5	Creation and feature extraction of stock correlation network	21
4.3.6	Feature selection	21
4.3.7	Predictor selection	21
4.3.8	Data preprocessing	22
4.3.9	Cross-validation	22

4.3.10	Grid Search	22
4.3.11	Training the predictor and making prediction	23
4.3.12	Results discussion and conclusion	23
RESULTS AND DISCUSSION		26
5.1	IDR Exchange Rate Classification	26
5.2	Choosing Network Topology Prediction Features	28
5.3	Prediction Features Composition	32
5.3.1	Best number of prediction feature	32
5.3.2	F-Value Feature Ranking	33
5.3.3	Using RFE Vs. Without RFE	39
5.4	Neural Network Parameters	41
5.5	Prediction Result	46
5.5.1	Metrics to evaluate prediction performance	46
5.5.2	Prediction performance of each input data	47
5.6	Application	58
RESEARCH CONCLUSION		59
6.1	Conclusion	59
6.2	Suggestion	59
REFERENCES		61
APPENDIX		63