

CLUSTERING SECURITIES BASED ON PRICE MOVEMENT

Problem

A wealth management team wanted an effective way of identifying and explaining portfolio recommendations.

Specifically: when a given currency goes up, what else rises with it? Are there groups of securities that move together?

Approach

Gramener sourced public and private data from the bank to create a **correlation matrix** of intra-day data across all securities, presenting it as a visual interactive dashboard.

The matrix was also **clustered hierarchically** to group similar securities, with similar blocks.

Outcome

Clients began **trading more actively** based on the increased visibility of the correlations.

A client with a JPY and SGD portfolio consolidated into JPY, with a GBP hedge - the largest trade for our client that year.

