

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### What Is Alternative Data in Finance?

By [www.ProfitableInvestingTips.com](http://www.ProfitableInvestingTips.com)

Using alternative data in finance can help investors get ahead of the competition. What is alternative data in finance? A simple example is the relationship between Google searches and prices of individual stocks. In a broader sense, alternative data in finance include news feeds, social media, payments information, any non-financial information that indicates interest in, fear of, or the intention to buy equities. This sort of information gives investors insights into what drives decision making of those who buy and sell stocks. Hedge funds and private equity firms use this information to gain early knowledge of trends both positive and negative.

### Types of Alternative Data

There are many useful types of alternative data. This list contains sources commonly used by investors and traders. The list is arranged alphabetically and does not reflect the relative importance of any of these kinds of alternative data.

- Credit card transactions*
- Email receipts*
- Geolocation (foot traffic)*
- Internet activity and quality data*
- Mobile App or App Store analytics*
- Obscure city hall records*
- Online browsing activity*
- Point-of-sale transactions*
- Price trackers*
- Product reviews*
- Satellite images*
- Shipping container receipts*
- Shipping trackers*
- Social media posts*
- Tracking corporate jets*
- Web site usage*

Those who successfully use this sort of data do not forsake standard analytic tools like [important moving averages](#) but rather use them to indicate trends and investor thinking outside of “box” of standard analytic tools.

## Top Alternative Data Providers

Using this sort of information can help investors, but where can you get it? What you can do is to use one of top alternative data providers who do all of the “legwork” for you. *Datarade* offers a list of their choices for the [top 10 alternative data providers](#).

Accern  
Suburbia  
Brain Company  
RavenPack  
Exante Data  
Caretta  
InfoTrie  
Yewno  
QueXopa  
Thinknum

By using one of these services, you can get clues that will give you an advantage in the markets but not take up all of your time trying to track down many bits of information that may or may not be of value.

## List of Alternative Data Providers

If none of the top list of alternative data providers offers the services that you want, there are many more such companies. In addition to the list we just provided, Arm Insight, Omni Sci, QuantCube Technology, Alternative Data Group, Crux, Preqin, Quandl, SEntieo, and Thasos, Group are excellent choices for providing extra information to give you an advantage in investing and trading. You may end up using one or two data providers before you settle on one that fits your unique investing and trading requirements.

## Driving Investment Performance With Alternative Data

Although the use of alternative data in finance is becoming popular, you need to understand the benefits and potential drawbacks of your attempts at driving investment performance with alternative data. This data is unlike the sort of “hard” data that comes directly from analyzing market pricing, reading financial reports, and following the economy. This kind of information is partial, suggestive, and often incomplete. Too often the data is poor and difficult to verify. Most investors start with standard analytic tools and then use alternative data to fine tune or direct further research.

## Machine Learning and Alternative Data Approach to Investing

Artificial intelligence can be extremely useful in helping sort through large amounts of data in order to optimize your investment choices. In this regard, machine learning and the alternative data approach to investing fit well together. The value of alternative data is that you can pick up very useful information to guide your investing. The problem is that there is an awful lot of data available and sorting through it to see what is useful and is not can be time consuming and often useless. By having an artificial intelligence program to do the sorting, you can get it done faster and more effectively.

## Alternative Data Is Valued on Wall Street

When investors have to wait for official data such as unemployment numbers, they often look to alternative sources to get a head start on those who simply wait for the official figures. Thus alternative data is valued on

Wall Street where any tiny advantage can be parlayed into big gains. Alternative data has been especially helpful in the Covid-19 era when companies have put off offering guidance and Congress dilly-dallies with stimulus money while millions are out of work and in danger of eviction. Likewise, the stock market has recovered while the epidemic persists and the economy is not well. Alternative data offers useful insights to guide investment decisions in these times.

### **Alternative Data Investment Management**

Because alternative data can be helpful in making smart investment decisions, it is applicable to managing investments on a broad scale as much as for guiding single investment choices. Alternative data investment management should always be coupled with an artificial intelligence tool to make it more efficient. And, all such data should be (at times) taken with a grain of salt to make sure that you do not follow a lie propagated on social media and lose all of your investment capital.

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