Investment Insight

ARIA | CAPITAL

Faking it: As the debate over fake news and its influence on a wide range of important issues grows, many in the media sector worry that consumers may lose trust in stories that are actually true. The potential effects are wide ranging, from politics to investment markets and broader socio-economic issues.

Should social media companies such as Facebook, who make millions in ad revenue by distributing information, assume the responsibilities that come with being a publisher such as ensuring stories are accurate? This week's **Inside Track** explores the topic in some detail as we hear from Sarah Frier of Bloomberg.

Li_e: carrying on from the theme in the Inside Track, we thought this week's **Pic of the Week** illustrates how easy it can be to influence people's grasp on reality.

Quoted...

"If you want a guarantee, buy a toaster." — Clint Eastwood

The Inside Track

Sarah Frier is a reporter for Bloomberg News in San Francisco and the following are some extracts from a recent piece she wrote on the recent phenomenon that is Fake News.

What can be done?
Facebook Chief Executive Officer Mark Zuckerberg initially played down the idea of fake news on the social network being a problem. But now Facebook will let users flag content as "fake news" and enable partners including the Poynter Institute's International Fact-Checking Network to label stories as disputed, a judgment that means the story can't be turned into a Facebook paid ad — one avenue toward viral promotion.

Did fake news really influence the election's outcome?
It's hard to say. What's clear is that this was the first election in which the majority of U.S. adults got their news from social media. And if they were getting it on Facebook, that news came to them in a very personalized, filtered fashion. When people are fed the news they want to be fed, they may not encounter information that challenges their assumptions.

What were some of the biggest fake election stories?
That Pope Francis endorsed Trump. That an FBI agent suspected of leaking Clinton's e-mails was found dead. That a protester admitted being paid $3,500 to disrupt a Trump rally. That Trump once called Republicans "the dumbest group of voters in the country." That Clinton and her inner circle ran a child-sex ring based at a Washington pizza restaurant. (That last one prompted a North Carolina man to visit the restaurant with an assault rifle and a plan to "self-investigate.")

How does it disseminate so quickly?
A post-election Pew Research Center poll found that 23 percent of Americans say they have shared fake news, intentionally or not. Most people click on, and share, stories that spark surprise, sadness, anger or confusion. Facebook's algorithm promotes posts that trigger that kind of attention. Advertisers pay for slots next to these stories. Finally, the flat landscape of social media wipes out many of the filters we used to use to judge content. At a newsstand, there's a clear difference between the Washington Post and the National Enquirer. But their Facebook posts can look similar in your timeline.

Can an algorithm tell what's true and what's false?
The internet presents a spectrum of information, with hyper-partisan opinion stories masquerading as news, plus lots of satire and funny memes. What's an algorithm to do? Facebook's engineers have trained their algorithm to know that if something is really popular, it must be relevant. It might be easy for the company to suppress an outright hoax — by, say, searching for the topic on a major news site, or detecting a Snopes.com article debunking it — but it's harder to automate the decision on what to do about propaganda-like content meant to rile people up.

Pic of the Week

Market View

	Last 7 days	Last 12 mths	YTD	5Y Ann.
Global equities	+0.6%	+21.2%	+4.9%	+8.7%
US equities	+0.6%	+23.1%	+5.6%	+11.6%
European equities	+0.8%	+14.4%	+3.1%	+6.7%
EM equities	+0.6%	+27.7%	+10.3%	-2.1%
Irish equities	-0.2%	+6.9%	+0.2%	+15.6%
Commodities	-1.8%	+1.9%	-0.2%	-10.1%
Hedge funds	+0.2%	+8.6%	+1.9%	+1.5%

Economic indicators	Bond yields	Inflation	GDP YoY
Ireland	+1.0%	+0.3%	+6.9%
Germany	+0.2%	+1.9%	+1.7%
USA	+2.4%	+2.5%	+1.9%
China	+3.3%	+2.5%	+6.8%

Currencies	Current	YTD Δ
EUR:USD	1.06	+0.5%
EUR:GBP	0.84	-1.3%
EUR:CNY	7.27	-1.0%
GBP:USD	1.25	+1.6%
Bitcoin	1,156.11	+21.4%

Week ahead: Key events

27/02 Eurozone Confidence Data
27/02 US Durable Goods
27/02 US Pending Home Sales & Japan Industrial production
28/02 UK Consumer Confidence & Eurozone CPI
28/02 US GDP
01/03 Australia GDP & Eurozone Manufacturing Data
01/03 Japan & China Manufacturing Data
02/03 US Jobless Claims
03/03 China & Eurozone PMI Data

Commodities	Current	YTD Δ
Gold	1,249.25	+8.4%
Copper	6,025.75	+9.1%
Oil	56.48	-1.8%
Wheat	454.75	+8.1%

Central Bank rates	Current
Eurozone	0.00%
USA	0.75%
UK	0.25%

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