

Week 6 Report

We switched to early data analysis and feature engineering in the sixth week. This stage of our research effort was crucial since it included turning raw data into features that could serve as trustworthy markers of various cognitive biases.

Creating these features was a huge task for us. Although we were aware of the cognitive biases we were researching, it was difficult to translate these psychological ideas into concrete data points. It needs a thorough understanding of trading's psychological and financial components. Plotting the "Price Disparity" across time as the first step in statistical analysis produced several illuminating findings and patterns that were consistent with overconfidence and loss aversion bias. These analyses were preliminary, and in order to corroborate these findings, we had to delve more into the data.

We were able to determine the initial behavioral profiles for a subset of traders at the end of the week. It was difficult yet informative to correlate these traits to the corresponding cognitive biases. By doing so, we were able to confirm the existence of different biases in the trading data and spot probable trends that might result in cognitive biases.