

Topic 19: Confusion Matrix

Neural Networks - From Brain to Business

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		Trading Confusion Matrix (100 test days)	
		False Positive	True Negative
Actual DOWN	False Positive	16	34
	True Positive	36	14
Actual UP	Predicted UP	36	14
	Predicted DOWN	True Positive	False Negative



Accuracy: Overall correct predictions **70/100**

Precision: When we say BUY, how often right? **36/52**

Recall: Of all UP days, how many caught? **36/50**

F1 Score: Balance of precision & recall **harmonic mean**

Trading Insight: 69% precision means ~1/3 of BUY signals are wrong!