

## Topic 19: Confusion Matrix

Neural Networks - From Brain to Business

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**Trading Confusion Matrix  
(100 test days)**

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

**Performance Metrics Explained**

ACCURACY

70%

PRECISION

69%

RECALL

72%

F1 SCORE

0.71

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!**