

Monthly bonuses for a weather forecaster

- ▶ Before the first of the month assign one dollar to the forecaster's bonus. $b_0 = 1$
- ▶ Forecaster assigns probability p_t to rain on day t .
- ▶ If it rains on day t then $b_t = 2b_{t-1}p_t$
- ▶ If it does not rain on day t then $b_t = 2b_{t-1}(1 - p_t)$