Fig. 9. The directions of the movements in FEDFUND and PERMITS, together with their factor loadings, strongly matches the trends seen in Figure 8.
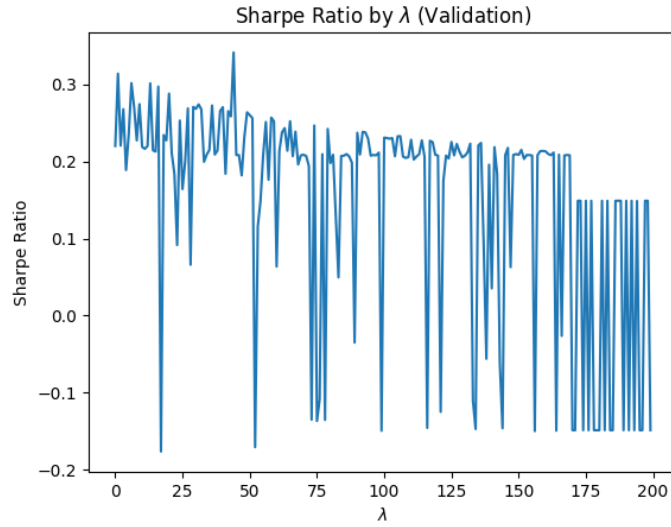

Fig. 10. On average, Sharpe Ratio decreases as regularization weight λ increases. Furthermore, the lack of monotonicity in this curve suggests that our model might be overfit.