

Question 10.2

Describe a situation or problem from your job, everyday life, current events, etc., for which a logistic regression model would be appropriate. List some (up to 5) predictors that you might use.

At my job, we often screen for assets that we can predict to outperform the market over specific terms. If a said asset is predicted to outperform the market, we can pass these screened assets over to research management so they can look for any potential risks or positives that have not appeared in our original screen. These predictions are given in probabilities as there is obviously no concrete way to predict an asset's real growth over time. Some predictors we may use to determine probability of success:

- I. Asset's current amount of volume on each side (buying/selling)**
- II. Asset's historical performance versus the underlying market in both the short term and long term (years, past 6 months, down to typically 9 days at smallest)**
- III. Asset's relative strength index at time of screen**
- IV. Asset's reaction to overperformance or underperformance in previous reports**
- V. Asset's volatility index**