Learning Models

Factor Models	Learning Models
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Correlated noisy measurements M_j Sequence of signals S_{it}

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Identify factor using correlation in M_j 's Agent learns through sequence of S_{it} 's

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Information a; unknown to individual

Factor ai known to individual

Tuctor Models	Learning Models
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Learning Models

Composite error: $a_i + \varepsilon_{ij}$ Composite error: $a_i + \varepsilon_{ij}$

Factor Models

Composite error. $a_i + \varepsilon_y$

Factor a_i known to individual Information a_i unknown to individual

Factor a_i unknown to researcher Information a_i unknown to researcher

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Requires panel data

Cross-sectional or panel data

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Loarning Models

Requires panel data

Information a; unknown to researcher

Agents lack information initially

Eactor Models

Factor a; unknown to researcher

Agents have private information

Cross-sectional or panel data

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These models are complements, not substitutes