

Series 8

Introduction to Computational Finance

Return no later than May 3rd 2021

Minority Game

Implement a Minority Game.

Draw the curve describing how the variance σ^2/N of the participation A depends on the parameter $\alpha = 2^M/N$. Here N denotes the number of agents and M the length of the historical window taken into consideration by an agent.

When $S = 2$ (S being the number of strategies), what is the critical value α_c for which σ^2/N reaches a minimum ?