

Network Perspective to Financial Market

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We construct a weighted financial network for a subset of New York Stock Exchange (NYSE) traded stocks, in which the nodes correspond to stocks and edges to interactions between them. We identify clusters of stocks in the network, based on the Forbes business sector classification, and study their intensity and coherence. Our approach indicates to what extent the business sector classifications are visible in market prices, and enables us to gauge the extent of group-behavior exhibited by stocks belonging to a given business sector.