

# Daily Word Digest

Lexicon Engine

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## Today's Lexical Set

### Vocabulary Entries

#### **Anchoring Bias**

The tendency to rely too heavily on the first piece of information encountered when making decisions.

*Example:* Investors often fixate on a stock's initial offering price, even after market conditions shift dramatically.

#### **Heuristic**

A practical problem-solving approach that employs shortcuts to produce solutions quickly.

*Example:* Using brand recognition as a heuristic for product quality reduces decision-making time.

#### **Metacognition**

Awareness and understanding of one's own thought processes.

*Example:* Skilled learners apply metacognition to monitor their comprehension during complex reading tasks.

#### **Utility Function**

A mathematical representation assigning value to possible outcomes based on preferences.

*Example:* Economists model risk tolerance by adjusting parameters within an agent's utility function.

#### **Framing Effect**

The phenomenon where identical information yields different decisions depending on presentation.

*Example:* Describing meat as "75% lean" rather than "25% fat" increases consumer preference.

## Quick Practice

Translate the following sentence using today's vocabulary:

Decision-makers often rely on mental shortcuts, but these can be skewed by how choices are presented.