

**Finance 30233, Fall 2019**

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**Assignment 01**, September 05, 2019. 25 points.

Due Date: **September 19, 2014**, at the beginning of class.

- 1) Use Yahoo Finance (*finance.yahoo.com...enter a stock ticker and look for “historical prices” and then look at the bottom of the prices for “download spreadsheet”*) to download **monthly** prices for i) SPY (the exchange-traded S&P 500 SPiDR) and ii) for the stock of a company of your choice that meets the following criteria:
  - a. Market Cap of Equity at least \$2 billion;
  - b. Trading history of at least 60 months;
- 2) Use the **adjusted** prices to calculate monthly returns for the S&P 500 Index and the stock of your choice. Use the returns to compute a 5-year monthly beta (through August 2014) for the stock you choose. *Use the “data/data analysis/regression” tool. (You may have to enable the analysis tools. Use File/Options/Add-ins/Manage/Excel add-ins.)*
- 3) Login to a Bloomberg terminal, and create a screen for a 60-month beta (*use monthly returns*) for the stock you choose. *Use the “GRAB” feature to email yourself a gif image of the screen (type GRAB and hit “go”, or take a screen capture, etc...).*
- 4) The assignment should consist of one or two pages, **turned in on hardcopy** (paper).
  - i) Part 1:
    - a) Your name;
    - b) A very short paragraph describing the companies you chose (one or two sentences should suffice);
    - c) A table showing the following:
      - i. The raw beta;
      - ii. The regression “r-squared”
      - iii. The correlation;
      - iv. The regression error standard deviation, on an annualized basis;
      - v. The historical “alpha”, on an annualized basis.
      - vi. The annualized standard deviation of SPY returns for the past 60 months;
      - vii. The annualized standard deviation of returns of the stock you choose for the past 60 months;
    - d) A graph showing the “scatterplot” (use “insert/scatter”) of paired returns for your regression (similar to the Bloomberg screen). Once you have a scatterplot graph, right click on the data points and “add trendline”:  
*Make sure you are adding the “linear” trendline;*  
*Check the boxes in the “format trendline” menu that:*  
*“Display equation on chart”;*  
*“Display R-squared value on chart”.*
  - ii) Part 2: The Bloomberg Beta screen for the same stock for the same time period.  
*(You may calculate slightly different numbers than Bloomberg)*