Feedback — Assignment 1: Excel

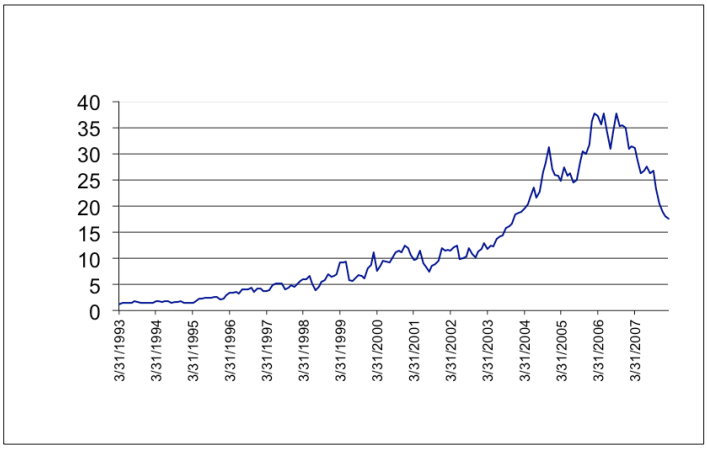
You submitted this homework on **Sun 6 Jan 2013 6:52 PM PST**.
You got a score of **80.00** out of **80.00**.

Go to http://finance.yahoo.com and download monthly data on Starbucks (ticker symbol sbux) over the 15 year period March 31, 1993 to March 31, 2008. Read the data into Excel and make sure to re-order the data so that time runs forward. Do your analysis on the monthly closing price data (which should be adjusted for dividends and stock splits). Name the spreadsheet tab with the data “data”.

Question 1

Make a time plot (line plot in Excel) of the monthly price data over the period (end of) March 1993 through (end of) March 2008. Please put informative titles and labels on the graph. Place this graph in a separate tab (spreadsheet) from the data. Name this tab “graphs”.

(10) Choose the correct plot for the monthly price data:

Your Answer		Score	Explanation
◉		✔ 10.00	
Total		10.00 / 10.00	

Question 2

(10) If you invested $1,000 at the end of March 1993, *approximately* (round to the nearest thousand) what would your investment be worth at the end of March 2008?

Your Answer		Score	Explanation
◉ $15,000	✔	10.00	
Total		10.00 / 10.00	

Question 3

(10) What is the *approximate* annual rate of return over this period assuming annual compounding? (Hint: what is the effective annual rate for the 15 year investment?)

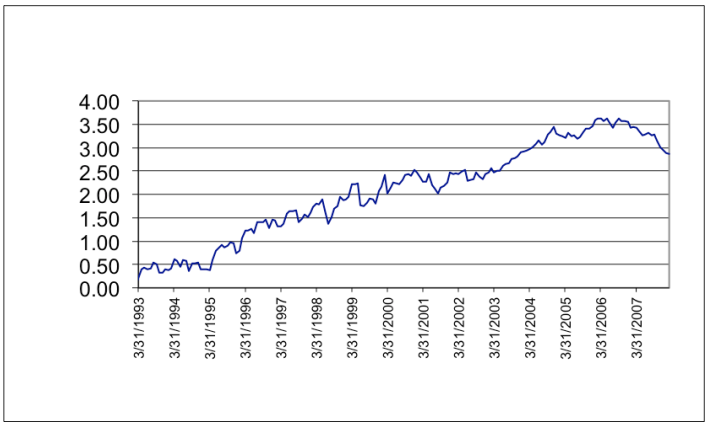
Your Answer		Score	Explanation
◉ 20%	✔	10.00	
Total		10.00 / 10.00	

Question 4

Make a time plot of the natural logarithm of monthly price data over the period March 1993 to March 2008 and place it in the “graph” tab.

(10) Choose the correct plot for the log of monthly price data.

Your Answer		Score	Explanation
◉	✔	10.00	

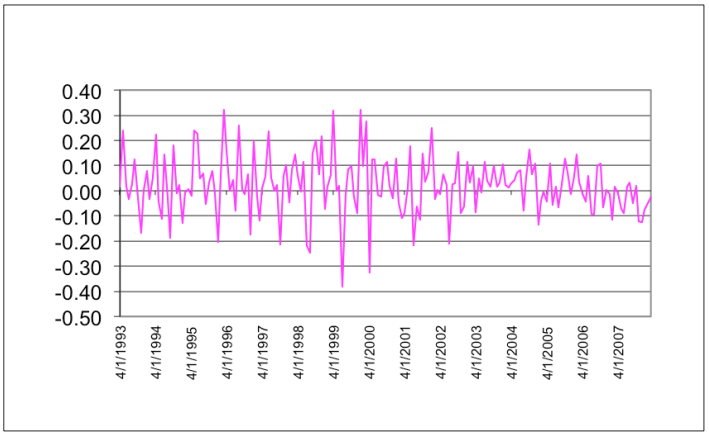


Total	10.00 / 10.00

Question 5

Using the monthly price data over the period March 1993 to March 2008 in the "data" tab, compute simple monthly returns (Starbucks does not pay a dividend). When computing returns, use the convention that Pt is the end of month closing price. Make a time plot of the monthly returns, place it in the "graphs" tab and comment. Keep in mind that the returns are percent per month.

(10) Choose the correct plot for the simple monthly returns.

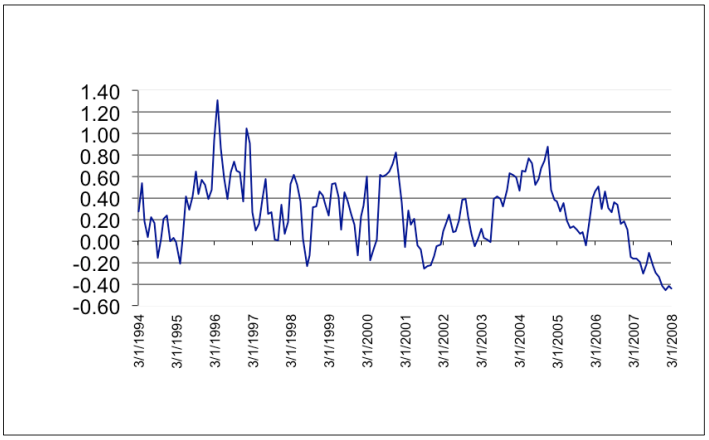
Your Answer	Score	Explanation
◉ 	✔ 10.00	

Total	10.00 / 10.00

Question 6

Compute simple annual returns for the years 1993 through 2008 (note: there are easy and hard ways to do this). Make a time plot of the annual returns, put them in the “graphs” tab and comment. Note: You may compute annual returns using overlapping data or non-overlapping data. With overlapping data you get a series of annual returns for every month (sounds weird, I know). That is, the first month annual return is from the end of March, 1993 to the end of March, 1994. The second month annual return is from the end of April, 1993 to the end of April, 1994 etc. With non-overlapping data you get a series of 15 annual returns for the 15 year period 1993:March - 2008:March. That is, the annual return for 1993:March - 1994:March is computed from the end of March 1993 through the end of March 1994. The second annual return is computed from the end of March 1994 through the end of March 1995 etc.

(10) Which of the following plots is correct for simple annual overlapping returns?

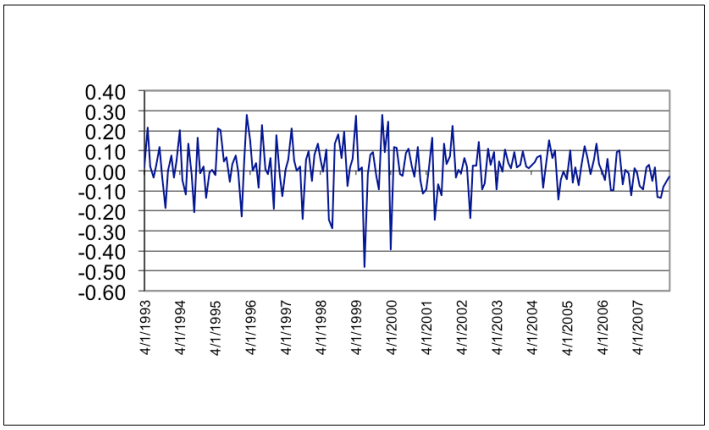
Your Answer	Score	Explanation
◉ 	✔ 10.00	
Total	10.00 / 10.00	

Question 7

Using the monthly price/return data over the period March 1993 to March 2008, compute continuously compounded (cc) monthly returns and place then in the

"data" tab. Make a time plot of the monthly cc returns, put them in the "graphs".

(10) Which is the correct plot for the continuously compounded monthly returns?

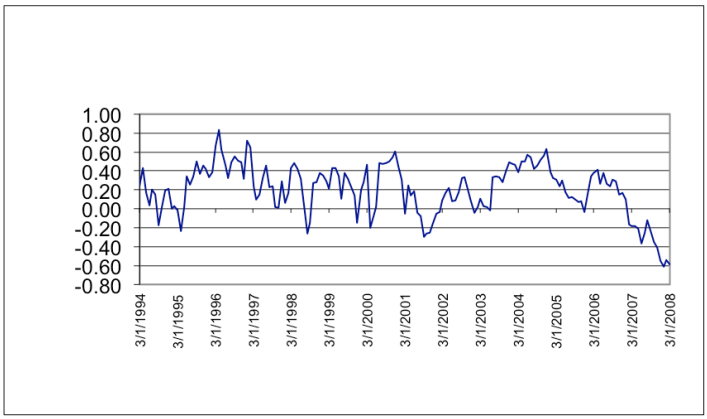
Your Answer	Score	Explanation
	✔	10.00
Total		10.00 / 10.00

Question 8

Compute continuously compounded annual returns for the years 1993 through 2008 (Again, there are easy and hard ways to do this). Make a time plot of the annual returns.

(10) Which is the correct plot for the continuously compounded overlapping annual returns?

Your Answer	Score	Explanation
	✔	10.00



Total	10.00 / 10.00