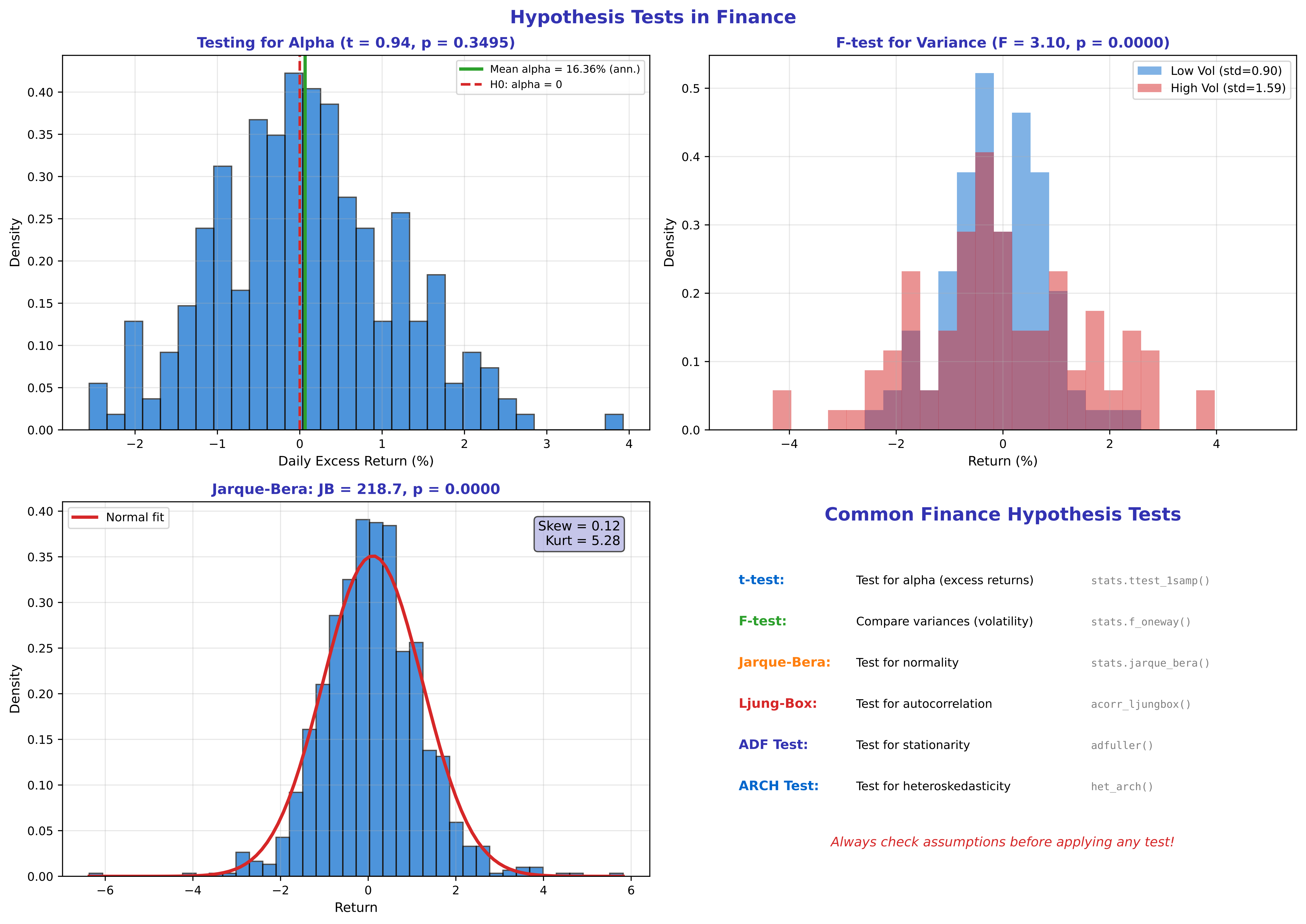
Hypothesis Tests in Finance
Testing for Alpha (t = 0.94, p = 0.3495)
Mean alpha = 16.36% (ann.)
H0: alpha = 0
Density
Daily Excess Return (%)
F-test for Variance (F = 3.10, p = 0.0000)
Low Vol (std=0.90)
High Vol (std=1.59)
Density
Return (%)
Jarque-Bera: JB = 218.7, p = 0.0000
Normal fit
Skew = 0.12
Kurt = 5.28
Density
Return
Common Finance Hypothesis Tests
t-test: Test for alpha (excess returns) stats.ttest_1samp()
F-test: Compare variances (volatility) stats.f_oneway()
Jarque-Bera: Test for normality stats.jarque_bera()
Ljung-Box: Test for autocorrelation acorr_ljungbox()
ADF Test: Test for stationarity adfuller()
ARCH Test: Test for heteroskedasticity het_arch()
Always check assumptions before applying any test!