**Topics: Descriptive Statistics and Probability**

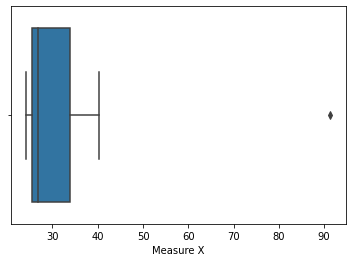
1. Look at the data given below. Plot the data, find the outliers and find out

|  |  |
| --- | --- |
| **Name of company** | **Measure X** |
| Allied Signal | 24.23% |
| Bankers Trust | 25.53% |
| General Mills | 25.41% |
| ITT Industries | 24.14% |
| J.P.Morgan& Co. | 29.62% |
| Lehman Brothers | 28.25% |
| Marriott | 25.81% |
| MCI | 24.39% |
| Merrill Lynch | 40.26% |
| Microsoft | 32.95% |
| Morgan Stanley | 91.36% |
| Sun Microsystems | 25.99% |
| Travelers | 39.42% |
| US Airways | 26.71% |
| Warner-Lambert | 35.00% |

Answer : Mean = 33.271333

Variance = 287.14661

Standard Deviation = 16.94540



Morgan Stanley which has measure X value 91.36% is one outlier in the dataframe



Answer the following three questions based on the box-plot above.

1. What is inter-quartile range of this dataset? (please approximate the numbers) In one line, explain what this value implies.

Ans : IQR = Q3 – Q1

= 12 – 5

= 7

1. What can we say about the skewness of this dataset?

Ans : The meadian in closer to the Q1 so the nature of the Skewness is Positive

1. If it was found that the data point with the value 25 is actually 2.5, how would the new box-plot be affected?

Ans : The new Boxplot will has no outlier in it



Answer the following three questions based on the histogram above.

1. Where would the mode of this dataset lie?

Ans : The mode is lie between the 4 to 7

1. Comment on the skewness of the dataset.

Ans : The above histogram form a bell shape the tail in on right side so the nature of Skewness is Positive

1. Suppose that the above histogram and the box-plot in question 2 are plotted for the same dataset. Explain how these graphs complement each other in providing information about any dataset.

Ans : - Outlier is shows in boxplot

- Skewness is shows in histogram

- From the boxplot we find inter-quartile range

- From histogram we find data separately plot

- From the boxplot we find meadian

- From the histogram we find mode

1. AT&T was running commercials in 1990 aimed at luring back customers who had switched to one of the other long-distance phone service providers. One such commercial shows a businessman trying to reach Phoenix and mistakenly getting Fiji, where a half-naked native on a beach responds incomprehensibly in Polynesian. When asked about this advertisement, AT&T admitted that the portrayed incident did not actually take place but added that this was an enactment of something that “could happen.” Suppose that one in 200 long-distance telephone calls is misdirected. What is the probability that at least one in five attempted telephone calls reaches the wrong number? (Assume independence of attempts.)

Answer : : As stated that one in 200 long Distance Telephone Calls is Misdirected. Probability of 1 in 200 is 0.005 which is 0.5%. one in 5 Attempted Calls reaches wrong number is 0.005\*5 which is 0.025

1. Returns on a certain business venture, to the nearest $1,000, are known to follow the following probability distribution

|  |  |
| --- | --- |
| x | P(x) |
| -2,000 | 0.1 |
| -1,000 | 0.1 |
| 0 | 0.2 |
| 1000 | 0.2 |
| 2000 | 0.3 |
| 3000 | 0.1 |

1. What is the most likely monetary outcome of the business venture?

Answer : The most likely monetary is $2000 with probability of 30%

1. Is the venture likely to be successful? Explain

Answer : Probability of being loss making is only 20% and 10% is with no profit and 60% with Profit hence this Venture is Most likely to be Successful

1. What is the long-term average earning of business ventures of this kind? Explain

Answer : at the start Company was loss making then with last 4 result Company is in profit with Average Earning of Business Venture is $500

1. What is the good measure of the risk involved in a venture of this kind? Compute this measure

Answer : : As can be seen from Distribution that there’s20% probability that venture will be loss making and 20% with No profit at all and there’s 60% probability that Venture will be in profit. Measure of Risk is 40% which (20% in loss and 20% with no Profit at all)