**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:

The mean is 33.27

The Variance is 287.14

The Standard Deviation is 16.94

Outliers: Only one Outlier that is 91.36%



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.
2. What can we say about the skewness of this dataset?
3. If it was found that the data point with the value 25 is actually 2.5, how would the new box-plot be affected?

Answer:

The Inter Quartile range of this dataset is 7.

It is positively skewed.

No,It will not be affected because there will be no outliers and it will affect skewness and IQR will get changed.



Answer the following three questions based on the histogram above.

1. Where would the mode of this dataset lie?

Ans: The mode would be lie between 5 and 6.

1. Comment on the skewness of the dataset.

Ans: It is positively skewed.

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: Histogram will provide how the data has been distributed and boxplot helps out removing the outliers(boxplt).

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.)

n = 200

P = 1/200

Q = 199/200

probability at least 1 in 5 attempted calls reaches the wrong number = 0.02475

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?

A)The mostly likely monetary outcome is $2000 as the maximum probability of 0.3

1. Is the venture likely to be successful? Explain

A)Venture is likely to be successful.

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

A)The long-term average earning of business ventures is of $ 800.

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

A)The measure of is risk involved is quite high.