ASSIGNMENT = 12

current xoutio of firm in creases from.
1.5 to 2.5 what would be the response of
the company's stock price.

An increase in the current scatio.

from 1.5 to 2.5 indicates that a company liquidity has improved, meaning it has more current assets relative to its. consent liabilities. while this can be viewed as a positive sligh of the company's ability to cover its short-term obligations, its effect on the stock price depends on.

Several factors:

- 1. Investor perceptions: If Investors interpret the increase as a sign of better financial health and liquidity, it may lead to an increase in the stock prise.
- 2. <u>capital Allocations</u>: If the increase is due to better management of resources or growth in assets, it can be been positively. However, if it sofle is the company holding excessive cash or not investing enough in growth opportunities, investors may view this negatively, potentially causing the stock price to fall.
- 3. Industry senchmarks: the Empact also depends on how the scortib compares with industry avorages. If the firm's current ratio aligns with or out performs.

competitions, it can be favourable for Stock price.

y-overall market sentiment: Broada.

market conditions and external factors.

can influence whether an increase in.

the surrent reation positively impacts stock price.

In general, a current ratio within a .
veasonable range ctypically between 1.0 and
2.0) is preferred. A very high worent rato
may indicate inefficiencies, which could.
negatively affect stock price.

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