Assignment -12

Current Ratio of firms increases from 1.5 to 2.5 what would be the response of the Company's Stock Price

An increase in the current ratio from 1.5 to 2.5 indicate that a company's liquidity has Improved, meaning it us more current assets relative to its current liabilities which this can be viewed as a positive sign of our company's ability to owner its short-term obligations its effect on the stock price deposite on several feature.

Investor ~~Perception~~ Perceptions :-

If investors interpret the increase as a sign of better financial health and liquidity. It may lead to an increase in the stock price.

Capital Allocations :-

If one increase is due to better managements in assets it can be seen of revenue or growth positively, how ever, if it reflects the company holding excess it is reflect the company holding excess cash or not investing enough in growth negatively potentially lowing the stock price of fall.

Industry Bench Market :-

The impact also depends in how the ratio compares with industry averages. If the firms current ratio aligns with or out perform competition, it one be fav for stock price.

Overall Market Sentiment:

Borders Market condition and evidence feature can influence whether an increase in the current ratio positively impact stock price.

In generally: A current ratio with in a reasonable range (typically between 1.0 and 2.0) is preferred. A very high current ratio may indicate inefficiency which could negative affect stock price.