ISM-E1004 - Business Analytics 2, Lecture, 8.1.2024-19.2.2024

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To make sure all answers are saved always finish your attempt before time is up!
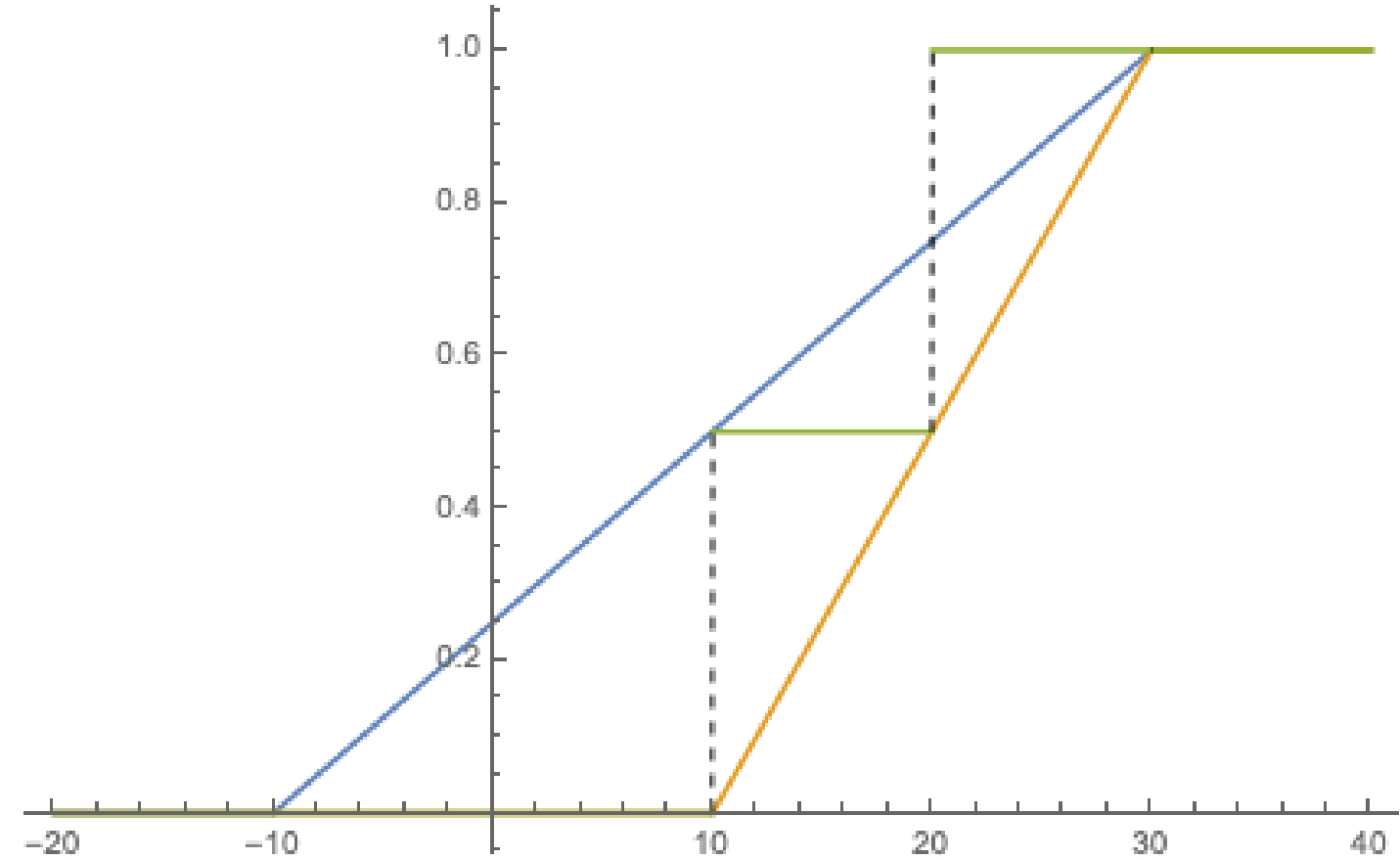Time left 1:29:33

Question 7

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Consider three decision alternatives, whose payoffs are modelled by random variables:

· X follows UNI(–10,30)

· Y follows UNI(10,30)

· Z is a discrete r.v. and has two possible values: $f_Z(10) = 0.5$, $f_Z(20) = 0.5$.

The CDFs of these random variables are illustrated in the figure below.

Which of the stochastic dominance relationships listed below are true? Each incorrect answer eliminates the points of one correct answer.

- [x]   a.   Y FSD X
- [ ]   b.   X SSD Z
- [x]   c.   Y SSD X
- [ ]   d.   X FSD Z
- [ ]   e.   X SSD Y
- [ ]   f.   Z FSD Y
- [ ]   g.   Z SSD Y
- [x]   h.   Z SSD X
- [ ]   i.   Z FSD X
- [x]   j.   Y FSD Z
- [ ]   k.   X FSD Y
- [x]   l.   Y SSD Z

Previous page   Next page

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