

# Stock\_Burke\_Ratio\_Chart

September 29, 2021

## 1 Stock Burke Ratio Chart

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[1]: # Library
import pandas as pd
import numpy as np
import math
import matplotlib.pyplot as plt

import warnings
warnings.filterwarnings("ignore")

from pandas_datareader import data as pdr
import yfinance as yf
yf.pdr_override()

[2]: start = '2019-01-01' #input
end = '2020-07-01' #input
symbol1 = '^GSPC' #input
symbol2 = 'AMD' #input

[3]: market = yf.download(symbol1, start=start, end=end)['Adj Close']
stocks = yf.download(symbol2, start=start, end=end)['Adj Close']

[*****100%*****] 1 of 1 completed
[*****100%*****] 1 of 1 completed

[4]: market_returns = market.pct_change().dropna()
stocks_returns = stocks.pct_change().dropna()

[5]: # risk free
rf = yf.download('BIL', start=start, end=end)['Adj Close'].pct_change()[1:]

[*****100%*****] 1 of 1 completed

[6]: def burke_ratio(stocks_returns, market_returns):
    mrk_rate_ret = (market_returns[-1] - market_returns[0]) / market_returns[0]
    m = np.matrix([stocks_returns, market_returns])
    beta = np.cov(m)[0][1] / np.std(market_returns)
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er = rf + beta*(mrk_rate_ret-rf)
average_dd_squared = 1.0 - ((stocks_returns / np.maximum.
↳accumulate(stocks_returns)).mean())**2
round_average_dd = round(average_dd_squared,4)
burke_r = (er - rf) /math.sqrt(abs(round_average_dd))
return burke_r

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[7]: # Compute the running Burke ratio
running = [burke_ratio(stocks_returns[i-90:i], market_returns[i-90:i]) for i in
↳range(90, len(stocks_returns))]

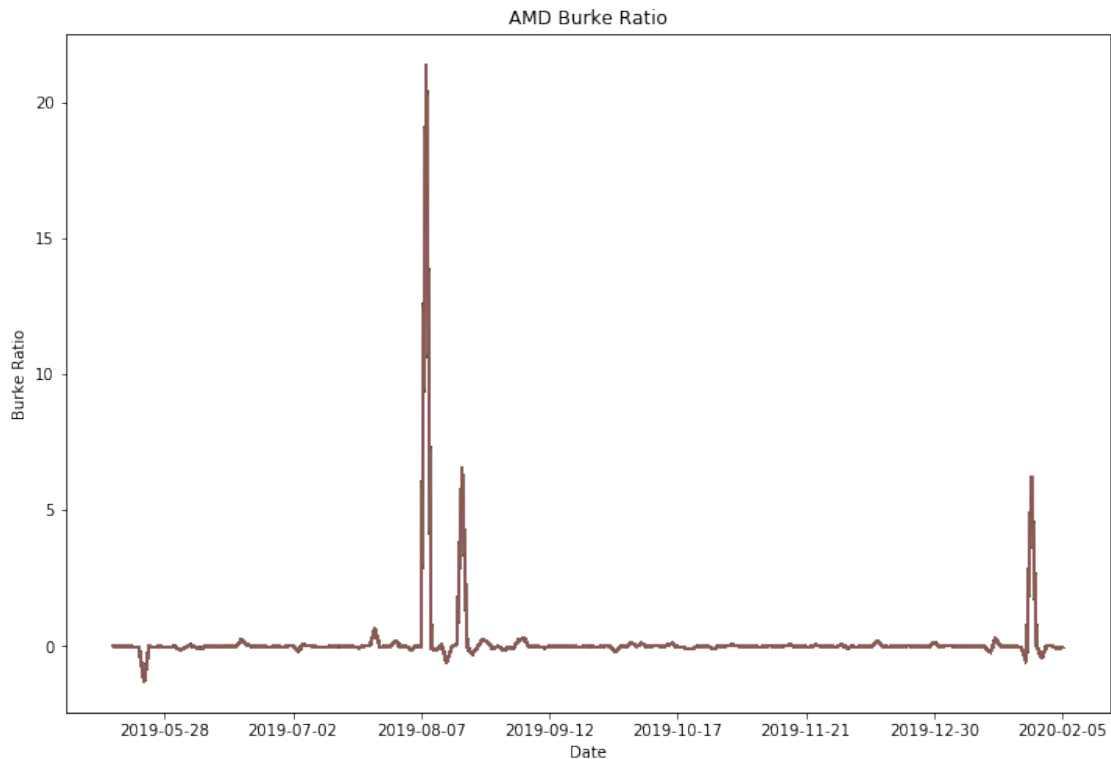
# Plot running Burke ratio up to 100 days before the end of the data set
_, ax1 = plt.subplots(figsize=(12,8))
ax1.plot(range(90, len(stocks_returns)-100), running[:100])
ticks = ax1.get_xticks()
ax1.set_xticklabels([stocks.index[int(i)].date() for i in ticks[:-1]]) # Label
↳x-axis with dates
plt.title(symbol2 + ' Burke Ratio')
plt.xlabel('Date')
plt.ylabel('Burke Ratio')

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[7]: Text(0, 0.5, 'Burke Ratio')

```



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[8]: BR = burke_ratio(stocks_returns, market_returns)
BR
```

```
[8]: Date
2019-01-03    -0.038631
2019-01-04    -0.038626
2019-01-07    -0.038623
2019-01-08    -0.038623
2019-01-09    -0.038623
2019-01-10    -0.038626
2019-01-11    -0.038628
2019-01-14    -0.038621
2019-01-15    -0.038628
2019-01-16    -0.038626
2019-01-17    -0.038628
2019-01-18    -0.038623
2019-01-22    -0.038626
2019-01-23    -0.038623
2019-01-24    -0.038631
2019-01-25    -0.038621
2019-01-28    -0.038626
2019-01-29    -0.038623
2019-01-30    -0.038628
2019-01-31    -0.038623
2019-02-01    -0.038625
2019-02-04    -0.038626
2019-02-05    -0.038623
2019-02-06    -0.038628
2019-02-07    -0.038623
2019-02-08    -0.038628
2019-02-11    -0.038621
2019-02-12    -0.038628
2019-02-13    -0.038623
2019-02-14    -0.038628
...
2020-05-19    -0.038623
2020-05-20    -0.038623
2020-05-21    -0.038626
2020-05-22    -0.038621
2020-05-26    -0.038626
2020-05-27    -0.038621
2020-05-28    -0.038623
2020-05-29    -0.038623
2020-06-01    -0.038626
2020-06-02    -0.038623
2020-06-03    -0.038623
2020-06-04    -0.038623
```

```

2020-06-05    -0.038618
2020-06-08    -0.038626
2020-06-09    -0.038623
2020-06-10    -0.038626
2020-06-11    -0.038618
2020-06-12    -0.038628
2020-06-15    -0.038623
2020-06-16    -0.038623
2020-06-17    -0.038623
2020-06-18    -0.038621
2020-06-19    -0.038623
2020-06-22    -0.038623
2020-06-23    -0.038623
2020-06-24    -0.038623
2020-06-25    -0.038626
2020-06-26    -0.038621
2020-06-29    -0.038623
2020-06-30    -0.038623
Name: Adj Close, Length: 376, dtype: float64

```

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[9]: BR.plot(figsize=(12,8), title = symbol2 + ' Burke Ratio')
plt.axhline(y=BR.mean(), color='r', linestyle='-')
plt.xlabel('Date')
plt.ylabel('Burke Ratio')

```

```

[9]: Text(0, 0.5, 'Burke Ratio')

```

