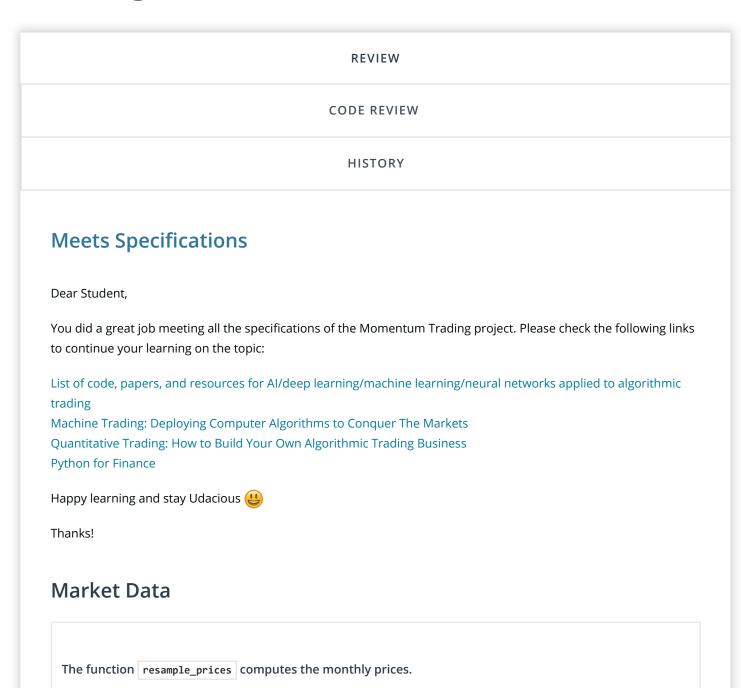


## < Return to Classroom

## Trading with Momentum



Value have implemented manual mainer function correctly

6/2/2021 Udacity Reviews



The function compute\_log\_returns computes the log returns from the prices.

You have implemented the function compute\_log\_returns correctly to compute the log returns from the prices

Tests Passed

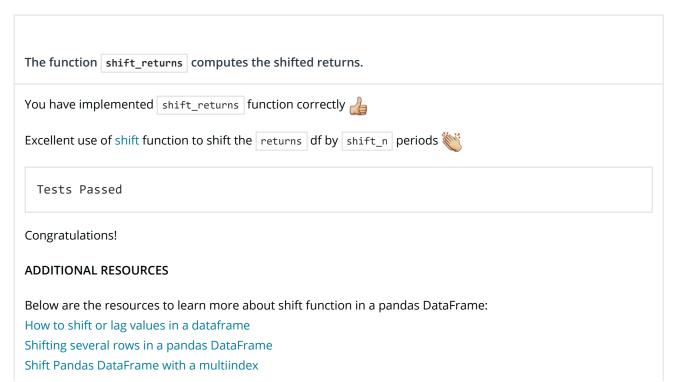
Congratulations!

An alternative way to compute log returns is as follows:

return np.log(prices).diff()

ADDITIONAL RESOURCES

Following are the links to learn more about natural logarithm:
log(x) vs ln(x):The curse of scientific computing
NumPy: Logarithm with base n
Pandas diff function
numpy.log() in Python



## **Portfolio**

```
The function <code>get_top_n</code> selects the <code>top_n</code> number of the top performing stocks.

You have implemented <code>get_top_n</code> function correctly Please also take a look at this article to read about optimizing pandas code for speed.

Tests Passed

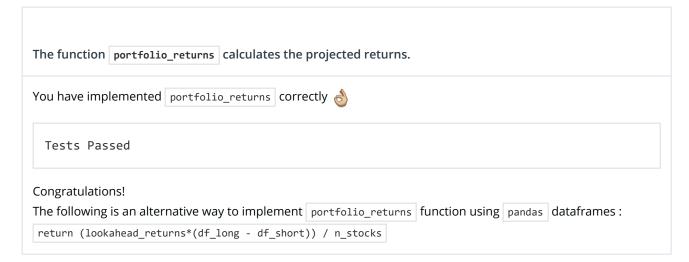
Congratulations!

alternative ways to implement <code>get_top_n</code>:

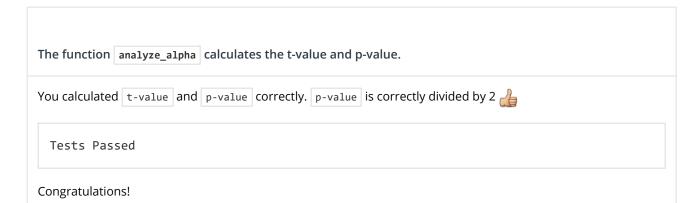
<code>return (prev_returns.rank(axis=1, ascending=False)<=top_n).applymap(int)</code>

<code>return prev_returns.rank(axis=1, ascending=False)<=top_n).min(), axis=1).astype('int64')</code>

<code>return (prev_returns.rank(1, 'average', None, 'keep', False) <= top_n).astype(np.int)</code>
```



## **Statistical Tests**



Please check t-statistic and p-value to learn more on this topic. This link link tells the differences between one-

tailed & two-tailed tests and when to can we use them.

The student correctly identifies the p-value they got. The student indicates what the p-value indicates about their signal.

You have correctly identified the p-value and compared it to alpha. You have also correctly indicated what this p-value means for our signal. Please check this link to learn more about hypothesis testing. Also, check this link to learn about estimating a P-value from a simulation

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