**Topics: Descriptive Statistics and Probability**

1. Look at the data given below. Plot the data, find the outliers and find out

|  |  |
| --- | --- |
| **Name of company** | **Measure X** |
| Allied Signal | 24.23% |
| Bankers Trust | 25.53% |
| General Mills | 25.41% |
| ITT Industries | 24.14% |
| J.P.Morgan & Co. | 29.62% |
| Lehman Brothers | 28.25% |
| Marriott | 25.81% |
| MCI | 24.39% |
| Merrill Lynch | 40.26% |
| Microsoft | 32.95% |
| Morgan Stanley | 91.36% |
| Sun Microsystems | 25.99% |
| Travelers | 39.42% |
| US Airways | 26.71% |
| Warner-Lambert | 35.00% |

Ans: Mean of the given data=0.33

Standard Deviation of the given data = 0.16

Standard Deviation square of the given data= 0.000268



Answer the following three questions based on the box-plot above.

1. What is inter-quartile range of this dataset? (please approximate the numbers) In one line, explain what this value implies.
2. What can we say about the skewness of this dataset?
3. If it was found that the data point with the value 25 is actually 2.5, how would the new box-plot be affected?

Ans: 1 : Inter-Quartile Range of the given dataset is 7

2 : The skewness is Positively skewed data

3 : If the data point with the value 25 is actually 2.5 then the outliers. Where it lies on the value 25 comes inside the boxplot to the q1 Value.



Answer the following three questions based on the histogram above.

1. Where would the mode of this dataset lie?
2. Comment on the skewness of the dataset.
3. Suppose that the above histogram and the box-plot in question 2 are plotted for the same dataset. Explain how these graphs complement each other in providing information about any dataset.

1 Ans: The Mode of the dataset lies between 5 and 10.

2 Ans: Skewness of the dataset is Right-Skewed Data.

3 Ans: Box Plot shows the Inter-Quartile Range and shows the Number of outliers in the given data.  
 Histogram defines the Mean, Median, Mode of the give Data

1. AT&T was running commercials in 1990 aimed at luring back customers who had switched to one of the other long-distance phone service providers. One such commercial shows a businessman trying to reach Phoenix and mistakenly getting Fiji, where a half-naked native on a beach responds incomprehensibly in Polynesian. When asked about this advertisement, AT&T admitted that the portrayed incident did not actually take place but added that this was an enactment of something that “could happen.” Suppose that one in 200 long-distance telephone calls is misdirected. What is the probability that at least one in five attempted telephone calls reaches the wrong number? (Assume independence of attempts.)

ANS: n=200

P=1/200

q=1-p=1-1/200=199/200

=1-(1/200)(199/200)^5

=0.22520039

The probability that at least one in five attempted telephone calls reaches the wrong number is 0.22520039

1. Returns on a certain business venture, to the nearest $1,000, are known to follow the following probability distribution

|  |  |
| --- | --- |
| x | P(x) |
| -2,000 | 0.1 |
| -1,000 | 0.1 |
| 0 | 0.2 |
| 1000 | 0.2 |
| 2000 | 0.3 |
| 3000 | 0.1 |

1. What is the most likely monetary outcome of the business venture?
2. Is the venture likely to be successful? Explain
3. What is the long-term average earning of business ventures of this kind? Explain
4. What is the good measure of the risk involved in a venture of this kind? Compute this measure

1 Ans: The most likely monetary outcome of the business venture

Is P(0.3)=2000

2 Ans: if P(x>0) then P(x>0)=0.6.There is 60% chance that venture likely to be successful.

3 Ans: The long-term average earnings is x\*p(X)=800.

4 Ans: P(Loss)=P(x=-2000)+P(x=1000)=0.2.So the risk associated with this ventureis 20 %.