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## Class Objectives

By the end of this unit, you will be able to:



-  Group data in a DataFrame to perform calculations on the grouped data.
-  Manipulate datetime data in different formats: single variables, DataFrame columns, and series.
-  Identify the calculations that can be done with datetime data & declare and use a DateTimelIndex.
-  Calculate mean, median, and standard deviation using Pandas & apply standard deviation to risk analysis use cases.
-  Determine risk by identifying how stocks deviate from the mean.
-  Describe Sharpe ratios and calculate them using Pandas DataFrames.

# Welcome/Refresher

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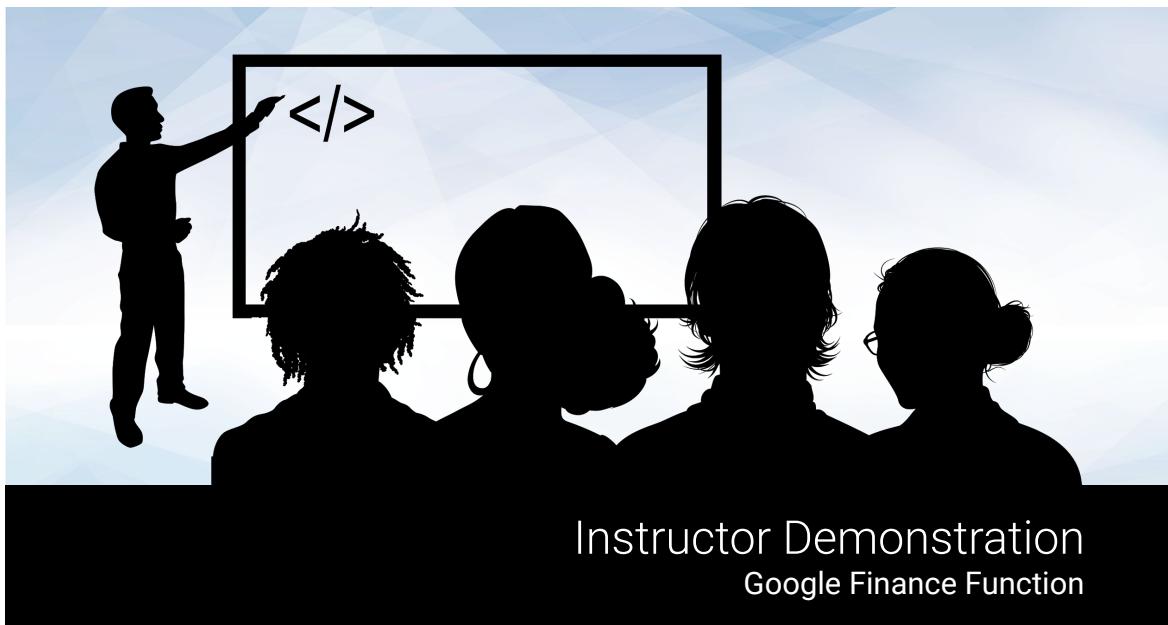
## Returns Over Time

Returns over time require investment close prices, i.e., stock data. Stock close prices can be acquired from Google Sheets via the Google Finance function.

Returns over time can be calculated using the `pct_change()` function.

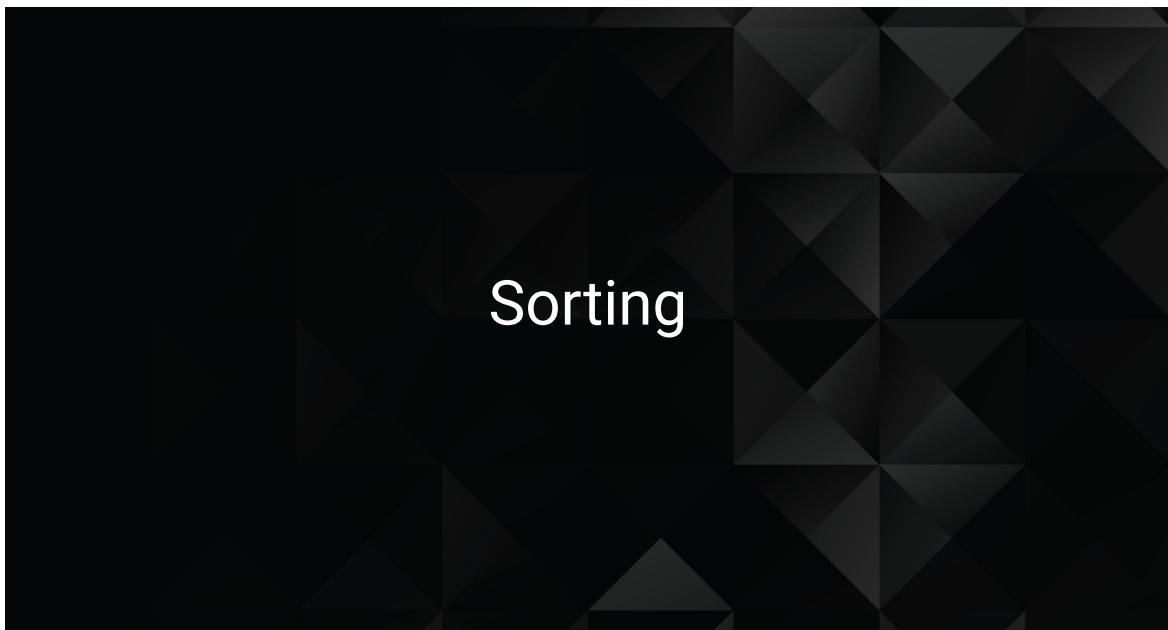


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Instructor Demonstration  
Google Finance Function

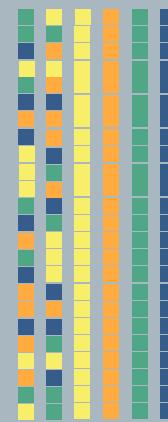
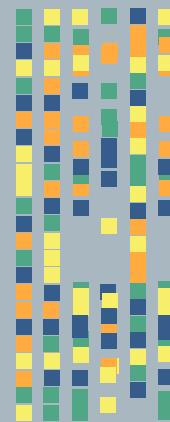
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## Sorting

Data is not always organized in the best way for analysis. Sometimes, data needs to be cleaned and sorted.



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## Sorting

The `sort_values` function in Pandas can be used to sort a DataFrame. Sorting data helps improve visual representation of data.

Data can be sorted in either ascending or descending order.

```
sort_values(ascending=True)
```



**Consider dates:** would you rather see dates sorted or randomly listed?

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## Instructor Demonstration

### Sorting DataFrames

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## Activity: Out of Sorts

In this activity, you will extract data for a single ticker from Google Sheets via the in-built Google Finance function and calculate daily returns for the year 2019. The data will then be sorted in descending order to identify the top 5 performing days for returns.

(Instructions sent via Slack.)

Suggested Time:  
15 Minutes



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**Time's Up! Let's Review.**

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Grouping

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## Grouping

A key component of data analysis is grouping data. **Grouping** allows for similar data to be aggregated or manipulated as groups.

Example aggregations that can be done on groups are adding, summing, determining min and max, etc.

The diagram illustrates the process of data grouping. On the left, there is a table with four rows and two columns. The first column is labeled "Category" and the second column is labeled "Sales". The data is as follows:

Category	Sales
a	1
a	2
b	10
b	9

An arrow points from the original table to a second table on the right, which represents the grouped data. This second table has the same structure:

Category	Sales
a	3
b	19

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## Grouping

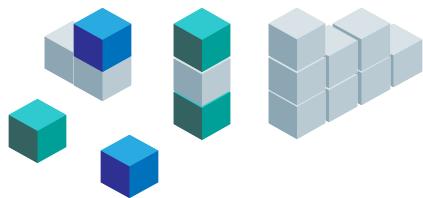
Behind the scenes, the Pandas `groupby` function does the following:



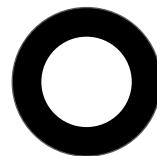
**Splits** the data into groups based on certain criteria.



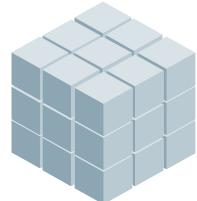
**Applies** a function to each group independently.



Splitting Data

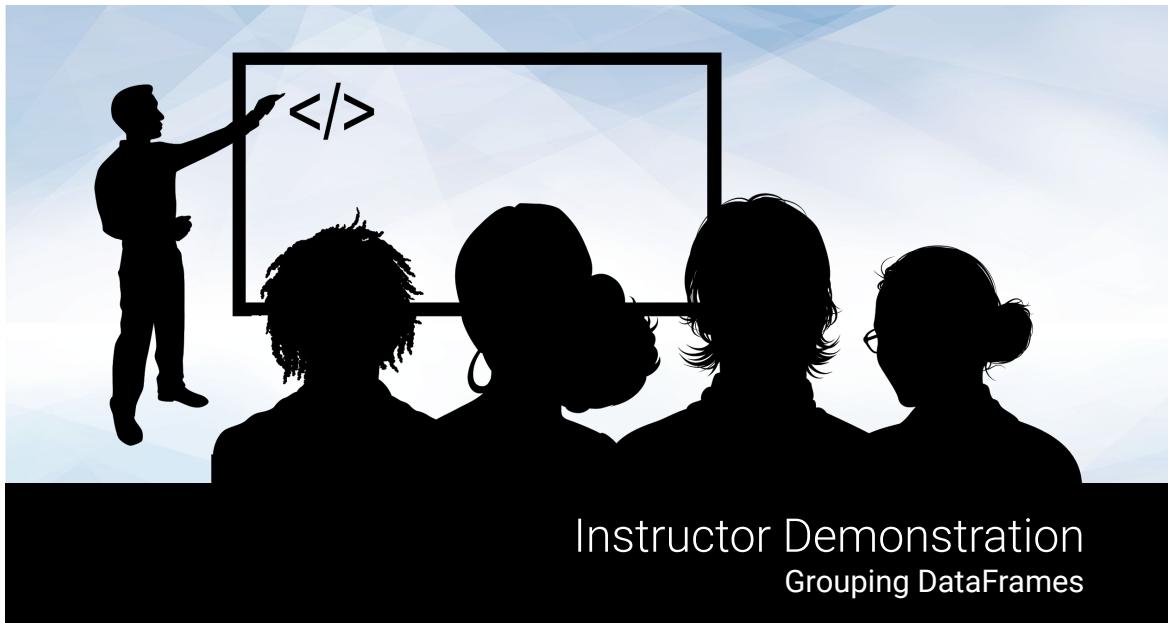


Applying a Function



Combining Results

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## Instructor Demonstration

### Grouping DataFrames

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## Activity: Group Dynamics

In this activity, you will work with historical cryptocurrency data. You will load in cryptocurrency data, group data by each crypto, and then perform aggregations to analyze price trends. You will then plot the results.

(Instructions sent via Slack.)

Suggested Time:  
15 Minutes



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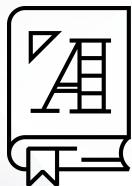


**Time's Up! Let's Review.**

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Multi-Indexing

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**Multi-indexing** is the process of creating more than one index for a DataFrame.

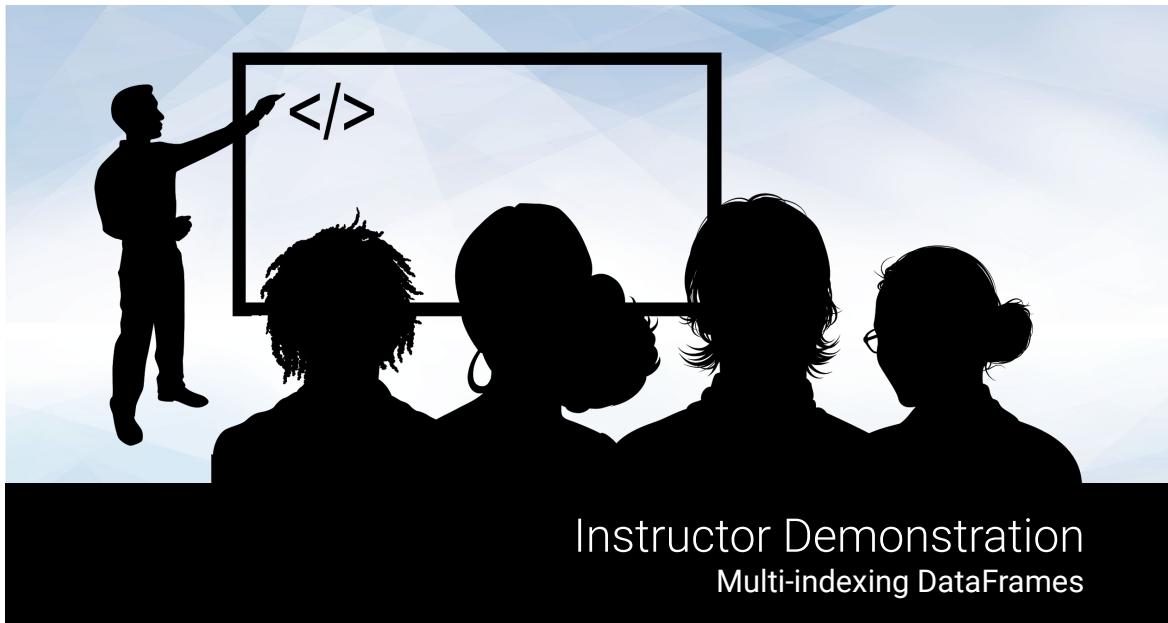
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## Multi-Indexing

Sometimes, one index is not enough for performing data lookups; more than one index is needed. For example, it is common to use multi-indexing when working with dates. This allows data to be accessed by year, month, and/or day.

	one			two		
	a	b	c	a	b	c
0	-1.401530	0.626666	-0.165782	-0.361173	-1.139887	-0.027251
1	1.201998	-0.665546	-0.554207	0.644199	0.572868	-1.552404
2	-1.201190	-1.428929	1.226697	0.162548	1.481702	0.721526
3	-1.622470	0.541475	-0.482980	-1.970389	1.974586	0.165966

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## Instructor Demonstration

### Multi-indexing DataFrames

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## Activity: Indexing Fever

In this activity, you will use hierarchical indexes to gain access to historical stock data. You will leverage Google Sheets to extract Google Finance data to perform data segmentation for a single ticker over multiple months in a year.

(Instructions sent via Slack.)

Suggested Time:  
15 Minutes



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**Time's Up! Let's Review.**

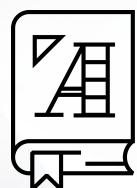
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# Concatenation

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**Concatenation** is the process of joining one dataset with another.

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## Concatenation

Pandas has a `concat` function that can be used to combine DataFrames.

DataFrames can be concatenated so that the records from two DataFrames are combined.

DataFrames can be combined by column so that the columns from one DataFrame are placed adjacent to columns from another DataFrame.

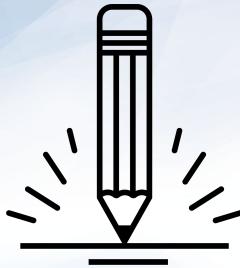


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A silhouette illustration of an instructor standing on the left, pointing towards a large rectangular frame. Inside the frame, the XML tags '</>' are displayed. In front of the frame, the silhouettes of four audience members are visible, facing the instructor. The background is a light blue gradient with subtle geometric patterns.

Instructor Demonstration  
Concatenating DataFrames

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## Activity: Mastering Concatenation

In this activity, you will combine multiple  
DataFrames using the `concat` function.  
(Instructions sent via Slack.)

Suggested Time:  
15 Minutes



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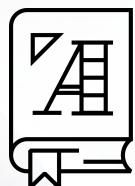


## Time's Up! Let's Review.

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# Standard Deviation and Risk

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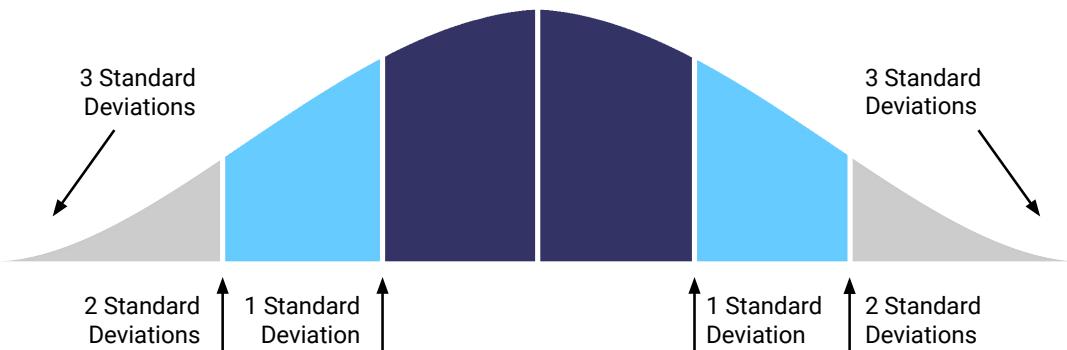


**Standard deviation** measures how dispersed a set of values are from their average.

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## Standard Deviation

The `std` Pandas function is used to calculate standard deviation for a DataFrame. Standard deviation can be used to determine the risk associated with an investment. Standard deviation is also used to calculate how much returns have been distributed from the average.

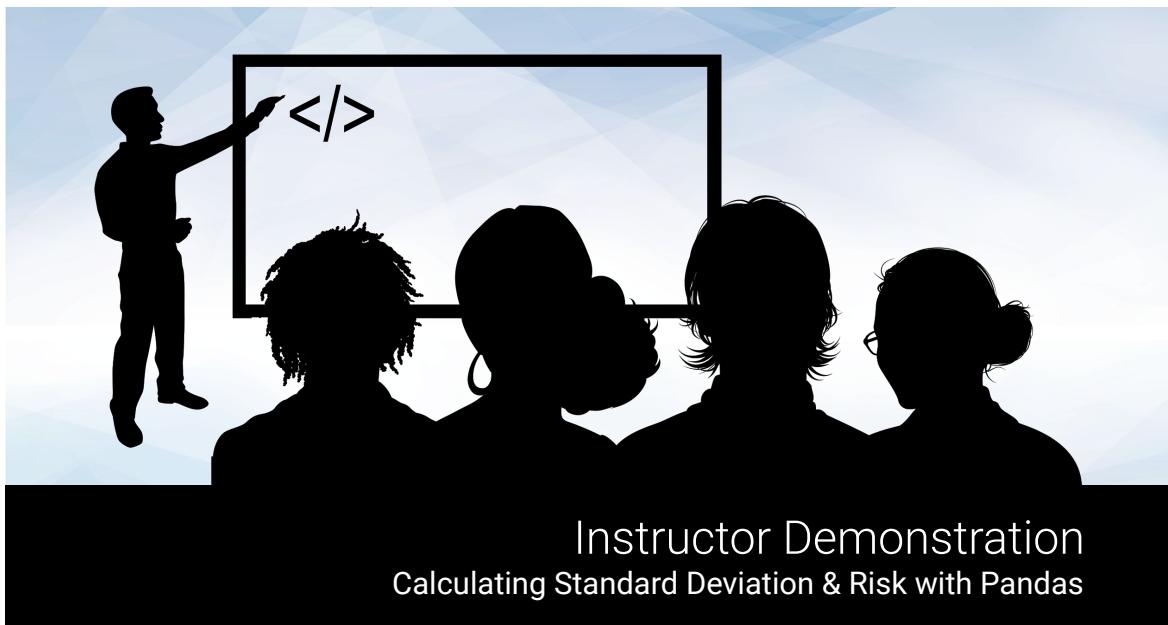


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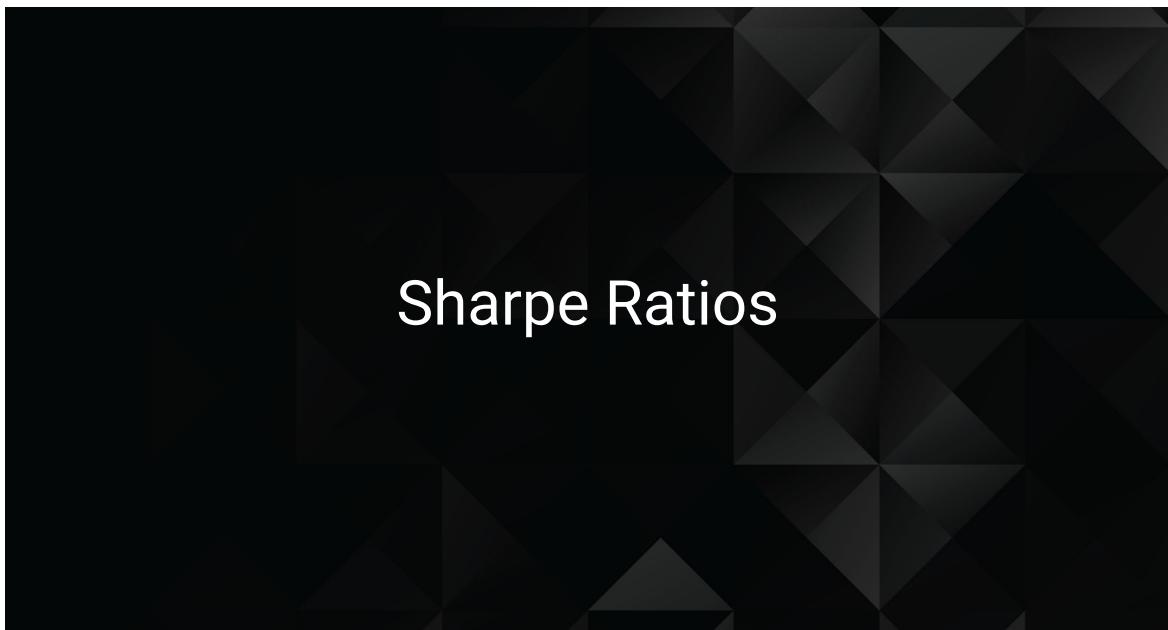
The greater the standard deviation, the greater the risk and the potential for a greater payout.

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Instructor Demonstration  
Calculating Standard Deviation & Risk with Pandas

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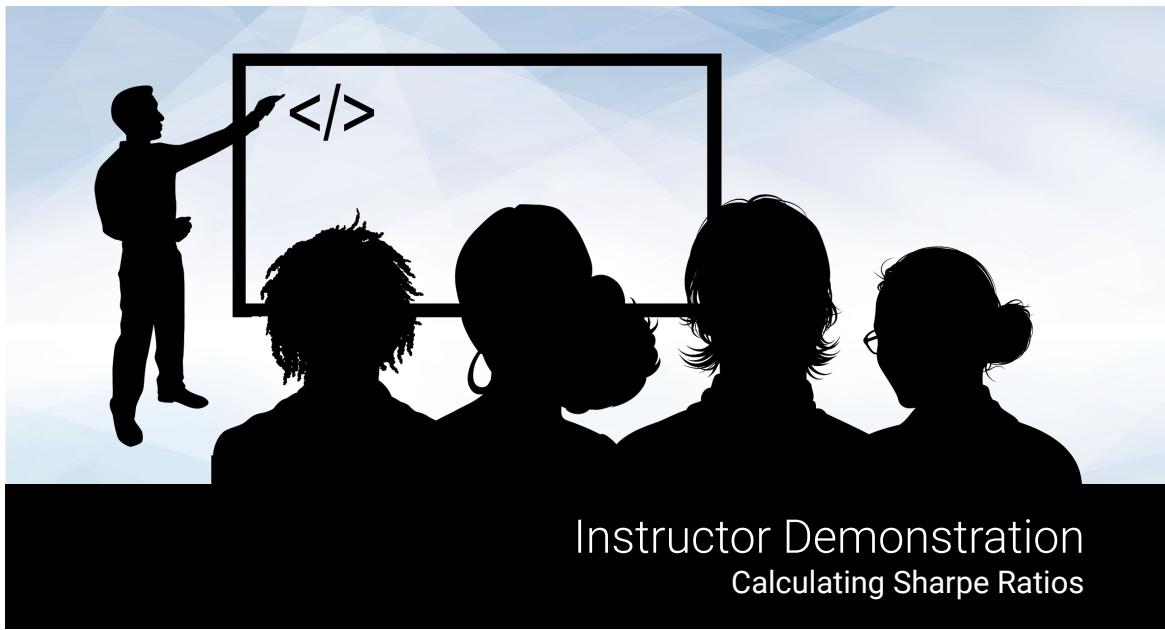
## Sharpe Ratios

Whereas standard deviation calculates how dispersed a set of values are, **Sharpe ratios** identify how much excess reward is associated with an investment after risk has been accounted for.

**Sharpe ratios** are calculated by dividing annualized average returns by annualized standard deviation.

$$\text{Sharpe Ratio} = \frac{R_p - R_f}{O_p}$$

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**Activity: Risky Business**

It's time to put it all together. In this activity, you will prep data and use standard deviation and Sharpe ratios to analyze cryptocurrency portfolio performance.

(Instructions sent via Slack.)

**Suggested Time:**  
15 Minutes



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## Congratulations!

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You just leveled up and acquired the following skills:



Data consolidation



Data segmentation



Data profiling and quality



Investment and portfolio risk analysis



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Questions?

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