

Python Introduction

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Installing

Install Anaconda

1. Download the [Anaconda Python/R Distribution](#) 2019.07 (or later).
2. When the download is complete, install into your user account.

Install Pycharm Professional

1. Download PyCharm Professional and install using the 30-day trial. You can get a free copy using your academic email address if you want to continue after the first 30 days.
2. Open PyCharm, and create a new project called `mfe-introduction`
3. Open File > Setting and select Python Interpreter. Select the Anaconda interpreter if it is not already selected.
4. Create a new python file called `first.py` and enter

```
print("Python has a steeper curve than MATLAB but more long-run upside")
```

5. Right click on this file, and select “Run”.

Install Visual Studio Code and the Python extension

1. Download VS Code and install
2. Install the Python extension by clicking on Extensions and searching for “Python”
3. Open the `mfe-introduction` folder created in the previous step
4. Create a file called `second.py` and enter

```
#%%
```

```
print("Python may be harder to learn than other languages since")  
print("there is rarely a single approach to completing a task.")
```

5. Click on Run Cell

Note the `#%` makes it a magic cell

Lesson 1

Getting Started

This lesson covers:

- Opening a terminal window
- Launching Jupyter notebook
- Running IPython in a Terminal
- Running IPython in Jupyter QtConsole
- Executing a standalone Python file in IPython
- Optional
 - Jupyter notebooks in [VSCode](#)
 - Jupyter notebooks in [PyCharm Professional](#)

1.1 Opening a Terminal

Windows

Note: I strong recommend that you install [Windows Terminal \(Preview\)](#) from the Microsoft Store. You should run these commands in the cmd tab.

On Windows, you should launch *Windows Terminal (Preview)*. Alternatively you could run cmd.exe.

OSX

Launch Terminal.app from spotlight.

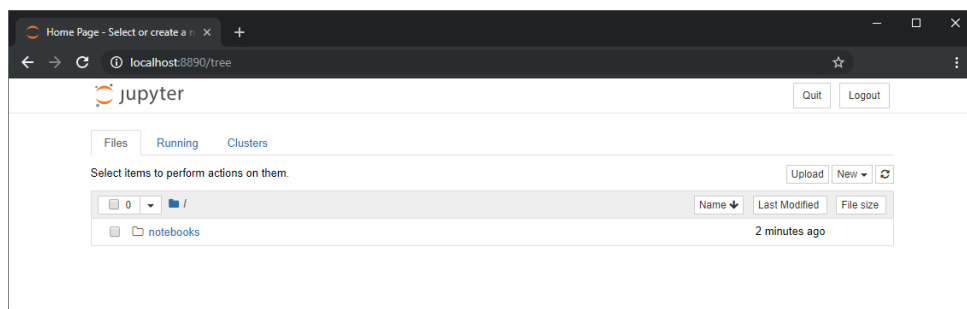
Linux

Open the terminal (instructions depend on your distribution).

1.2 Launching Jupyter notebook

1. Open a terminal
2. Change directory to the location where you store your notebooks. It can also be any directory above the directory, but cannot be below. For example, if you store your work in `/home/username/mfe/financial-econometrics/notebooks`, then you could launch it in `/home/username` or `/home/username/mfe/financial-econometrics`, and then navigate to the notebooks directory.
3. Run the command `jupyter notebook`. You should see a browser open and a window like the one below. I recommend using [Google Chrome](#), although any modern browser should work fine.

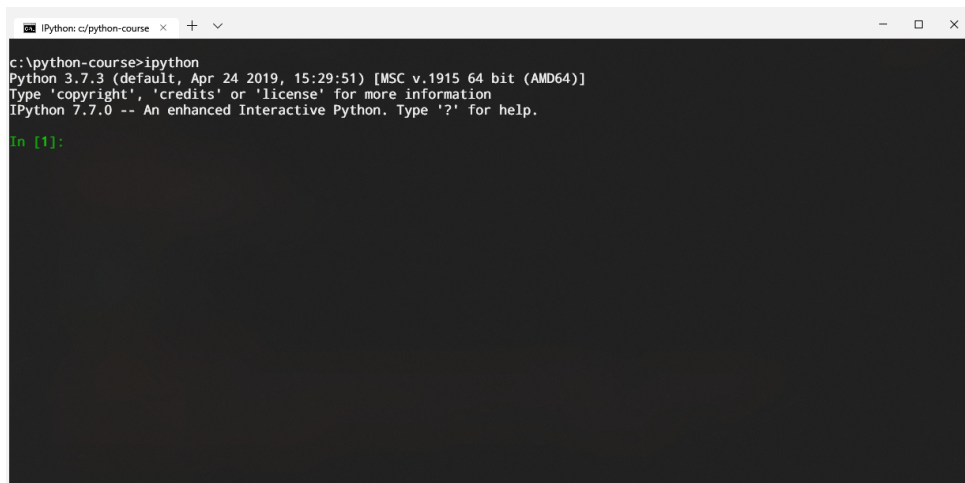
Note: To close the notebook application, press CTRL+C (or CMD+C) in the terminal window.



Jupyter Notebook

1.3 Running IPython in a Terminal

1. Open a terminal.
2. Run IPython by entering `ipython` in the terminal window. You should see a window like the one below with the iconic `In [1]` indicating that you are at the start of a new IPython session.

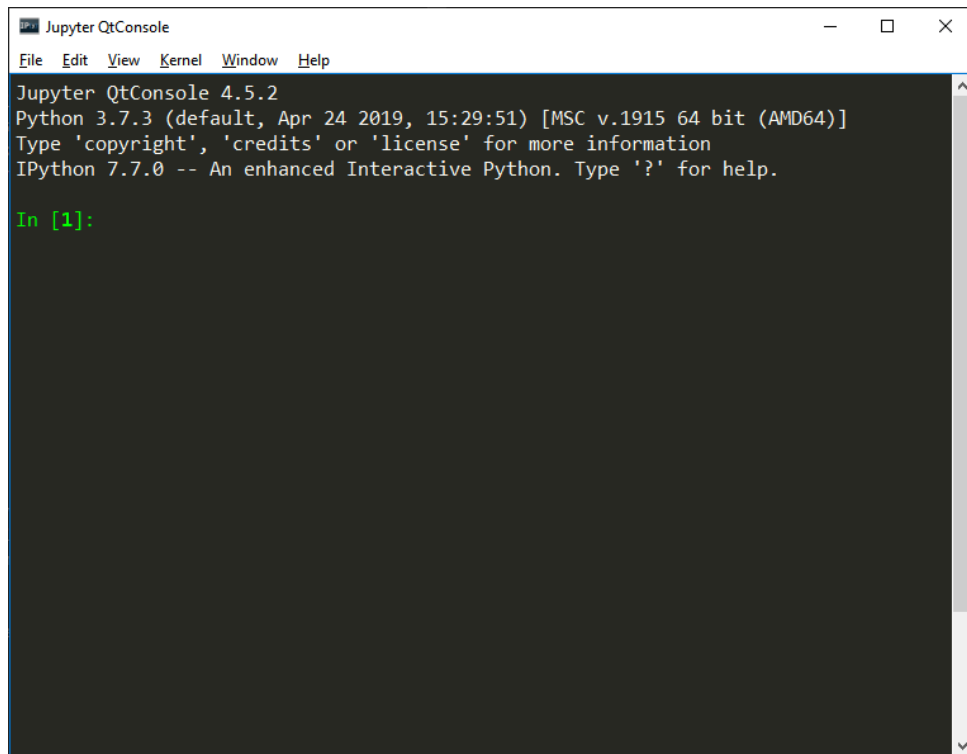
A screenshot of a Windows terminal window. The title bar at the top reads "IPython: c:/python-course" with standard window controls. The terminal text shows the command "c:\python-course>ipython" being executed. The output includes "Python 3.7.3 (default, Apr 24 2019, 15:29:51) [MSC v.1915 64 bit (AMD64)]", a prompt to type 'copyright', 'credits' or 'license' for more information, and "IPython 7.7.0 -- An enhanced Interactive Python. Type '?' for help.". The prompt "In [1]:" is visible on the next line.

IPython in Windows Terminal

1.4 Launching IPython in Jupyter QtConsole

Anaconda includes a QtConsole application which provides a rich interface to IPython that can display images inline. While I like the experience that QtConsole provides to IPython, this method is optional and is only ideal for short sessions since it is less easy to save your work as you go.

To open QtConsole, launch Jupyter QtConsole from the Start menu, Spotlight, or your operating system's launcher. You should see a window like the one below.



IPython QtConsole

1.5 Executing a standalone Python file in IPython

1. Open a text editor and enter the following lines. Save the file as `lesson-2.py`. Note that Python is white-space sensitive, and so these lines should **not** be indented.

```
from math import exp, log

x = exp(1)
y = log(x)

print(f'exp(1)={x}, log(exp(1))={y}')
```

2. Run the code in an IPython session using `%run -i lesson-2.py`. Note: you should create the python file in the same directory as the notebook.

If everything works as expected, you should see

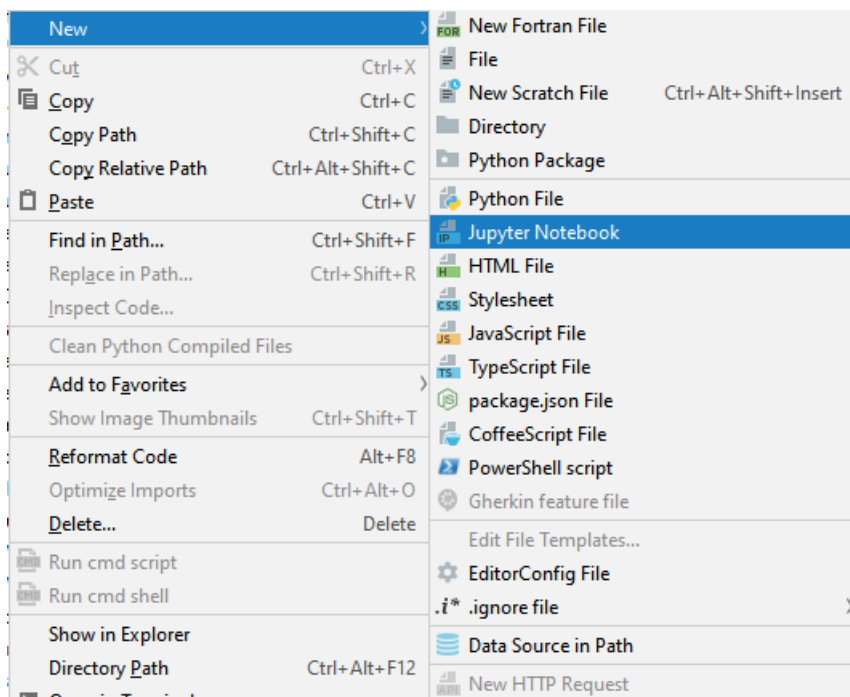
```
exp(1)=2.718281828459045, log(exp(1))=1.0
```

1.6 Jupyter notebooks in PyCharm Professional

PyCharm Professional is my recommended approach if you are going to use Python throughout the course. It provides the best experience and can be acquired for free using the student program.

PyCharm Professional has deeply integrated Jupyter Notebooks. To create an IPython notebook:

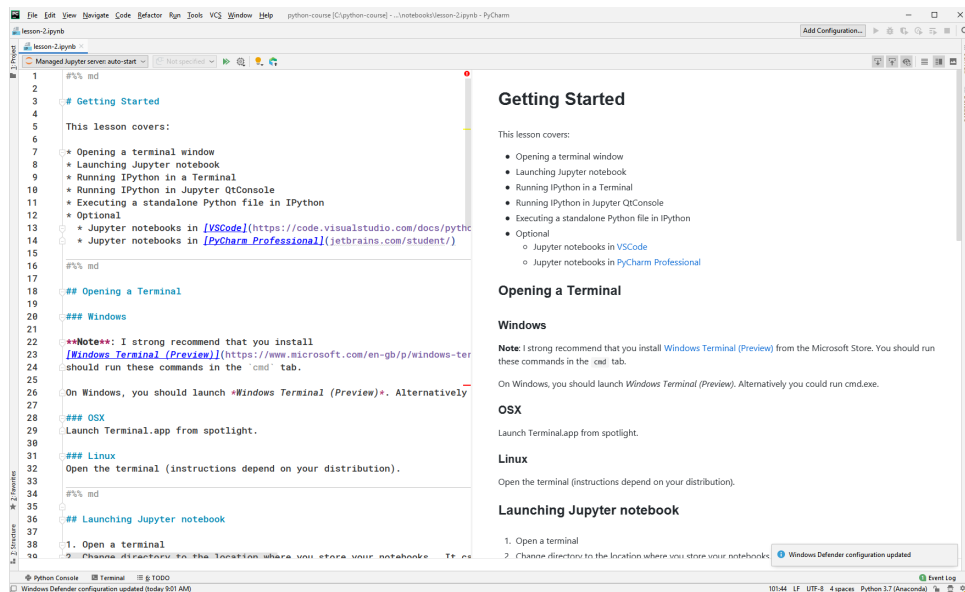
1. Open PyCharm Professional
2. Open the directory where your notebooks are stored
3. Right click on the root directory and select New > Jupyter Notebook. Give your file a meaningful name, and it will open in the main window.



PyCharm New Notebook

PyCharm uses a special syntax where cells look like code and so can be edited like text. This allows PyCharm to use introspection and code completion on what code you have written, a highly useful set of features. PyCharm stores the notebook in a Jupyter notebook file (.ipynb), which means that you can trivially open it in any other Jupyter notebook aware app. This differs from Section 1.7 which stores the file as a plain Python file (.py) and requires an explicit export to a Jupyter notebook file.

A code cell is demarcated using `#%%` and a markdown cell begins with `#%% md`. Below is a screenshot of this notebook in PyCharm.



PyCharm Notebook

Magic Python in PyCharm

PyCharm supports Magic Python cell execution. To use Magic Python, you need to enable *Scientific Mode* in the View menu. You can then use `#%%` to indicate the start and end of cells. Individual Cells can be executed in the console by pressing CTRL+Enter.

1. In PyCharm, right click on the root directory and select New > Python File. Give you file a meaning ful name.
2. Enter

```
#%%
print('This is the first cell')

#%%
print('This is not executed when the first cell is run')
```

3. Enable Scientific Mode in the View menu.
4. Run the first cell by placing you mouse in the cell and pressing CTRL+Enter.
5. Run the second cell by clicking on the Play button (arrow) that appears in the gutter of the editor.

Note: Magic Python in PyCharm only supports python code, and so it is not possible to mix Mark-down text and Python in the same file.

1.7 Jupyter notebooks in VSCode

[Visual Studio Code](#) (or VS Code) is a lightweight IDE that supports adding features through extensions. The key extension for working with notebooks is [Python extension for Visual Studio Code](#). With this extension installed, it is possible to use a special file format called Magic Python to write notebook-like files that can be exported to Jupyter notebook files.

1. Install VS Code and the Python extension
2. Open the command palette and enter “Jupyter start” and select the only available item.
3. This is a Python file that support a cell demarcation using `%%` for code cells and `%%[markdown]` for cells that contain markdown code. Note that markdown text **must** be either:
 - Surrounded by triple quotes, e.g. `"""markdown text"""` or `'''markdown text'''`; e.g.,

```
"""
# Cell Heading

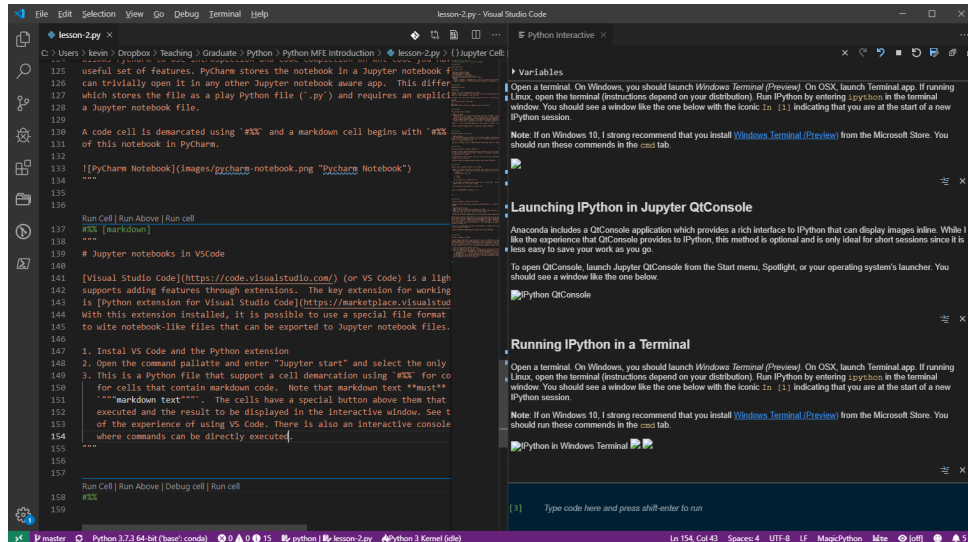
Likeness darkness. That give brought creeping. Doesn't may. Fruit kind
midst seed. Creature, let under created void god to. Them day was Was
creature set it from. Fourth. Created don't man. Man. Light fourth
light given the he image first multiply after deep she'd great. Morning
likeness very have give also fowl third land beast from moving thing
creepeth herb creeping won't fifth. Us bring was our beast wherein our
void and green he fruit kind upon a given, saying fruit, moveth face
forth. His you it. Good beginning hath.
"""
```

- Or commented # (with a single space) at the start of each line,

```
# # Cell Heading
#
# Likeness darkness. That give brought creeping. Doesn't may. Fruit kind
# midst seed. Creature, let under created void god to. Them day was Was
# creature set it from. Fourth. Created don't man. Man. Light fourth
# light given the he image first multiply after deep she'd great. Morning
# likeness very have give also fowl third land beast from moving thing
# creepeth herb creeping won't fifth. Us bring was our beast wherein our
# void and green he fruit kind upon a given, saying fruit, moveth face
# forth. His you it. Good beginning hath.
```

The cells have a special button above them that allows the contents to be executed and the result to be displayed in the interactive window. See the screenshot below for an example of the experience

of using VS Code. There is also an interactive console at the bottom left where commands can be directly executed.

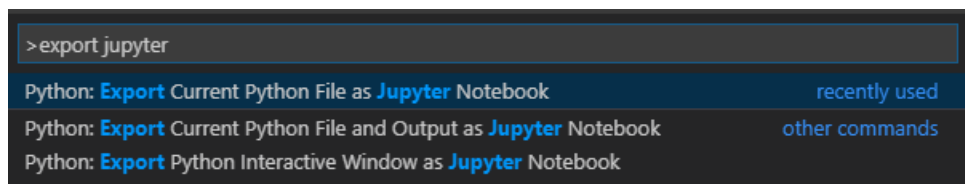


VS Code Notebook

Importing an exiting notebook in VS Code

VS Code only understands Magic Python files as notebook-like documents, and so .ipynb files must be converted to use. The process of importing is simple:

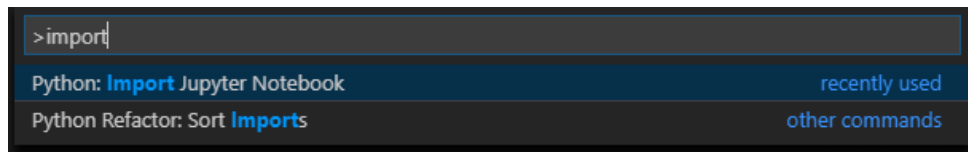
1. Open a Jupyter notebook file
2. Click on Import in the popup that appears.



VS Code Export

Exporting to an Jupyter notebook

To export a Magic Python file, open the command palette and enter “import jupyter”. Select the option to import the notebook.



VS Code Import

Lesson 2

Basic Input and Operators

This lesson covers:

- Manually inputting data in scalars, vectors and matrices
- Basic mathematical operations
- Saving and loading data

Data September 2018 prices (adjusted closing prices) for the S&P 500 EFT (SPY), Apple (AAPL) and Google (GOOG) are listed below:

Date	SPY Price	AAPL Price	GOOG Price
Sept4	289.81	228.36	1197.00
Sept5	289.03	226.87	1186.48
Sept6	288.16	223.10	1171.44
Sept7	287.60	221.30	1164.83
Sept10	288.10	218.33	1164.64
Sept11	289.05	223.85	1177.36
Sept12	289.12	221.07	1162.82
Sept13	290.83	226.41	1175.33
Sept14	290.88	223.84	1172.53
Sept17	289.34	217.88	1156.05
Sept18	290.91	218.24	1161.22
Sept19	291.44	216.64	1158.78

Prices in September 2018

Problem: Input scalar data

Create 3 variables, one labeled `spy`, one labeled `aapl` and one labeled `goog` that contain the September 4 price of the asset. For example, to enter the Google data

```
goog = 1197.00
```

Problem: Print the values

Print the values of the 3 variables you created in the previous step using `print`.

Problem: Print the values with formatting

Print the values of the 3 variables you created in the previous step using format strings following the pattern `TICKER: Value`. For example, you can print the value of Google using `print(f'GOOG:{goog}')`.

Problem: Input a Vector

Create vectors for each of the days in the Section ?? named `sep_xx` where `xx` is the numeric date. For example,

```
import pandas as pd

sep_04 = pd.Series([289.81, 228.36, 1197.00], index=['SPY', 'AAPL', 'GOOG']);
```

Problem: Create a Vector of Dates

Use the pandas function `pd.to_datetime` to convert a list of string dates to a pandas `DateTimeIndex`, which can be used to set dates in other arrays. For example, the first two dates are

```
dates_2 = pd.to_datetime(['4-9-2018', '5-9-2018'])
print(dates_2)
```

which produces

```
DatetimeIndex(['2018-04-09', '2018-05-09'], dtype='datetime64[ns]', freq=None)
```

Create a vector containing all of the dates in the table.

Problem: Input a Vector with Dates

Create vectors for each of the ticker symbols in Section ?? named `spy`, `aapl` and `goog`, respectively. Use the variable `dates` that you created in the previous step. For example

```
goog = pd.Series([1197.00,1186.48,1171.44,...], index=dates)
```


Lesson 3

Problem: Create a DataFrame

Create a DataFrame named `prices` containing Section **??**. Set the column names equal to the ticker and set the index to the dates you created previously.

```
prices = pd.DataFrame([[289.81, 228.36, 1197.00], [289.03, 226.87, 1186.48]],  
                      columns = ['SPY', 'AAPL', 'GOOG'], index=dates_2)
```

Problem: Construct a DataFrame from Series

Create a second DataFrame named `prices_row` from the row vectors previously entered such that the results are identical to `prices`. For example, the first two days worth of data are

```
prices_row = pd.DataFrame([Sep04, Sep05])  
# Set the index after using concat to join  
prices_row.index = dates_2
```

Create a third DataFrame named `prices_col` from the 3 column vectors entered such that the results are identical to `prices`

```
prices_col = pd.DataFrame([SPY, APPL, GOOG]).T
```

Note: The `.T` above is transposes the 2-d array since DataFrame builds the array by rows.

Verify that all three matrices are identical by printing the difference, e.g.,

```
print(prices_col - prices)
```

and that all elements are 0.

Problem: Saving Data

Save the `prices` DataFrame to a pickle using `prices.to_pickle('prices.pkl')`.

Delete the `prices` variable using `del prices`, and then load it back using `prices = pd.load_pickle('prices.pkl')`. Finally print the loaded data to verify it is the same.

Problem: Addition and Subtraction

Add the prices of the three series together using `.sum(axis=1)`. Add the prices in `sep_04` to the prices of `goog`. What happens?

Problem: Multiplication

Multiply the price of Google by 2.

Problem: Constructing portfolio returns

Set up a vector of portfolio weights $w = (\frac{1}{3}, \frac{1}{3}, \frac{1}{3})$ and compute the price of a portfolio with $\frac{1}{3}$ share of each.

Note: Division uses the slash operator (`/`).

Problem: Compute Returns

Compute returns using

```
returns = prices.pct_change()
```

which computes the percentage change.

Additionally, extract returns for each name using

```
spy_returns = returns['SPY']
```

Problem: Compute Log Returns

```
import numpy as np

log_returns = np.log(prices).diff()
```

first difference of the natural log of the prices. Mathematically this is $r_t = \ln(P_t) - \ln(P_{t-1}) = \ln\left(\frac{P_t}{P_{t-1}}\right) \approx \frac{P_t}{P_{t-1}} - 1$.

Problem: Mean, Standard Deviation and Correlation

Using the function `mean`, compute the mean of the three returns series one at a time. For example

```
goog_mean = goog_returns.mean()
```

Next, compute the mean of the matrix of returns using

```
retmean = returns.mean()
```

What is the relationship between these two? Repeat this exercise for the standard deviation (`std()`). Finally, compute the correlation of the matrix of returns (`corr()`).

Problem: Summing all elements

Compute the sum of the columns of returns using `.sum()`. How is this related to the mean computed in the previous step?

Problem: Maximum and Minimum Values

Compute the minimum and maximum values of the columns of returns using the `min()` and `max()` commands.

Problem: Rounding Up, Down and to the Closest Integer

Rounding up is handled by `ceil`, rounding down is handled by `floor` and rounding to the closest integer is handled by `round`. Try all of these commands on 100 times returns. For example,

```
rounded = (100*returns).round()
```

Use `ceil` and `floor` to always round up and down, respectively.

Problem: Element-by-Element Multiplication

Mathematical commands in Python are element-by-element, except the `@` operator which is matrix multiplication and uses the rules of linear algebra.

Multiply the returns of Google and SPY together using the dot operator.

Problem: Save Everything

Save everything created using `dill`

```
import dill

dill.dump_session('lesson-3.dill')
```

You can load everything using `dill.load_session('lesson-3.dill')` later if you want to get the data back.

Lesson 4

Functions

This lesson covers:

- Calling function with more than one input and output
- Calling functions when some inputs are not used
- Writing a custom function

Begin by data in momentum.csv and creating some variable. This cell uses some magic to automate repeated typing.

```
# Setup: Load the momentum data
import pandas as pd

momentum = pd.read_csv('data/momentum.csv')

print(momentum.head())

mom_01 = momentum['mom_01']
mom_10 = momentum['mom_10']
```

This data set contains 2 years of data on the 10 momentum portfolios from 2016–2018. The variables are named mom_XX where XX ranges from 01 (work return over the past 12 months) to 10 (best return over the past 12 months).

Problem: Calling Functions

Functions were used in the previous lesson. Get used to calling functions by computing the mean, std, kurtosis, max, and min of the 10 momentum portfolios . Also, explore the help available for calling functions ? operator. For example,

```
momentum.std?
```

opens a help window that shows the inputs and output, while

```
help(momentum.std)
```

shows the help.

Problem: Calling Functions with 2 Outputs

Some useful functions return 2 or more outputs. One example is `stats.ttest_ind` performs a t-test that the mean of two independent samples is equal. It returns the test statistic as the first return and the p-value as the second.

Use this function to test whether the means of `mom_01` and `mom_10` are different.

Problem: Calling Functions with 2 Inputs

Many functions take two or more inputs. Like outputs, the inputs are simply listed in order separated by commas. Use `np.linspace` to produce a series of 11 points evenly spaced between 0 and 1. The help for `np.linspace` is listed below (`linspace?`).

Problem: Calling Functions using Keyword Arguments

Many function have optional arguments. You can see these in a docstring since optional arguments take the form `variable=default`. For example, see the help for `np.mean`

which is

```
np.mean(a, axis=None, dtype=None, out=None, keepdims=<no value>)
```

This tells us that only `a` is required and the other 4 possible inputs can be omitted if you are happy with the defaults. However, if we want to change just one optional input, we can directly use the inputs name in the function call.

For example, a pandas DataFrame has a function `std` that computes the standard deviation. By default, it divides by `n - 1`. The 1 can be set using `ddof`.

Compute `std` using `ddof=0` on the momentum data.

Problem: Writing a Custom Function

Custom functions will play an important role later in the course when estimating parameters. Construct a custom function that takes two arguments, `mu` and `sigma2` and computes the likelihood function of a normal random variable

$$f(x; \mu, \sigma^2) = \frac{1}{\sqrt{2\pi\sigma^2}} \exp\left(-\frac{(x - \mu)^2}{2\sigma^2}\right)$$

Use `def` to start the function and compute the likelihood of:

$$x = 0, \mu = 0, \sigma^2 = 1.$$

The text in the triple quotes is the doc string which is optional.

Exercises

Exercise: Custom Function

Write a function named `summary_stats` that will take a single input, `x`, a DataFrame and return a DataFrame with 4 columns and as many rows as there were columns in the original data where the columns contain the mean, standard deviation, skewness and kurtosis of `x`.

Exercise: Custom Function

Change your previous function to return 4 outputs, each a pandas Series for the mean, standard deviation, skewness and the kurtosis.

Returning multiple outputs uses the syntax

```
return w, x, y, z
```


Lesson 5

Accessing Elements

This lesson covers:

- Accessing specific elements in NumPy arrays
- Assessing specific elements in Pandas Series and DataFrames

Accessing elements in an array or a DataFrame is a common task. To begin this lesson, clear the workspace set up some vectors and a 5×5 array. These vectors and matrix will make it easy to determine which elements are selected by a command.

5.1 Zero-based indexing

Python indexing is 0 based so that the first element has position 0, the second has position 1 and so on until the last element has position $n - 1$ in an array that contains n elements in total.

Problem: Picking an Element out of a Matrix

1. Select the third element of all three, x, y and z.
2. Select the 11th element of x.
3. Using double index notation, select the (0,2) and the (2,0) element of x.

Issues to ponder

- Which index is rows and which index is columns?
- Does NumPy count across first then down or down first then across?

Problem: Selecting Entire Rows

1. Select the 2nd row of x using the colon (:) operator.
2. Select the 2nd element of z and y using the same syntax.

Issues to ponder

- What happens to the output in each case?

Problem: Selecting Entire Columns

Select the 2nd column of `x` using the colon (`:`) operator.

Problem: Selecting Specific Rows or Columns

1. Select the 2nd and 3rd columns of `x` using the colon (`:`) operator.
2. Select the 2nd and 4th rows of `x`.
3. Combine these be combined to select columns 2 and 3 and rows 2 and 4.

Problem: Use `ix_` to select arbitrary rows and columns

Use `ix_` to select the 2nd and 4th rows and 1st and 3rd columns of `x`.

Problem: Numeric indexing Series and DataFrame

Repeat the previous questions on `y_s` and `x_df` using `.iloc`.

Problem: Selecting by Name in Series and DataFrames

Using `x_name` and `y_name`:

1. Select the (0,2) and the (2,0) element of `x_name`.
2. Select the 2nd row of `x_name` using `.loc`.
3. Select the 2nd columns of `x_name` using `.loc`.
4. Select the 2nd element of `y_name` using both `[]` and `.loc`.
5. Select the 2nd and 4th rows and 1st and 3rd columns of `x_name`.

Problem: Selecting Data by Date

Load the data in `momentum.csv`.

```
# Setup: Load the momentum data

import pandas as pd

momentum = pd.read_csv('data/momentum.csv', index_col='date', parse_dates=True)
momentum.head()
```

1. Select returns on a February 16, 2016.
2. Select return in March 2016.
3. Select returns between May 1, 2016 and June 15, 2016

Lesson 6

Program Flow

This lesson covers:

- for loops
- Nested loops

Problem: Basic For Loops

Construct a for loop to sum the numbers between 1 and N for any N. A for loop that does nothing can be written

```
n = 10
for i in range(n):
    pass
```

Problem: Compute a compound return

The compound return on a bond that pays interest annually at rate r is given by $c r_t = \prod_{i=1}^T (1 + r) = (1 + r)^T$. Use a for loop compute the total return for £100 invested today for 1, 2, ..., 10 years. Store this variable in a 10 by 1 vector cr .

Problem: Simulate a random walk

(Pseudo) Normal random variables can be simulated using the command `np.random.standard_normal(shape)` where `shape` is a tuple (or a scalar) containing the dimensions of the desired random numbers. Simulate 100 normals in a 100 by 1 vector and name the result e . Initialize a vector p containing zeros using the function `zeros`. Add the 1st element of e to the first element of p . Use a for loop to simulate a process $y_i = y_{i-1} + e_i$. When finished plot the results using

```
%matplotlib inline

import matplotlib.pyplot as plt
plt.plot(y)
```

Problem: Nested Loops

Begin by loading momentum data used in an earlier lesson. Begin by adding 1 to the returns to produce gross returns. A gross return is the total the value in the current period of £1 invested in the previous period. A net return subtracts the original investment to produce the net gain or loss. Use two loops to loop both across time and across the 10 portfolios to compute the total compound return.

For example, if only interested in a single series,

```
n = mom_01.shape[0]
cr=np.zeros(n)
gr = 1 + mom_01
cr[0] = 1+mom_01[0]
for t in range(1, n):
    cr[t]=cr[t-1]*gr[t]
```

computes the cumulative return.

When finished, plot the cumulative returns using `plt.plot(cr)`. After finishing this problem, have a look at `np.cumsum`? and `np.cumprod`?

```
# Setup: Load the momentum data

import pandas as pd
momentum = pd.read_csv('data/momentum.csv', index_col='date', parse_dates=True)
momentum = momentum / 100 # Convert to numeric values from percentages
# Convert to a plain numpy array
momentum = momentum.to_numpy()
```

Exercises

Exercise

1. Simulate a 1000 by 10 matrix consisting of 10 standard random walks using both nested loops and `np.cumsum`.
2. Plot the results.

Question to think about

If you rerun the code in this Exercise, do the results change? Why?

Lesson 7

Logical Operators

This lesson covers:

- Basic logical operators
- Compound operators
- Mixing logic and loops
- `all` and `any`

Begin by loading the data in `momentum.csv`.

```
# Setup: Load the momentum data

import pandas as pd

momentum = pd.read_csv('data/momentum.csv')

print(momentum.head())

mom_01 = momentum['mom_01']
mom_10 = momentum['mom_10']
mom_05 = momentum['mom_05']
```

Problem: Basic Logical Statements

For portfolio 1 and portfolio 10, count the number of elements that are < 0 , ≥ 0 and exactly equal to 0. Next count the number of times that the returns in portfolio 5 are greater, in absolute value, than 2 times the standard deviation of the returns in that portfolio.

Problem: Compound Statements

Count the number of times that the returns in both portfolio 1 and portfolio 10 are negative. Next count the number of times that the returns in portfolios 1 and 10 are both greater, in absolute value, than 2 times their respective standard deviations.

Problem: Logical Statements and for Loops

Use a for loop along with an if statement to simulate an asymmetric random walk of the form

$$y_i = y_{i-1} + e_i + I_{[e_i < 0]} e_i$$

where $I_{[e_i < 0]}$ is known as an indicator variable that takes the value 1 if the statement in brackets is true. Plot y .

Problem: Selecting Elements using Logical Statements

For portfolio 1 and portfolio 10, select the elements that are < 0 , ≥ 0 and exactly equal to 0. Next select the elements where both portfolios are less than 0.

Problem: Using where

Use find to select the index of the elements in portfolio 5 that are negative. Next, use the find command in its two output form to determine which elements of the portfolio return matrix are less than -2%.

Problem: Combining flow control

For momentum portfolios 1 and 10, compute the length of the runs in the series. In pseudo code,

- Start at $i=1$ and define $\text{run}(1) = 1$
- For i in $2, \dots, T$, define $\text{run}(i) = \text{run}(i-1) + 1$ if $\text{sgn}(r_i) = \text{sgn}(r_{i-1})$ else 1.

You will need to use length and zeros.

1. Compute the length longest run in the series and the index of the location of the longest run. Was it positive or negative?
2. How many distinct runs lasted 5 or more days?

Exercises

Exercise: all and any

Use all to determine the number of days where all of the portfolio returns were negative. Use any to compute the number of days with at least 1 negative return and with no negative returns (Hint: use negation (\sim or `logical_not`)).

Lesson 8

Importing Data

This lesson covers:

- Importing data
- Converting dates
- Saving data

Problem: Reading in data with Dates

Read in the files `GS10.csv` and `GS10.xlsx` which have both been downloaded from [FRED](#).

Problem: Converting Dates

1. Load the csv file without converting the dates in `read_csv`.
2. Convert the date column, remove it from the DataFrame, and set it as the index.

Problem: Export to Excel, CSV, HDF and Pickle.

1. Export both `gs10_excel` and `gs10_csv` to the same Excel file
2. Export `gs10_excel` to CSV.
3. Export both to a HDF file (the closest thing to a “native” format in pandas)
4. Export `gs10_excel` to a pickle file.
5. Combine `gs10_excel` and `gs10_csv` into a dictionary and pickle the dictionary.

Problem: Import from HDF and Pickle.

Import the data saved in steps 3-5 of the previous problem.

Lesson 9

Graphics

This lesson covers:

- Basic plotting
- Subplots
- Histograms
- Scatter Plots

Plotting in notebooks requires using a magic command, which starts with %, to initialize the plotting backend.

```
# Setup
%matplotlib inline
```

Begin by loading the data in hf.hdf. This data set contains high-frequency price for IBM and MSFT on a single day stored as two Series. IBM is stored as 'IBM' in the HDF file, and MSFT is stored as 'MSFT'.

Problem: Basic Plotting

1. Plot the `ibm` series which contains the price of IBM.
2. Add a title and label the axes.
3. Add markers and remove the line.

Problem: Subplot

Create a 2 by 1 subplot with the price of IBM in the top subplot and the price of MSFT in the bottom subplot.

Problem: Plot with Dates

Use `matplotlib` to directly plot `ibm` against its index. This is a repeat of a previous plot but shows how to directly use the `plot` command.

Problem: Histogram

Produce a histogram of MSFT 1-minute returns (Hint: you have to produce the 1-minute Microsoft returns first using `resample` and `pct_change`).

Problem: Scatter Plot

Scatter the 5-minute MSFT returns against the 5-minute IBM returns.

Hint: You will need to create both 5 minute return series, merge them, and then plot using the combined DataFrame.