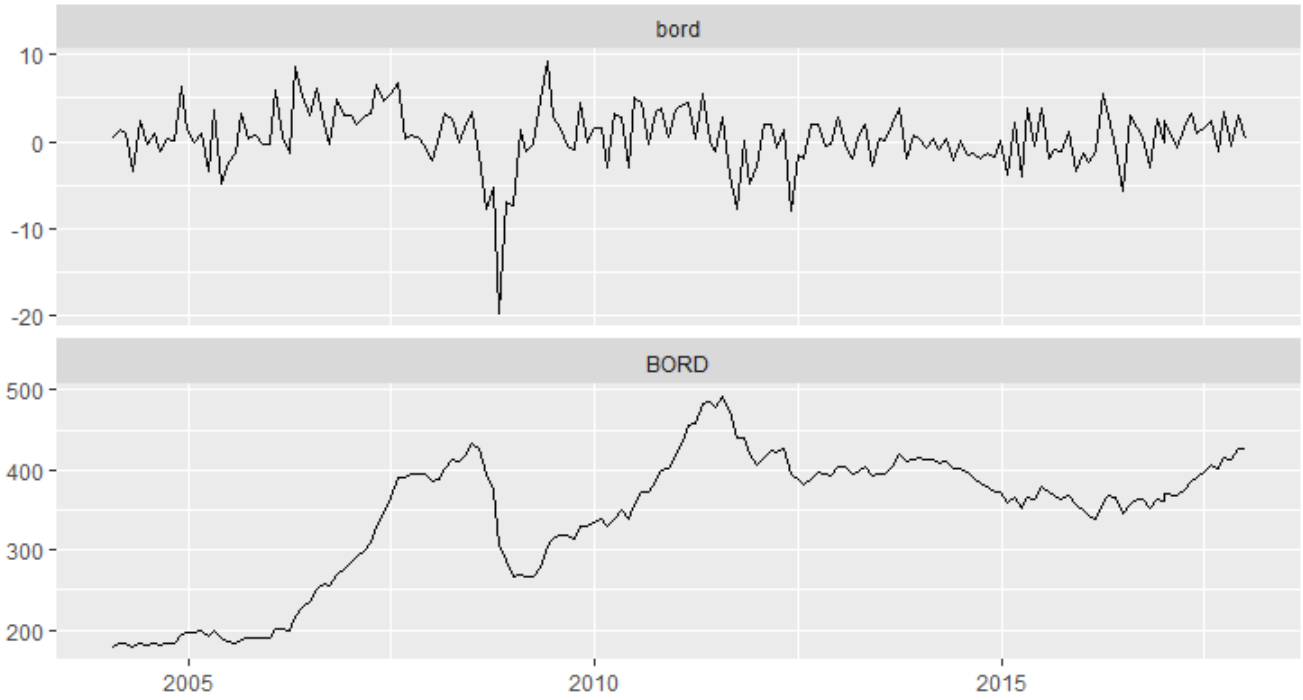
hw1: answers

2.

	smiusd	*gold*
Mean	0.446	0.678

3.



4.

t-stat	1.961
Reject at 5% significance level?	We cannot reject the null.

5.

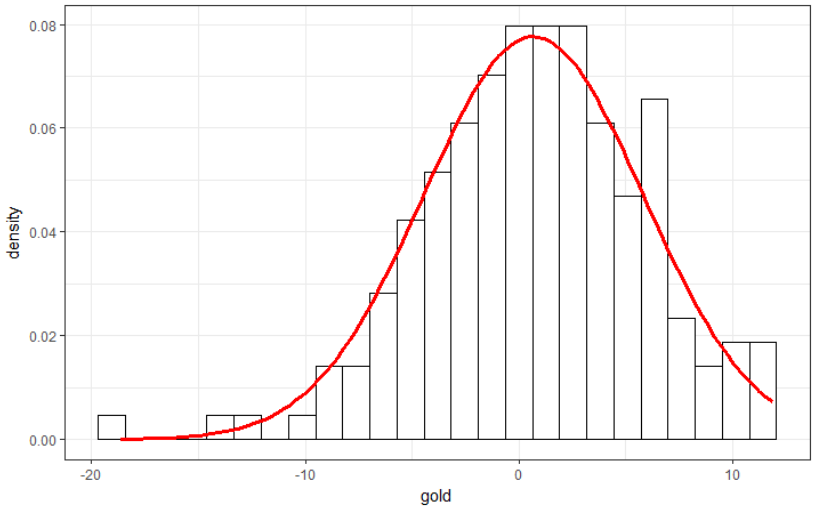
95% confidence interval	[-0.105; 1.461]
Conclusion (risk-free rate comparison)	The mean risk-free rate (0.01) is included in the confidence interval of gold => We cannot be 95% sure that gold has been a better investment than the risk-free rate.

6.

Asset most correlated with *bord* (with the corresponding correlation)	MSCIE (0.554)
Asset most correlated with *gold* (with the corresponding correlation)	BORD (0.276)

7.

Asset with the lowest excess kurtosis (with the corresponding coefficient)	GOLD (0.586)



A normal distribution fits the data quite well. But it can also be noticed that the data is negatively skewed and slightly leptokurtic (which goes against the normality assumption).

8.

Asset farthest from a normal distribution	SP500
Test statistic	899.77

9.

Expected return	0.49
Sharpe ratio	0.12 (monthly)

10.

Lower c. band	Expected return	Higher c. band
0.0003134599	0.49	0.9735785550

Conclusion: The expected return is statistically different from zero.

11.

(c)

Average total return	1.076

(d)

Average total return	0.526

(e)

t-test	(-)2.018
Conclusion	Significantly different at the 5% level => The stock market seems to perform better under a democratic president.