

Quiz: Market Efficiency

Due Feb 22 at 3:30pm

Points 2

Questions 2

Time Limit 10 Minutes

Instructions

This is an individual quiz with a 10 minutes limit.

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	3 minutes	0 out of 2

Score for this quiz: **0** out of 2

Submitted Feb 5 at 10:07pm

This attempt took 3 minutes.

Question 1

0 / 1 pts

Select the correct answers.

- ☐ If stock prices move randomly, markets are inefficient.
- ☐ If stock prices do not move randomly, markets are efficient.
- ☒ If stock prices do not move randomly, markets are inefficient.

- ☒ If stock prices move randomly, markets are efficient.

This is wrong, because random walk is a necessary but not sufficient condition for market efficiency. Prices might move randomly, but totally disconnected from economic fundamentals

Correct!

You Answered

Question 2

0 / 1 pts

Select the **wrong** reasons to trade stocks.

☐

My WACC valuation analysis shows that the company is overpriced, so I will short the stock.

☒

I don't like Elon Musk, so I will short Tesla's stock.

☒

At the end of the calendar year, I will sell stocks with capital losses for tax harvesting

☐

Tesla's cars are awesome. I'll buy the stock.

Correct!

You Answered

Correct Answer

Quiz Score: 0 out of 2