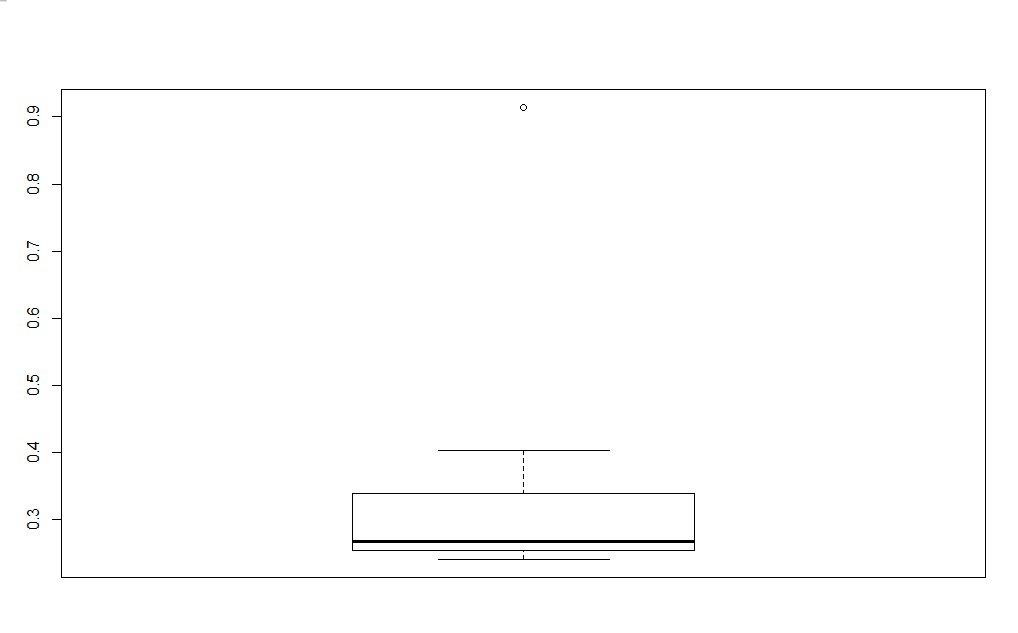
**Topics: Descriptive Statistics and Probability**

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 : 

As we can see from the above figure there is one outlier in the dataset, Also the mean , standard deviation and variance are as follows

1)Mean =0.3327133

2) standard deviation=0.169454

3) Variance=0.028714661



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) The IQR= (Q3-Q1)=12-5=7 . it is the range where 50% of the values lie in.

2) The data is Right Skewed

3) The data point 2.5 will be on the whisker of the boxplot



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.

Ans: 1) This is a Bi-modal histogram with two modes 5 and 7

2) The data is right skewed

3)It would be much easier in a boxplot to find outliers where as the frequency of values ,mode can be found easier in a histogram.

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: Probability that at least one in 5 attempted call reaches the wrong number is **0.025**

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

a. The most likely monetary outcome of the business venture: 𝑥 = 2,000with the highest probability of 0.3.

b. The venture is likely to be successful, because 𝑃(𝑥 = 1,000) + 𝑃(𝑥 = 2,000) + 𝑃(𝑥 = 3,000) = 0.2 + 0.3 + 0.1 = 0.6.

c. 𝑥= (0.1)(−2,000) + (0.1)(−1,000) + (0.2)(0) + (0.2)(1,000) + (0.3)(2000) + (0,1)(3,000)= 800.

d. The good measure of the risk involved in a venture of this kind is standard deviation.