The Hashemite University

Department of Finance and Banking

Quantitative methods for finance Dr. Ahmad Y. Khasawneh

Homework I

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**Due Date November 04th, 2013. No late submission will be accepted.**

**Please note: you must turn in STATA print out along with your interpretations and explanations.**

Follow the following steps.

1. Collect monthly closing price of five different stocks from five different sectors (banking, Insurnces,… etc). You need to collect the information for at least 5-years. The required information can be found on this link <http://www.ase.com.jo/en/equities>
2. Calculate monthly rate of return from the collected prices in step one.
3. Annualize the rate of return using a geometric mean method.
4. Collect a 5-year data set about Jordanian GDP. Can be found on <http://statisticaldb.cbj.gov.jo/index?action=level3&cat_id=9&dbName=tab4310>
5. Use stata function to get correlation matrix.
6. Interpret your results in the previous section.
7. Use stats function to run the following regression function; log(gdp)=b0+b1(AR1)+b2(AR2)+b3(AR3)+b4(AR4)+b5(AR5)+ui; where AR is the annualized return of each stock.

**Good Luck,**