EC6625 Financial Economics and Business strategy - Assignment

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The risky industry I have chosen is airlines and the two companies I have chosen within that bracket are Pan American Airlines and Delta.

I have opted for food as my safe industry selecting Gerber and General Mills as my two companies for analysis.

1. Pan American

**Mean** = 0.003517

**Standard deviation =** 0.131805

Delta

**Mean =** 0.011692

**Standard deviation =** 0.095932

Gerber

**Mean =** 0.0164

**Standard deviation =** 0.087738

General Mills

**Mean =** 0.016583

**Standard deviation =** 0.064769

The risk- return patterns for these companies broadly corresponded with my prior expectations. The mean returns for the two food industries for the period were better. We observed higher standard deviations in the airline industry, suggesting that greater risk and volatility was present as one would suspect. The airline industry as a whole is much more precarious than that of food. The food industry is an environment with greater market stability, thus proving to be more attractive for investors.

(b)

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