

Chapter 5 Homework Assignment

Due: see Game Plan.

Pp. 221 and following:

Self-Test ST 5-2, Problem 5-1, 5-7, 5-9, 5-12 (see Table 5.8, pg. 209), 5-15, 5-17, 5-19, and 5-24.

Chapter 5: Help on Standard Deviation Calculation:

Follow Table 5.5, page 203, and watch how the columns are used in each of these steps:

6 steps (5 steps if Step 1 already done for you):

Step 1 – *(If not already calculated for you.)* Calculate expected return by multiplying each outcome by its associated probability, and then adding the products (see Table 5.4, page 202, for an example).

Step 2 – For each outcome (row), subtract the expected return from the individual return outcome
(see Table 5.5, pg. 203 to see this worked for you).

Step 3 – Square the differences from Step 2.

Step 4 – Multiply the squared differences from Step 3 by the associated probabilities.

Step 5 – Sum the products from Step 4.

Step 6 – Take the square root of the sum from Step 5. On HP 10-BII calculator, when number is in display, use SHIFT and the [$\sqrt{\quad}$] key to get the square root.