

AP/ECON 4140

Assignment 1

Due at beginning of class on October 9

The file `aprices.dat` contains daily closing prices for APPLE stock from 8/15/2011 to 8/15/2014, arranged in chronological order. Use the code in file `a1.sas` and answer the following questions.

- a) Does the daily price series look stationary? Why?
- b) Does the log return series look stationary? Why?
- c) Examine whether the log returns are normally distributed.
- d) Examine whether the log returns are serially correlated.

Important notes:

1. The files `aprices.dat` and `a1.sas` are posted on the course website (in the "Assignments" folder) at: <http://www.yorku.ca/rsufana/teaching.htm>
2. Instructions on how to access SAS are posted on the course website.
3. The assignment may be completed individually or in a team of up to three students. Students working in the same team will receive the same grade.
4. Write the assignment with a word processing software (e.g. Word), and hand in one hard copy, showing your name(s) and student number(s) on the first page. Students working in the same team should submit only one copy of the assignment.