

Assignment 1

Applied Financial Econometrics
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Autumn 2023

1. Download the daily historical price for the last 10 years for four stocks of your interest. These stocks must belong to two different sectors; namely: industrials, consumer staples, financials, utilities, etc. For example, KO & PEP (Consumer Staples) and HP & IBM (informatics). For each one:
 - (a) Get the graphics for both price and log-return. What we could say about that? Use your own words to give a description and compare each others (intra and cross sectorial).
 - (b) Are the log prices a Random Walk? Justify.
2. Download the monthly time-series for two new stocks of your choice (ideally from two different sectors), plus the monthly historical values of the S&P500. Using the HP-filter obtain trend component for each time-series. Compare.