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| Consider the following information: |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | Rate of Return If State Occurs | | | | | |
| State of | Probability of | | |  | | | | | |
| Economy | State of Economy | | | Stock A | | | Stock B | | |
| Recession |  | 0.17 |  |  | 0.05 |  | − | 0.21 |  |
| Normal |  | 0.62 |  |  | 0.09 |  |  | 0.08 |  |
| Boom |  | 0.21 |  |  | 0.16 |  |  | 0.25 |  |
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| Calculate the expected return for the two stocks. **(Round your answers to 2 decimal places. (e.g., 32.16))** |

|  |  |
| --- | --- |
|  | Expected return |
| Stock A | % |
| Stock B | % |
|  | |

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| Calculate the standard deviation for the two stocks. **(Do not round intermediate calculations and** **round your final answers to 2 decimal places. (e.g., 32.16))** |

|  |  |
| --- | --- |
|  | Standard deviation |
| Stock A | % |
| Stock B | % |