**Efficient Capital Markets**

**Question 1:**

**Discuss the rationale for expecting an efficient capital market. What factor would you look for to differentiate the market efficiency for two alternative stocks?**

**Question 2:**

**Define and discuss the weak-form EMH. Describe the two sets of tests used to examine the weak-form EMH.**

**Question 3:**

**Define and discuss the semi strong-form EMH. Describe the two sets of tests used to examine the semi strong-form EMH.**

**Question 4:**

**What is meant by the term abnormal rate of return?**

**Question 7:**

**Describe the results of a study that supported the semi strong-form EMH. Discuss the nature of the test and specifically why the results support the hypothesis.**

**Question 8:**

**Describe the results of a study that did not support the semi strong-form EMH. Discuss the nature of the test and specifically why the results did not support the hypothesis.**

**Question 10:**

**Define and discuss the strong-form EMH. Why do some observers contend that the strong-form hypothesis really requires a perfect market in addition to an efficient market? Be specific.**

**Question 12:**

**Describe the results of a study that did not support the strong-form EMH. Discuss the test involved and specifically why the results reported did not support the hypothesis.**

**Question 14:**

**Describe the general goal of behavioral finance.**

**Question 16:**

**What does the EMH imply for the use of technical analysis?**

**Question 17:**

**What does the EMH imply for fundamental analysis? Discuss specifically what it does not imply?**

**Question 18:**

**In a world of efficient capital markets, what do you have to do to be a superior analyst? How would you test whether an analyst was superior?**