Recall that the correlation coefficient is a single value that captures the direction and extent of linear association between 2 random variables (securities). The formula for measuring covariance is equal to the correlation coefficient (rho) multiplied by the standard deviation for security1 multiplied by the standard deviation of security2.

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Based on the Summary Output of Excel Regression (aka Analysis of Variance (ANOVA)) output listed below answer the following questions:

5a. Determine the Correlation of Determination (r squared):

5b. Determine the Correlation coefficient “r” (rho symbol =):

5c. Determine (calculate) the Covariance (formula given above) between GM and S&P500. Note: the Covariance of an asset with itself is equal to its Variance. The standard deviation (sigma symbol =) is equal to the square root of the variance.

