

16.5: Statistical Literacy

Learning Objectives

- Stock Appreciation

Many financial web pages give you the option of using a linear or a logarithmic Y -axis. An example from Google Finance is shown below.



Figure 16.5.1: A web page from Google Finance

Example 16.5.1: what do you think?

To get a straight line with the linear option chosen, the price would have to go up the same amount every time period. What would result in a straight line with the logarithmic option chosen?

Solution

The price would have to go up the same proportion every time period. For example, go up 0.1% every day.

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