

# How To Research Betas

## What is a Beta?

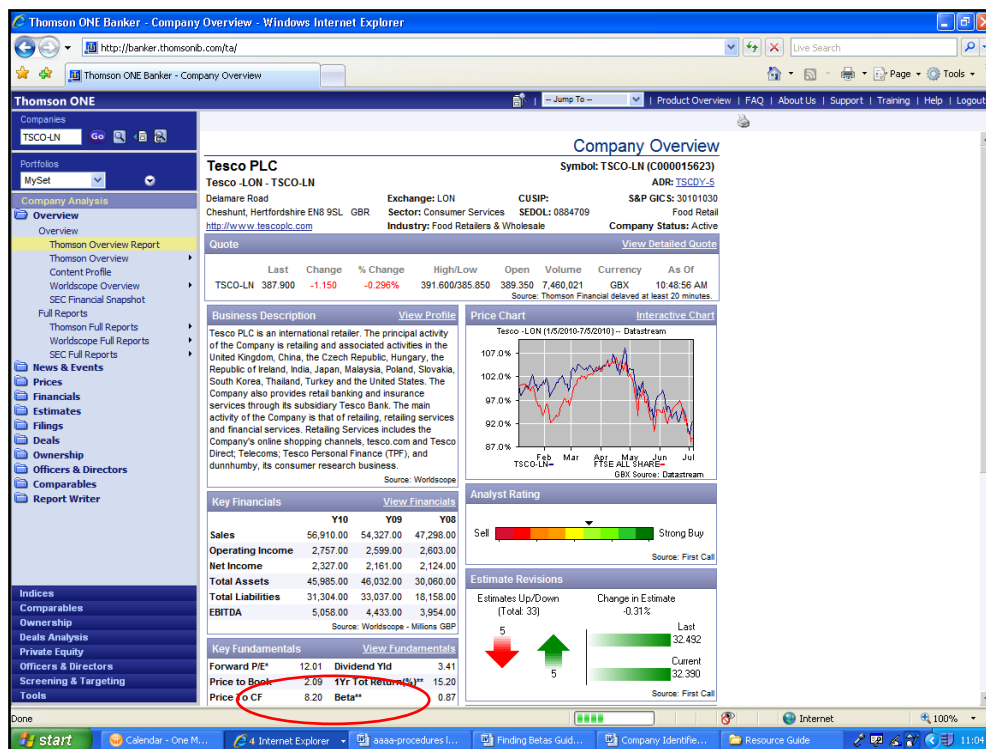
Beta: A measure of the systematic risk of an asset. (Hull: Options, Futures and Other Derivatives).

A Beta can be used to inform decisions on the buying and selling of shares (stock).

Beta: A statistical measure of the relative volatility of a stock, fund, or other security in comparison with the market as a whole. The beta for the market is 1.00. Stocks with betas above 1.0 are more responsive to the market, but are also more risky investments. Stocks with a beta below 1.0 tend to move in the opposite direction of the market. For example, if the market moves 10%, a stock with a beta of 3.00 will move 30%; a stock with a beta of .5 will move 5%. (Investor Dictionary.com).

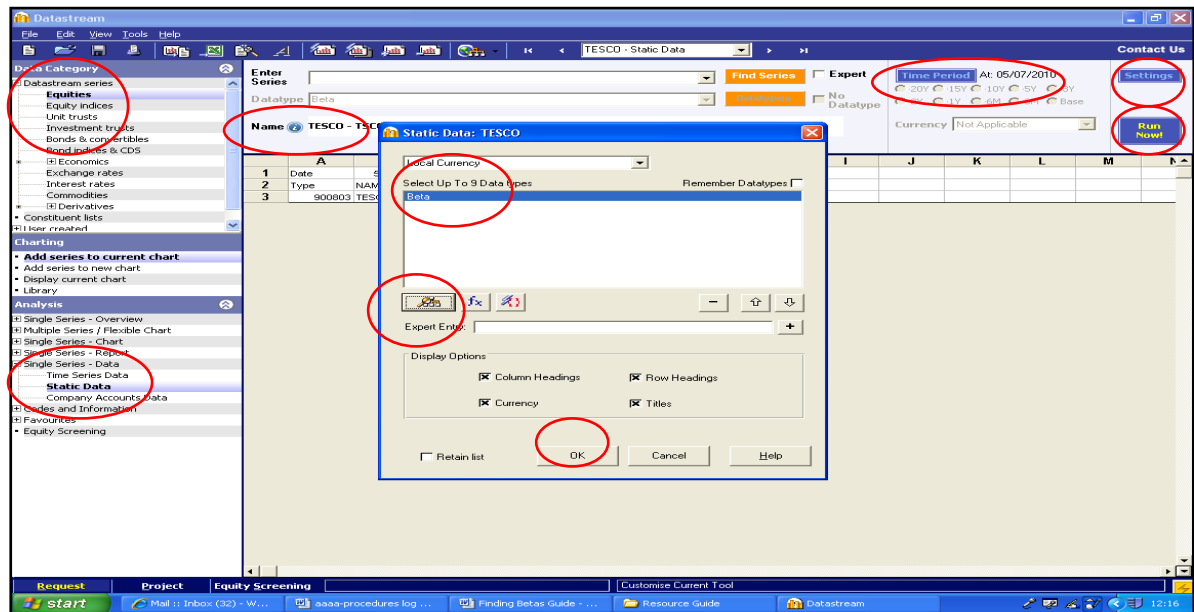
Sources include: **Datastream**, **Bloomberg**, **Thomson One Banker** and **WRDS (CRSP**, for US stocks).

**Thomson One Banker**. Tesco shows a 'Current Beta' value of 0.87 at 6/7/2010 (Datastream).

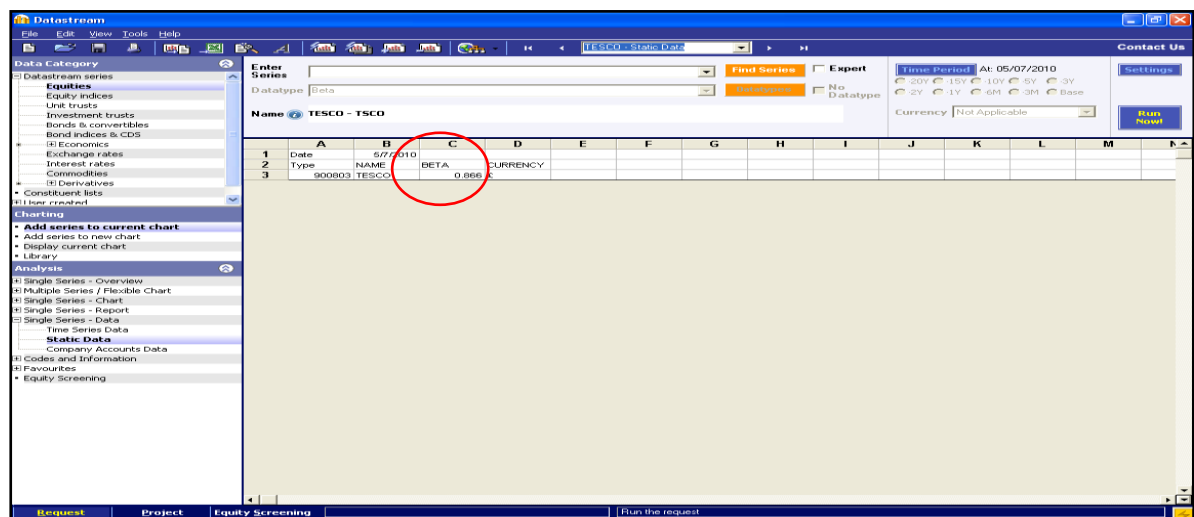


## Datastream. Current Beta.

Select: 'Equities' (top left), 'Time Series Data – Static Data', Series (Tesco PLC), 'Time Period' (Fixed: 05/07/2010), 'Settings' button gives the 'Static Data – Tesco' box below to allow the 'Datatype' to be selected. Click on the 'Datastream Navigator' button (centre left of the box). Search for Beta and click on the link for 'BETA'. This is then copied into the 'Static Data – Tesco' box. Click 'OK' and then the 'Run Now' button to execute the search.



Tesco PLC shows a Beta of 0.866 (rounded to 0.87 in Thomson One Banker above).



For **Historical Betas**, please see the answer within Manchester Business Answers 24/7 ([www.mbs.ac.uk/bizlib247](http://www.mbs.ac.uk/bizlib247)). Search in the 'Find' box for 'Beta'. This gives detailed guidance on the steps to search both Datastream and WRDS (CRSP, for US stocks).

For UK companies/Industries, see the 'Risk Measurement Service' journal (also known as the 'LBS Beta Book') in the Eddie Davies library (paper copy).