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Purpose:
The purpose of this study is to evaluate the impact of sector idiosyncratic risk and beta market risk on sector performance in the following four time periods:

1. Overall period 2007-2010
2. Downswing Period 12/31/07 to 3/31/09
3. Upswing Period 3/31-09 to 12/31/10
4. The year 2011

Results:

**IR Model**
The b coefficient is significant for the long term period (2007-2010) and the upswing period, from 3/31/09 to 12/31/10. The R-squares are relatively low but coefficients have the right sign.

**Beta Model**
The b coefficient is significant during the downswing period, from 12/31/07 to 3/31/09, as well as for the 2011 period at a 95% confidence level. The b coefficient for the 3/31/09 to 12/31/10 period was significant at the 90% confidence level, but indicated the wrong sign.

**IR and Beta Model**
The b coefficient was significant in 3 out of 4 periods. The b2 coefficient for IR was significant for 2 out of 4 periods. This b2 coefficient for IR has the right sign, but we question the sign on the b coefficient for beta in both the upswing and downswing periods. There is multicollinearity between beta and IR in this equation, which has caused the sign change for beta.