

HOW TO CALCULATE THE β IN EXCEL?

The name of the Excel function is SLOPE.

First you have to decide which stock you want to work with. For example, INDITEX. Of course, the other one will be “the market” which is the stock exchange index of the country where this stock is traded.

- 1) Google>>>Yahoo Finance>>>> historical data from INDITEX>>>>>download
- 2) Google>>>Yahoo Finance>>>>historical data from IBEX 35>>>>>>>download

<https://finance.yahoo.com/>

We open both files with Excel and organised the data using “Text data” to separate by columns.

From each stock, we have to apply the return formula:

$$\frac{P1 - P0}{P0}$$

Gather the two return-columns together and plot them with dots.

Finally we have to use the Beta function>>>>> SLOPE (INDITEX, IBEX 35)

The result is the Beta.