

MCP Premium – EIA Credit Method Ratings

The handful of financial analysis terms used in the rating Service may not be familiar to everyone. Although definitions are provided at the site, below the terms are ‘lay person’ interpretations and pertain just to the EIA Ratings and EIA products in general.

Overall Rating	This is a ranking of 1 to 5 dots, with 5 being best. This is important because it illustrates the average of all scores received during each Statistics time period by the EIA profiled.
EIA Profile Details	This lists the credit method rates that were in effect at the time the analysis was last run.
Statistics	The three different historical time periods over which analysis was conducted. This is important because some credit methods favor specific stock market conditions.
Arithmetic Avg	A simple average – just like you learned in school. This is important because it indicates the range of returns that occurred. This number will usually be higher than the Geometric Avg.
Geometric Avg	Also called annualized average. This indicates the return achieved if we calculated from the start point to the end point.
Standard Dev	Standard Deviation is a measure of the ‘ups and downs’ of returns. It indicates how much a credit method varied from its average return during the time period. When looking for EIA predictability, the lower the percent, the better.
Correlation Co-ef	Correlation Co-efficient is an important measure of how closely the EIA behaves like the index during the time period. If you are looking for the EIA to show gains when the index does, the higher the percent, the better.
Beta	Another measure of how the EIA compares to the index. This time, it tells us how much of the positive index gains seen in the index that the EIA will end up capturing. The higher the percent, the better!

Definitions courtesy www.mcppremium.com

© Copyright 2005 Premium Producers Group, LLC. All rights reserved.