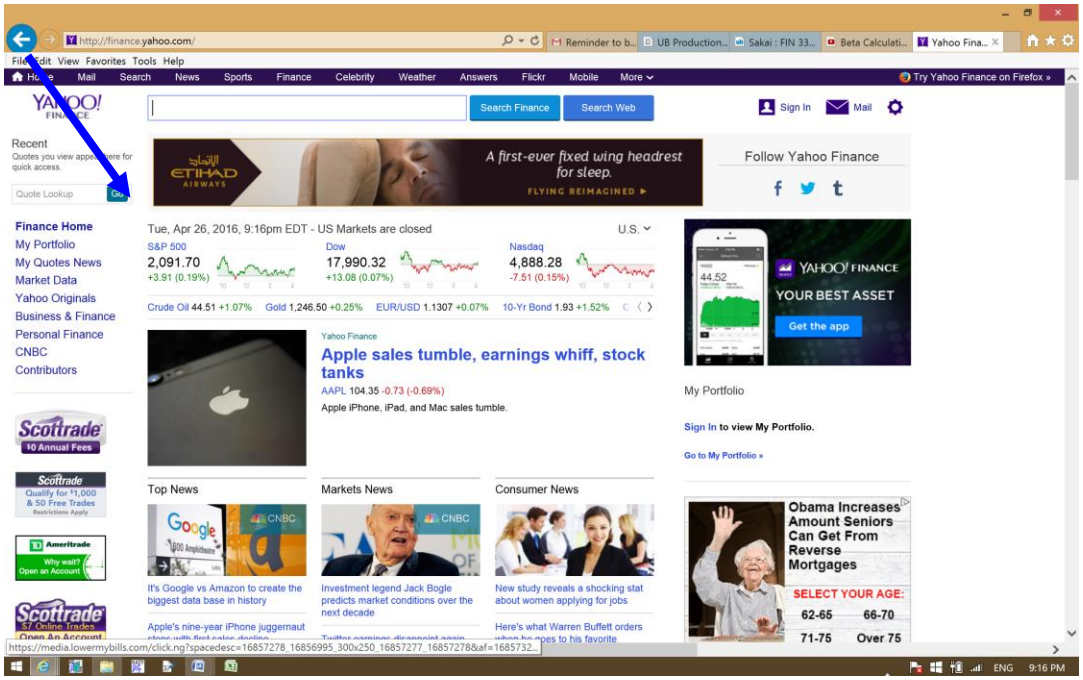
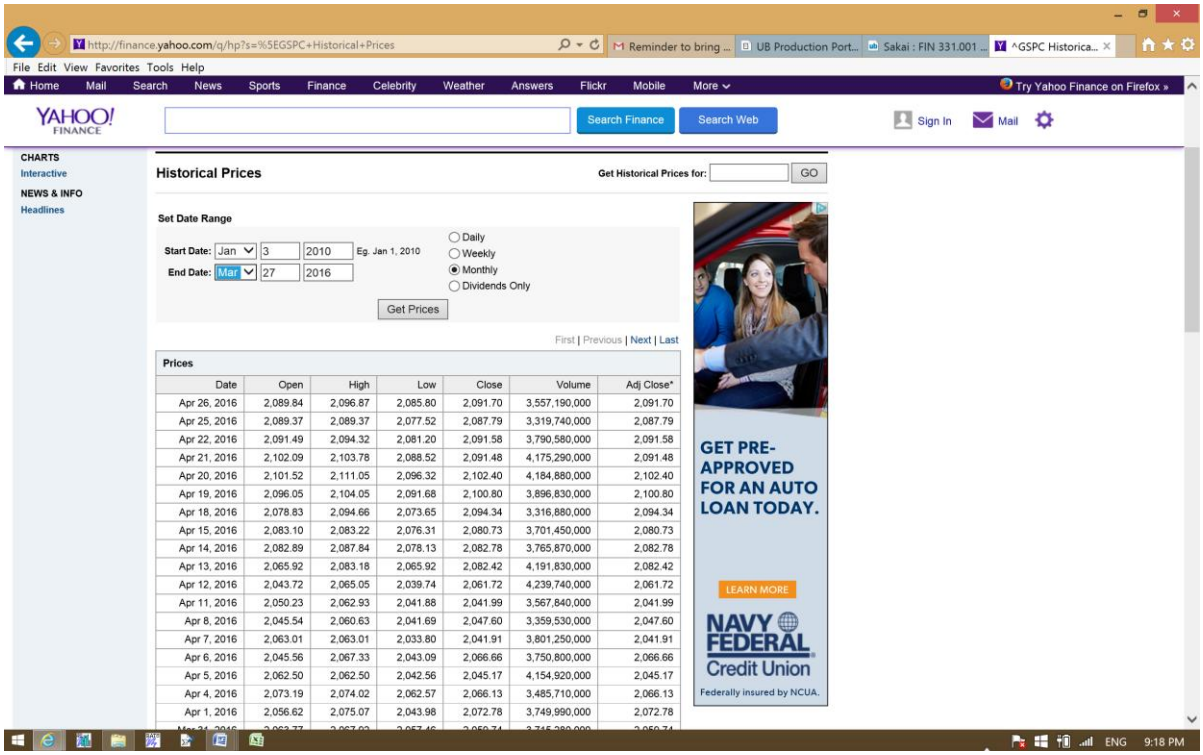
Calculating beta in excel

Step 1. Download the data for SP 500 and calculate rolling returns. Make sure that you use the same data range that you used for other stocks. For example, if the data that you downloaded for your stocks starts in January 2010 and ends in March 2016, then the data for SP 500 should have the same range.





Step 2. Use the =slope function in excel and use stock return as the known Y's and SP 500 return as known Xs. So if you have WMT and FB in your portfolio you would calculate the betas in the following manner: =slope(WMTreturncolumn,SPreturncolumn) and slope(FBreturncolumn,SPreturncolumn) and you would do it for each stock in your portfolio.

Step 3. Remember that

- **A beta of 1 implies the asset has the same systematic risk as the overall market**
- **A beta < 1 implies the asset has less systematic risk than the overall market**
- **A beta > 1 implies the asset has more systematic risk than the overall market**
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Step 4. Portfolio beta is simply

$$\beta_p = W_1 \times \beta_1 + W_2 \times \beta_2 + ... + W_n \times \beta_n$$

you just take the individual betas and do a weighted average.