

CFA® SAMPLE QUESTION – LEVEL I

Quantitative Methods

Q: What is the most appropriate test statistic for constructing confidence intervals for the population mean of a nonnormal distribution when the population variance is unknown and the sample size is large ($n > 30$):

CORRECT ANSWER:

(b) both z-statistic or the t-statistic

When the sample size is large, and the central limit theorem can be relied upon to assure a sampling distribution that is normal, either the t-statistic or the z-statistic is acceptable for constructing confidence intervals for the population mean.

The t-statistic, however, will provide a more conservative range (wider) at a given level of significance



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