$$\text{Covariance} = \frac{\Sigma (x_i - \bar{x})(y_i - \bar{y})}{N}$$

$$\text{Variance} = \frac{\sum_{i=1}^{N} (x_i - \bar{x})^2}{N}$$

⇒ Easy way to measure the comovement pattern

↓

Not "Comparable"

Correlation: $\frac{\text{Cov.}}{SD_x \, SD_y}$

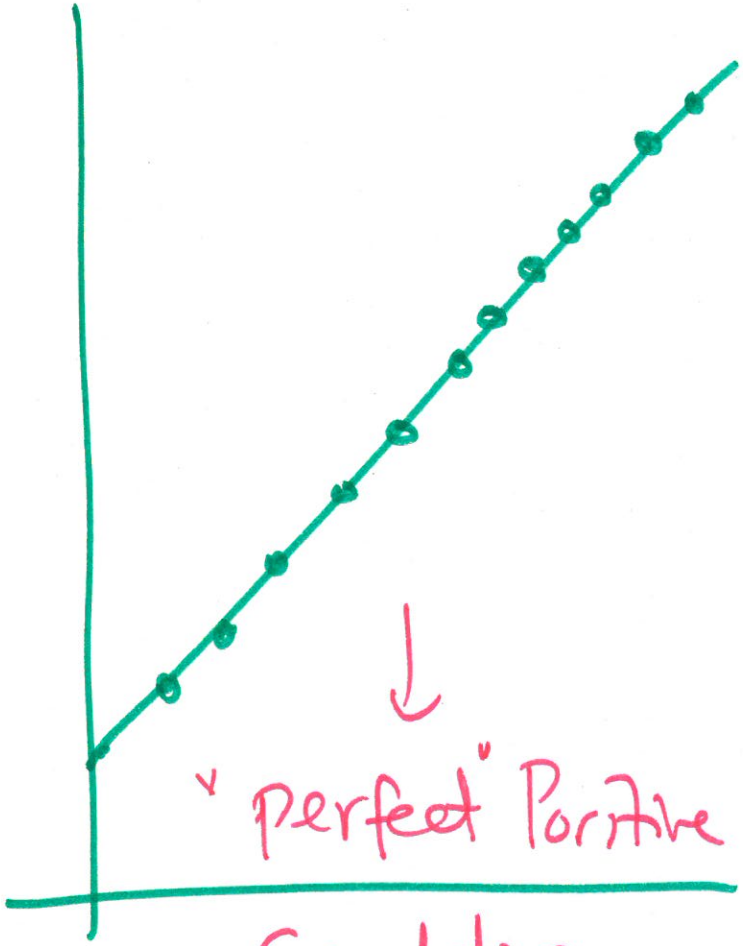
Non Comparable

No for Cov

Cov(x, y) > Cov(y, k)

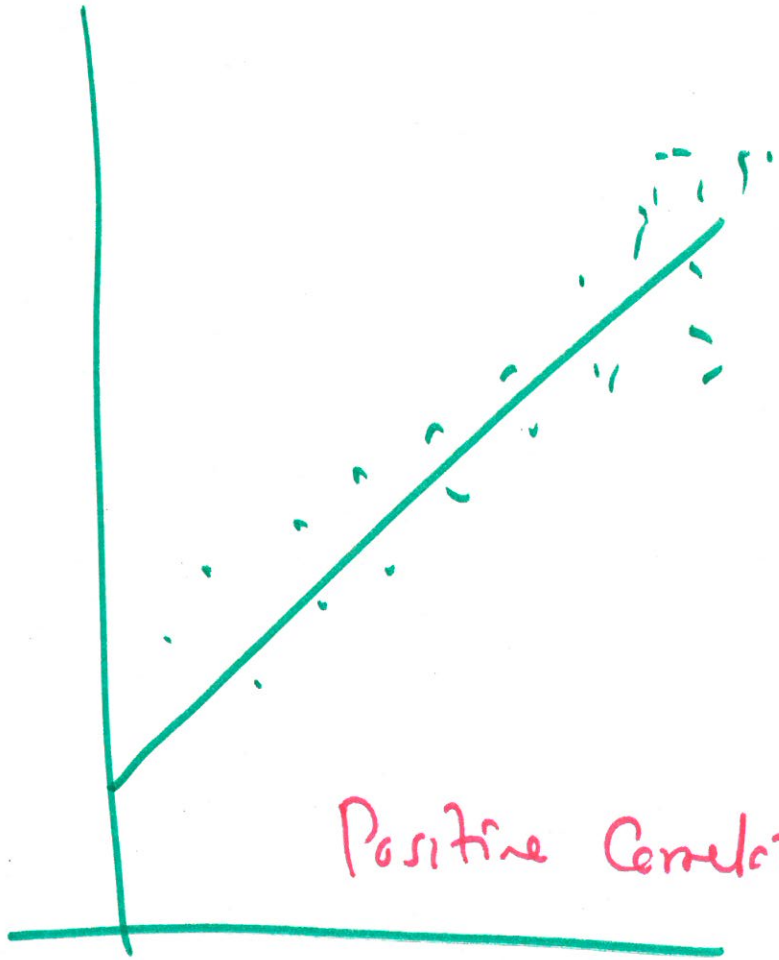
Standardise data ⇒ $\frac{x_i - \bar{x}}{SD}$

{ Cor(x, y) / Cor(y, k) } ↑ → higher value → higher comovement degree



"perfect" Positive Correlation

Cor(x, y) = 1



Positive Correlation

~~inf~~ not perfect

"weak / strong"