

Title:

The Folly of PEG Ratio

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441

Summary:

Common sense dictates that a stock with higher growth rate should be valued at a higher P/E ra

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Article Body:

Price Earning Growth (PEG) Ratio is the ratio of a company's P/E with its growth rate. A lot o

How many of you have seen this kind of statement? I have seen it plenty of times and I think i

http://www.moneychimp.com/glossary/peg_ratio.htm

<http://www.fool.com/School/TheFoolRatio.htm>

<http://www.investopedia.com/articles/analyst/043002.asp>

For a 0% growth company, the fair P/E ratio for the company is not 0. Rather, it is a few per

Anything else is wrong with using PEG ratio to determine the fair value of a common stock? PEG

Common sense dictates that a stock with higher growth rate should be valued at a higher P/E ra

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