Introduction to Finance Quiz 1 October 24, 2017

Problems. Show all work!

1.	Consider a 3-year Treasury STRIPS that has a current price of 74.6215. What is this STRIPS':
	(a) (9 points) Bond-equivalent yield-to-maturity?
	(b) (8 points) Continuously-compounded yield-to-maturity?
	(a) (a politic) continuously compounded field to material.
	(c) (8 points) Annually-compounded yield-to-maturity?
2.	(9 points) A 6.5-year STRIPS has a bond-equivalent yield-to-maturity of 4.30%. What is the price of this security?

3.	(9 points) A 6.5-year STRIPS has a continuously-compounded yield-to-maturity of 4.30%. What is the price of this security?
4.	(8 points) Suppose that you deposit \$2,000 into a 5-year bank Certificate of Deposit that earns $5%$ compounded monthly. What will the value of this CD be when it matures in 5 years?
5.	(8 points) Suppose that you deposit \$2,000 into a 3-year bank Certificate of Deposit that earns 3% compounded continuously. What will the value of this CD be when it matures in 3 years?
6	(12 points) How long will it take a Certificate of Deposit to triple in value if it earns 9% compounded continuously?
0.	(12 points) flow long will it take a Certificate of Deposit to triple in value if it earns 970 compounded continuously:

7.	(12 points) How long will it take a Certificate of Deposit to triple in value if it earns 10% compounded monthly?
8.	What is the effective annual yield of:
	(a) (8 points) 8.5% compounded daily?
	(b) (8 points) 8.4% compounded continuously?