

Feedback — Assignment 1: Computations

You submitted this homework on **Sat 5 Jan 2013 11:59 PM PST**.
 You got a score of **80.00** out of **80.00**.

Please read all questions and instructions carefully.


Consider the following (actual) monthly adjusted closing price data for Starbucks stock over the period December 2004 through December 2005

*End of Month Price Data
for Starbucks Stock*

December, 2004	\$31.18
January, 2005	\$27.00
February, 2005	\$25.91
March, 2005	\$25.83
April, 2005	\$24.76
May, 2005	\$27.40
June, 2005	\$25.83
July, 2005	\$26.27
August, 2005	\$24.51
September, 2005	\$25.05
October, 2005	\$28.28
November, 2005	\$30.45
December, 2005	\$30.51

Question 1

(10) Using the data in the table, what is the simple monthly return between the end of December 2004 and the end of January 2005?

Your Answer	Score	Explanation
<input checked="" type="radio"/> -13.41%	 10.00	
Total	10.00 / 10.00	

Question 2

(10) If you invested \$10,000 in Starbucks at the end of December 2004, how much would the investment be worth at the end of January 2005?

Your Answer	Score	Explanation
<input checked="" type="radio"/> \$8,659	✓ 10.00	
Total	10.00 / 10.00	

Question 3

(10) Using the data in the table, what is the continuously compounded monthly return between December 2004 and January 2005?

Your Answer	Score	Explanation
<input checked="" type="radio"/> -14.39%	✓ 10.00	
Total	10.00 / 10.00	

Question 4

(10) Assuming that the simple monthly return you computed in Question 1 is the same for 12 months, what is the annual return with monthly compounding?

Your Answer	Score	Explanation
<input checked="" type="radio"/> -82.22%	✓ 10.00	
Total	10.00 / 10.00	

Question 5

(10) Assuming that the continuously compounded monthly return you computed in Question 3 is the same for 12 months, what is the continuously compounded annual return?

Your Answer	Score	Explanation
<input checked="" type="radio"/> -172.73%	✓ 10.00	
Total	10.00 / 10.00	

Question 6

(10) Using the data in the table, compute the actual simple annual return between December 2004 and December 2005.

Your Answer	Score	Explanation
<input checked="" type="radio"/> -2.15%	✓ 10.00	
Total	10.00 / 10.00	


Question 7

(10) If you invested \$10,000 in Starbucks at the end of December 2004, how much would the investment be worth at the end of December 2005?

Your Answer	Score	Explanation
<input checked="" type="radio"/> \$9,785	✓ 10.00	
Total	10.00 / 10.00	

Question 8

(10) Using the data in the table, compute the actual annual continuously compounded return between December 2004 and December 2005.

Your Answer	Score	Explanation
<input checked="" type="radio"/> -2.17%	 10.00	
Total	10.00 / 10.00	