Comparing Project NPV with IRR - Python Exercise

# Question:

Set WACC to 12.9% and calculate the net present value (NPV) of Project 1 and Project 2 using np.npv().

# Question Explanation (20 words):

We need to use np.npv() with a 12.9% WACC to compute the net present values for both projects' cash flows.

# Answer (Code):

# Import numpy as np  
import numpy as np  
  
# Set your weighted average cost of capital equal to 12.9%  
wacc = 0.129  
  
# Calculate the net present value for Project 1  
npv\_project1 = np.npv(wacc, cf\_project1)  
print("Project 1 NPV: " + str(round(npv\_project1, 2)))  
  
# Calculate the net present value for Project 2  
npv\_project2 = np.npv(wacc, cf\_project2)  
print("Project 2 NPV: " + str(round(npv\_project2, 2)))

# Answer Explanation (20 words):

Using np.npv() with wacc=0.129, we discount each project's cash flows to determine its overall net present value.

