EC 370 **Name:** ________________________
Xiang LI (GE)
Chapter 4 - Part I - Practice **UO ID:** ________________________

QUESTION 1

Would a dollar tomorrow be worth more to you today when the daily interest rate is 20% or when it is 10%?

QUESTION 2

Calculate the present value of a $1,000 discount bond with five years to maturity if the yield to maturity is 6%.

QUESTION 3

If the amount payable in two years is $2,420 for a simple loan at 10 percent interest, what is the loan amount?

QUESTION 4

To have \$1,000 in 5 years, how much money do you need to save today, given that the bank pays you an annual interest rate of 5%

QUESTION 5

Suppose that a commercial bank wants to buy Treasury bills. These instruments pay \$5,000 in one year and are currently selling for \$5,012. What is the yield to maturity of these bonds?