Quiz 11

1. What is the dollar amount of interest earned on a $1 million CD with a nominal rate of 3% and 200 days to maturity?
2. One of the reasons T-bill “discount rates” are not a good comparison is that this rate ignores \_\_\_\_\_\_\_.
3. You get two coupons of $50 each period starting today with the second one in six months. At the end of the year, this is worth \_\_\_\_\_\_\_\_ if you earn 5% nominal, compounded semi-annually.
4. A bond that pays $1000 for 77 years that earns no interest (0% discount rate) is worth $\_\_\_\_\_ today.