Formula for Exam 1

Future value: FV=P\*

Present value

***Fixed payment loan***

=FP\*

LV\*

Coupon bond

Current yield

*ic = C / P*

one year discount bond, yield to maturity

Inflation and interest rate

*i =ir* + π*e*

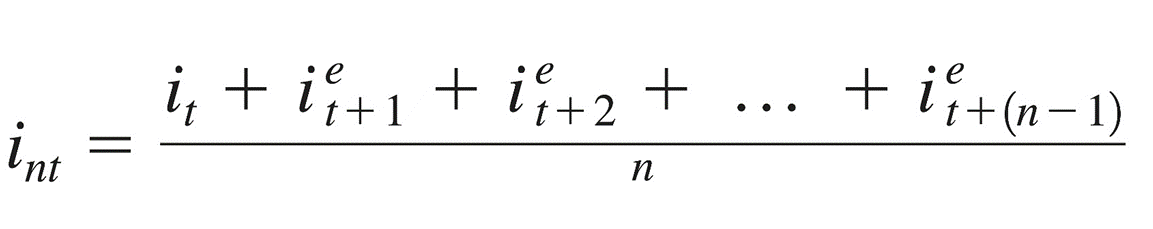
*ir* = *i* − π*e*

Return

Expected Return

Standard Deviation

Expectation Theory



Forward Rate

