

Name :

Student ID :

Question 1

You're given the following information about an investment account:

	1/1/91	5/1/91	9/1/91	1/1/92
<i>Account Balance Before deposit or withdrawal</i>	50,000	75,000	90,000	67,000
<i>Deposit</i>		15,000		
<i>Withdrawal</i>			25,000	

Calculate the absolute value of the difference in the yield rates by the dollar weighted and time weighted methods.

Question 2

You're given the following information about bonds and each one of them has par value of 100 :

<i>Term</i>	<i>Coupon</i>	<i>Price</i>
1 year	0%	96.62
2 year	0%	x
3 year	0%	88.9

It is known that the one year forward rate starting in two years is 4.5%. Calculate x .