You should be able to solve each of these problems using either the tables or a finance calculator. The final answers are provided so you can check your work.

1. Calculate the price for a 10 year US government bond that sports a 5% coupon and a 6% yield to maturity. This bond has 7 years to maturity.
   $944.18 (as a check, you know its price must be less than $1,000 par since C < YTM)

2. Calculate the price at issuance of a 5-year corporate bond that pays a 7% coupon when competing investments also yield 7%.
   $1,000

3. What is the price of the previous bond a year later when yields on competing investments have fallen to 4%?
   $1,108.90

4. You put $1,000 down on a $10,000 car and finance the remainder with a 12% used car loan for 5 years. What is your monthly payment?
   $200.20

5. Calculate the yield of a 3-year discount note with 3 years to maturity that is currently priced at $82.50.
   6.62%

6. You buy a 4-year 6% coupon bond at issuance when competing investment are yielding 6%. A year later, having received one coupon payment, you sell your bond because interest rates have risen to 8%. Calculate your total rate of return on the bond.
   0.85%

7. You buy a 4-year 6% coupon bond at issuance when competing investment are yielding 6%. A year later, having received one coupon payment, you sell your bond because interest rates have fallen to 4%. Calculate your total rate of return on the bond.
   +11.55%