Finance 100

Finance, Investment

Finance 100 Week 5 Homework 1 Chapter 9 P1 Find the future value one year from now of a $7000 investment at a 3 percent annual compound interest rate. Also calculate the future value if the investment is made for two years. P2 Find the future value of $10000 invested now after five years if the annual interest rate is 8 percent. a. What would be the future value if the interest rate is a simple interest rate? b. What would be the future value if the interest rate is a compound interest rate? P3 Determine the future values if $5000 is invested in each of the following situations: a. 5 percent for ten years b. 7 percent for seven years c. 9 percent for four years P4 You are planning to invest $2500 today for three years at a nominal interest rate of 9 percent with annual compounding. a. What would be the future value of your investment? b. Now assume that inflation is expected to be 3 percent per year over the same three year period. What would be the investment's future value in terms of purchasing power? c. What would be the investment's future value in terms of purchasing power if inflation occurs at a 9 percent annual rate? Homework 2 Learning Extension 9 P2 Assume you are planning to invest $5000 year for six years and will earn 10 percent. Determine the future value of this annuity due problem if your first $5000 is invested now. P3 What is the present value of a five year lease arrangement with an interest rate of 9 percent that requires annual payments of $10000 per year with the first payment being due now?