

Introduction to Financial Mathematics

Math 30610 Homework 3

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due Wednesday 2/15 on Gradescope

Please choose 8 of the following exercises. You will only be graded on 8. Unless otherwise specified, all exercises are from the textbook. You are welcome to use any calculator, spreadsheet or programming language, as long as you explain clearly and completely your solution.

1. 1.5.8
2. 1.5.9
3. 1.5.10
4. 1.5.11
5. 1.5.12
6. 1.6.1
7. 1.6.7
8. 1.6.8
9. 1.6.10
10. Bank A offers a nominal annual interest rate of 11% compounded every two months. Bank B wants to offer a nominal annual interest rate of i that is at least as attractive as that of Bank A. What can i be for this to be possible? ($i > 10.9\%$)