

# STA 4183 – The Theory of Interest

## Formulas for Yield Rates

Yield rate	Dollar weighted		Time weighted
$I = B - A - C$	$i \approx \frac{2I}{A + B - I}$	$i \approx \frac{I}{A + \sum_{t_k} C_{t_k}(1 - t_k)}$	$(1 + i) = \prod_{t_k} \left( \frac{B_{t_k}}{B_{t_{k-1}} + C_{t_{k-1}}} \right)$