Review for 10-18-2016

Price of a Bond:

$$P = Fr\,a_{\overline{n}|} + K$$

$$P = C + C(g-i)\,a_{\overline{n}|i}$$

$$P = K + \left(\frac{g}{i}\right)(C - K)$$

Book Value of a Bond:

$$B_t = C + C(g-i)\,a_{\overline{n-t}|i}$$

$$P_t = C(g-i)\,V^{n+1-t} \quad \text{part of coupon toward principal}$$

Valuation Between Coupon Dates: $\quad 0 < k < 1$

$$B_{t+k} = B^f_{t+k} - Fr_{t+k}$$

FRANK AND ERNEST — Bob Thaves

DON'T YOU KNOW THE LOTTERY IS A TAX ON PEOPLE WHO ARE BAD AT MATH?

YES, BUT WE'RE HOPING FOR A HUGE TAX REFUND!