

Financial Data Sets:

7-21 Compute Bond Price Compute the price of a 3.8 percent coupon bond with 15 years left to maturity and a market interest rate of 6.8 percent. (Assume interest payments are semiannual.) Is this a discount or premium bond? (LG7-4)

7-22 Compute Bond Price Compute the price of a 5.6 percent coupon bond with ten years left to maturity and a market interest rate of 7.0 percent. (Assume interest payments are semiannual.) Is this a discount or premium bond? (LG7-4)

8-19 Value a Constant Growth Stock Financial analysts forecast Safeco Corp.'s (SAF) growth rate for the future to be 8 percent. Safeco's recent dividend was \$0.88. What is the value of Safeco stock when the required return is 12 percent? (LG8-5)

8-21 Expected Return Ecolap Inc. (ECL) recently paid a \$0.46 dividend. The dividend is expected to grow at a 14.5 percent rate. At a current stock price of \$44.12, what is the return shareholders are expecting? (LG8-5)

9-33 Risk, Return, and Their Relationship Consider the following annual returns of Estee Lauder and Lowe's Companies:

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	Estee Lauder	Lowe's Companies
Year 1	23.4%	-6.0%
Year 2	-26.0	16.1
Year 3	17.6	4.2
Year 4	49.9	48.0
Year 5	-16.8	-19.0

Compute each stock's average return, standard deviation, and coefficient of variation. Which stock appears better? Why? (LG9-3, LG9-4)