1. What is technical analysis?

2. Why does a bond price change when interest rates change?

3. Explain the general meaning of the expectations hypothesis as it relates to the term structure of interest rates.

4. Given a 15-year bond that originally sold for $1,000 with a 10 percent coupon rate, what would be the price of the bond if interest rates in the marketplace on similar bonds are now 12 percent? Interest is paid semiannually.

5. What happens to duration (存續期間) as the coupon rate on a bond issue declines from 12 percent to 0 percent with the maturity date remaining constant?

6. You sell 100 shares of Norton Corporation short (股票賣空). The price of the stock is $60 per share. The margin requirement is 50 percent.
   a. How much is your initial margin?
   b. If the stock goes down to $42, what is your percentage gain or loss on the initial margin (equity)?

7. The Fleming Corporation anticipates a nonconstant growth pattern for dividends. Dividends at the end of year 1 are $2 per share and are expected to grow by 16 percent per year until the end of year 5 (that's four years of growth). After year 5, dividends are expected to grow at 6 percent as far as the company can see into the future. All dividends are to be discounted back to the present at a 10 percent rate ($e = 10$ percent).

   Determine the present value of the stock.

8. Assume that a stock is selling for $66.75 with options available at 60, 65, and 70 strike prices. The 65 call option price is at $4.50.
   a. What is the intrinsic value of the 65 call?
   b. What is the speculative premium on the 65 call option?

9. What is the efficient market hypothesis (效率市場學說)?