Chapter 5

11. average risk premium for the period 1926-2016 was: 11.67% per year.

14.67%.

13. a 5.88%

b.

the approximation gives a real HPR that is too high.

14. Table 5.2

a. 3.46%

b.

15.13%

c. The risk premium on stocks remains unchanged.

18.

1. 1.69%.
2. 4.52%.