



Question & Problems Hints

2.3

When the margin account loses \$1,000 = $(\$4000 - \$3000)$

$\$1000 / \$5000 = 20$ cents

When the price of silver rises 20 cents from \$5.20 to \$5.40 there will be a margin call.

2.4

Total Profit \$2,200

Show all work

\$800

September to December

Show all work

\$1,400

January to March

Show all work

A hedger would be taxed on the total profit of \$2,200 in 2007

A speculator would be taxed on \$800 in 2006 and \$1,400 in 2007

2.11

\$1500

\$2000

2.15

Gain \$20,000

Loss \$16,000

Must Add \$36,000