Preface iii

PART 1: INSTITUTIONS AND MARKETS 2
Chapter 1: The Financial Environment 4
Chapter 2: Money and the Monetary System 21
Chapter 3: Banks and Other Financial Institutions 43
Chapter 4: The Federal Reserve System 73
Chapter 5: Policy Makers and the Money Supply 97
Chapter 6: International Finance and Trade 123

PART 2: INVESTMENTS 148
Chapter 7: Savings and the Investment Process 150
Chapter 8: Interest Rates 173
Chapter 9: Time Value of Money 199
Chapter 10: Bonds and Stocks: Characteristics and Valuations 231
Chapter 11: Securities and Markets 275
Chapter 12: Financial Returns and Risk Concepts 313

PART 3: FINANCIAL MANAGEMENT 346
Chapter 13: Business Organization and Financial Data 348
Chapter 14: Financial Analysis and Long-Term Financial Planning 385
Chapter 15: Managing Working Capital 415
Chapter 16: Short-Term Business Financing 447
Chapter 17: Capital Budgeting Analysis 475
Chapter 18: Capital Structure and the Cost of Capital 515

Appendix 547
Glossary 556
Index 570