COVER SHEET FOR HOME STUDY PROBLEM
SOUTHCAROLINABANKERSSCHOOL

FIRST-YEARCLASS--2026 SchoolSession

HOMESTUDYPROBLEM I

Based on Lectures in Economics/Money and Banking

Instructor Mr. Ronald L. "Rusty" Copsey, Jr.

Submitted by: Name ____

Bank ____

Bank's Mailing Address ____

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ZIP CODE

List the other members of your class with whom you worked in preparing this solution:

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I certify that this home study problem is my original work and that all writings by any other person, business, or organization, including my own bank, have been carefully documented. I have not shared my completed work with any other SCBS student nor have I read the completed work of any other students.

Signature: ____

Due Date September 9, 2026

Date Submitted ______________________________

Date SCBS Received ______________________________

Date Returned to Student ______________________________

ATTENTION STUDENT: EMAIL TO homestudy@scbankers.org OR MAIL HOME STUDY PROBLEM TO:

South Carolina Bankers School
Post Office Box 1483
Columbia, S.C. 29202

OR EXPRESS/REGISTERED MAIL TO: 2009 Park Street, Columbia, SC 29201

ECONOMICS / MONEY & BANKING
2026 HOME STUDY PROBLEM

<u>Throughout this Home Study problem, answer all questions, specifically terms and definitions, as provided in the Class Syllabus unless otherwise directed.</u>

<u>Extend or Delete the # of rows needed to complete your answers as necessary.</u>

Define the term and provide a brief definition of each factor determining the Term Structure of Market Interest Rates

1. (r*) = ________________________________.

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2. IP = ________________________________.

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3. MRP = ________________________________.

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4. DRP = ________________________________.

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5. LP = ________________________________.

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6. Which of the two factors determining the Term Structure of Market Interest Rates from Questions #1 - #5 are omitted when calculating the Treasury Yield Curve?

_________________________________ and _________________________________.

Why are these factors omitted? Support Your Answer.

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7. When added together, (r*) + IP + MRP provides a graphic representation of the Treasury Yield Curve. What is the primary purpose of the Treasury Yield Curve?

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8. What is the KEY CONCEPT between Bond Prices and Interest Rates?

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9. Per https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm, the Fed Funds Interest Rate is currently targeted to trade between __________% - __________% per the July 28 – 29, 2026 meeting of the FOMC.

10. According to https://tradingeconomics.com/united-states/unemployment-rate, the Expectation for the Unemployment Rate in the United States for the month of July 2026 = __________%.

11. According to https://www.bls.gov/cps/#news, the Unemployment Rate in the United States for the month of July 2026 = __________% (data released on August 7, 2026).

12. The Average Annual Unemployment Rate for the United States for the period 1948 – 2025 = __________%.

13. According to https://tradingeconomics.com/united-states/inflation-cpi, the Expectation for the Inflation Rate, measured using CPI, in the United States for the period July 2025 - July 2026 = __________%.

14. According to https://www.bls.gov/cpi/, the Inflation Rate, measured using CPI, in the United States for the 12 month period July 2025 - July 2026 = _______% (data released on August 12, 2026).

15. The factors driving CPI for the prior 12 month period July 2025 - July 2026 were (support your answer with details obtained from the News Release):

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16. The Average Annual Inflation Rate for the United States for the period 1948 – 2025 = __________%

17. According to https://tradingeconomics.com/united-states/gdp-growth, the Expectation for Economic Growth, measured using GDP, in the United States for the 2nd quarter of 2026 (2nd Estimate) = __________%.

18. According to https://www.bea.gov/data/gdp/gross-domestic-product, Economic Growth, measured using GDP, for the United States for the 2nd Quarter of 2025 (2nd Estimate) = _______% (data released on August 26, 2026).

19. The factors driving Real GDP in the United States for the 2nd Quarter of 2026 (2nd Estimate) were (support Your Answer with details obtained from the News Release):

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20. The Optimal Average Annual Growth Rate for Real GDP is between __________% - __________%.

Locate and Print a copy of the United States Treasury Yield Curve as of July 31, 2026 and as of August 28, 2026 and attach both Yield Curves to this report. Be sure to identify the date of each Yield Curve on the printed document. Five points (-5) will be deducted from your final grade for failure to attach a copy of both Yield Curves to this report. The Yield Curve can be found at https://www.ustreasuryyieldcurve.com/#google_vignette.

21. Define the Yield Curve Pattern as of July 31, 2026 (Hint: the Yield Curve could be a one continuous yield curve pattern or it could be a combination of yield curve patterns): ____________________________________.

22. Define the Yield Curve Pattern as of August 28, 2026 (Hint: the Yield Curve could be a one continuous yield curve pattern or it could be a combination of yield curve patterns): ____________________________________.

23. Combining the Treasury Yield Curve dated July 31, 2026 and the Treasury Yield Curve dated August 28, 2026 with the July Unemployment Rate, July Inflation Rate, and 2nd Estimate of 2Q GDP all released in August, discuss any changes to the Treasury Yield Curve that occurred during August resulting from these economic variables only and explain why you think the changes occurred.

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24. Along with the answer to Question #23 above, were there any other political / geopolitical announcements during the month of August that had an impact on the Treasury Yield Curve? **Attach a copy of the first page of articles from both *The Wall Street Journal* and *The New York Times* associated with each announcement to support your answer (two sources needed to reduce Confirmation Bias). Five points (-5) will be deducted from your final grade for failure to attach a copy of both Yield Curves to this report.**

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25. Based on your answers to Question #21 - Question #24, do you think United States Interest Rates are expected to (i) increase, (ii) decrease, or (iii) stay the same? (Hint: this could be one expectation or a combination of expectations.)

_________________________________.

Support Your Answer.

26. If you think United States Interest Rates are expected to increase or decrease, when do the bond market participants think the increase(s) and/or decrease(s) are going to occur? (Hint: this could be multiple times along the curve!!)

___________________________________.

Support Your Answer:

27. Incorporating the Dual Mandate of the FOMC of the United States Central Bank of Price Level Stability (Low Inflation) and Full Employment with the shape of the Treasury Yield Curve dated August 28, 2026, the primary objective of the FOMC of the United States Central Bank with regards to the Yield Curve should be to:

What are the Primary Tools the FOMC of the United States Central Bank could use to accomplish this objective?

28. ____

29. ____

30. ____

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What are the Secondary Tools the FOMC of the United States Central Bank could use to accomplish this objective?

31. ____

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32. ____

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33. ____

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