Assignment 5

The due date for submitting the assignment has passed.

On your own without any reference you are not expected to submit the assignment.

1. Consider a 12% annual coupon bond with a maturity of three years. The bond is paying interest in 260 with a 12% annual coupon rate and a par value of $1,000. The bond will be paid at the end of the first and second year. Redemption at a discount of 20% to face value will be made at the end of the final year. The bond will be bought to face (par) value for $1,000.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $120
   
   c. Accrued Interest: $120
   
   d. Accrued Interest: $120

2. Consider a 12% annual coupon bond with a maturity of two years. The bond is paying interest in 260 with a 12% annual coupon rate and a par value of $1,000. The bond will be paid at the end of the first and second year. Redemption at a discount of 20% to face value will be made at the end of the second year.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $120
   
   c. Accrued Interest: $120
   
   d. Accrued Interest: $120

3. (a) 200 days after the current date.

   b. 200 days after the current date.

4. Today is January 1, 2013. On January 5, 2013, you have purchased a 2-year, 20%-coupon bond with a face value of $1,000.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $200
   
   c. Accrued Interest: $200
   
   d. Accrued Interest: $200

5. A corporate 12% annual coupon bond pays interest each year. The bond will be paid at the end of the second year. The bond is currently selling at $1,000 with a 12% annual coupon rate and a par value of $1,000. The bond will be paid at the end of the second year. The bond is currently selling at $1,000 with a 12% annual coupon rate and a par value of $1,000. The bond will be paid at the end of the second year. The bond is currently selling at $1,000 with a 12% annual coupon rate and a par value of $1,000. The bond will be paid at the end of the second year. The bond is currently selling at $1,000 with a 12% annual coupon rate and a par value of $1,000. The bond will be paid at the end of the second year.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $200
   
   c. Accrued Interest: $200
   
   d. Accrued Interest: $200

6. The par value of a bond is $1,000. The bond is selling at $1,000 with a 20% coupon rate and a par value of $1,000. The bond is selling at $1,000 with a 20% coupon rate and a par value of $1,000.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $200
   
   c. Accrued Interest: $200
   
   d. Accrued Interest: $200

7. The yield to maturity of a bond is 10%. The bond is selling at $1,000 with a 20% coupon rate and a par value of $1,000. The bond is selling at $1,000 with a 20% coupon rate and a par value of $1,000.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $200
   
   c. Accrued Interest: $200
   
   d. Accrued Interest: $200

8. The yield to maturity of a bond is 10%. The bond is selling at $1,000 with a 20% coupon rate and a par value of $1,000. The bond is selling at $1,000 with a 20% coupon rate and a par value of $1,000.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $200
   
   c. Accrued Interest: $200
   
   d. Accrued Interest: $200

9. Today is 6-1-2013. There is an investment in 2,000 U.S. Treasury bills at 5.8% of the face value of $1,000 with a maturity of 9 months from now. There is a 5.8% of the face value of $1,000 with a maturity of 9 months from now. There is a 5.8% of the face value of $1,000 with a maturity of 9 months from now. There is a 5.8% of the face value of $1,000 with a maturity of 9 months from now. There is a 5.8% of the face value of $1,000 with a maturity of 9 months from now.

   a. No, the answer is incorrect.
   
   b. Accrued Interest: $170
   
   c. Accrued Interest: $170
   
   d. Accrued Interest: $170