**MIDTERM II – REVIEW**

(Ch 11) – BOND MARKET

Price and Invoice Price (includes accrued interest on bonds, must be based on “Settlement Date” not Trade Date = SD = TD + 3 “Business Days”)



YTM, YTC, YTW, Current Yield (quick and dirty: Annual Coupon / Price)

YTC = YTM: use Redemption Value from Call, and Call Date as Maturity Date



Excel Formulas

YTM =yield (S,M,CR,P,R,F)

YTC =yield S, Mc, CR. P, Rc, F)

YTW – just type the lowest of all the yields

CY = (Annual Coupon $) /(Price of the Bond) = 80/985 = 8.1218%

Price / Duration / Convexity

Macaulay Duration = Total % Weighted (of Total PV Pmt Streams) Bond PV Payment Streams / 2

A math equation with numbers and symbols

Description automatically generated

