Chapter 11 - Secondary Markets - Bonds

Problems

For answer can use $5,400.45 or 5,400.45 or 5400.45 or for percentages 23.45% (add% with 2 decimals) or 0.2345 (4 decimals)

Use Chapter 11 Problem Spreadsheet – Template.xls to answer these questions and add them in the nswer box – use two decimals and %

11-9. On Monday, May 15, 2017, you bought (traded) the XZX, Inc. 8.25% corporate bonds with a trading value of $96.50 price. The coupon payments are paid on March 31 and September 30. Using the 360-day accrual basis, calculate the invoice price of the bond. Please use T+3 to calculate the settlement day.

11-10. On Thursday, July 22, 2010, you bought (traded) the FG, Inc. 6.75% corporate bonds for $101.25. The coupon payments are paid on May 31 and November 30. Using the 360-day accrual basis, calculate the invoice price of the bonds. Please use T+3 to calculate the settlement day.

11-14. On Monday, February 20, you settled the 7.5% Saturn Tech Company's corporate bonds for $98.75. The maturity date is June 30, 2030, the redemption price is 100, and the coupons are paid twice a year. Calculate the yield to maturity.

11-15. Calculate the a) price, b) duration, and c) convexity given the following information:

Face value = $1,000

Coupon rate = 7.75%

Yield = 8.25%

Remaining years = 4

Redemption = 100

Frequency = 2