Started on	Sunday, 8 November 2020, 2:20 PM
State	Finished
Completed on	Sunday, 8 November 2020, 2:25 PM
Time taken	5 mins 54 secs

Question 1

Complete

Not graded

Consider the following statements:

- **Statement A:** Supply and demand forces in the bond market will price a bond differently when using different interest-rate conventions.
- **Statement B:** The price of a coupon-bearing bond is equal to the prices of the zero-coupon bonds that give the same cash flow profile.

Which of the statements given above is correct?

Select one:

- (selected) Only statement A
- Both statement A and B
- Neither statement A nor B
- Only statement B

Your answer is incorrect.

Question **2**

Complete

Not graded

Consider the following statements:

- **Statement A:** The yield-to-maturity of a defaultable bond is the overall return a lender will get with certainty by investing in the bond.
- **Statement B:** A yield curve illustrates the term structure of interest rates.

Which of the statements given above is correct?

Select one:

- ○ Only statement A
- ◉ Neither statement A nor B
- ○ Both statement A and B
- ○ Only statement B

Your answer is incorrect.

Question **3**

Complete

Not graded

ABC corporation just issued zero-coupon bonds with a par value of $1,000. If the bond has a maturity of 15 years and a yield to maturity of 10%, what is the current price of the bond?

Select one:

- ○ $231.38
- ◉ This question cannot be answered because the coupon payment information is missing.
- ○ $1,000
- ○ $239.39

Your answer is incorrect.

Question 4

Complete

Not graded

Consider the following statements:

- **Statement A:** Inflation is a factor that causes fixed future payments to be risky.
- **Statement B:** Interest-rate risk is faced by a bond issuer as its bond prices may change at any time.

Which of the statements given above is correct?

Select one:

- Both statement A and B
- Only statement A
- Only statement B
- Neither statement A nor B

Your answer is incorrect.

Question 5

Complete

Not graded

How will one-year zero-coupon bond prices change if both the one-year and four-year interest rates increase by 1%?

Select one:

- One-year zero-coupon bond prices will decrease by the same amount as four-year zero-coupon bond prices.
- One-year zero-coupon bond prices will decrease by less than four-year zero-coupon bond prices.
- One-year zero-coupon bond prices will decrease by more than four-year zero-coupon bond prices.
- (selected) It depends on whether there are other changes to the yield curve.

Your answer is incorrect.

◄ Notes 4 M4

Jump to...

Live Session M4 ►