Summarizing the main lessons

BOND VALUATION AND ANALYSIS IN R

Clifford Ang
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Bond valuation

- You learned to value a bond
  - You learned how to create a bond valuation function
- Bonds are heterogeneous
  - Going forward, learn how different bond features affect value

Yield to maturity

- You learned about yields
  - Compensation for bearing risk
  - Use yield of comparable bond in valuation
  - Calculating the yield of the bond
  - Components of yield
    - Risk-free rate
    - Spread

Let's practice!

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Duration and convexity

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Duration and convexity

- You learned about duration and convexity
  - Bond price volatility as a result of:
    - Yield
    - Coupon rate
    - Time to maturity
  - Calculating duration's effect on bond price
  - Calculating convexity's effect on bond price

Let's practice!

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Congratulations!

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