Lecture 11

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TOI

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1 Todos

- get these notes into Charlie Cruz's notation (or someone not me lol)
- tex lect 7 from kevin and the earlier lect from kat
- today's mantra: write math first then tex in dead moments
- Final is take home (due wednesday 4/26). mix of open ended and multiple choice
- schedule a tex all lecture notes day

2 4.2 Bonds

1. face amount
2. number of coupons
3. coupon rate
4. maturity
5. coupon payment

Price $= Fra_{\overline{n}|j} + Cv_j^n$

2.1 4.2.1

E.g. Calculate the price of a 5% 10 year bond with a face amount of a 100, semiannual coupons, and yield rate of 7.2% compounded semiannually. Solution:

$$\begin{aligned} F &= 100 \\ n &= 20 \\ C &= 100r \qquad\qquad = 0.05 \\ j &= \frac{7.2}{2} = 3.6\% \end{aligned}$$

Thus, GREENBOOK

$$\text{Price} = \text{Fra}_{\overline{n}|j} + Cv_j^n$$