Bonds

Features
- Type
- Principal (par, nominal, face)
- Term/Maturity
  - Bonds of longer terms are considered more risky. Thus, they demand higher returns.
- Coupon (interest) rate
  - Coupon rates are largely determined by current interest rates, as bonds must offer competitive rates to be sold.
- Yield: the annual return an investor can expect if the bond is held to maturity.
- Price: largely determined by interest rates, inflation expectations, credit risk, maturity, liquidity

Bond Pricing
- Inverse relationship of interest rates and price:
  - If interest rates rise above a bond's coupon rates, its price will fall due to the fact that new bonds pay higher rates
  - Conversely, if interest rates fall below a bond's coupon rate, its price will rise due to the fact that new bonds pay lower rates.
- Bond prices are expressed as a percentage of their par value.
- Premium: bonds are traded at a premium when their price is above par
- Discount: bonds are traded at a discount when their price is below par