

EC 370  
Xiang LI (GE)  
Participation 3 (Chapter 4)

Name: \_\_\_\_\_  
UO ID: \_\_\_\_\_

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**INSTRUCTIONS:** Answer the following questions. Write legibly, take a high quality scan of your responses, compile all pages into one pdf, and upload only one pdf document to Canvas by **11:59pm (PDT), Sunday, June 7.**

**QUESTION 1: Yield to Maturity - Coupon Bond**

What is the coupon rate of an \$800 face-value coupon bond with a price of \$1000 and a \$40 coupon payment every year?

**QUESTION 2: Yield to Maturity - Coupon Bond**

For a 10% coupon bond with a face value of \$1000, a 12.25% YTM and 8 years to maturity: how much does this bond pay you in period 6?

**QUESTION 3: Yield to Maturity - Coupon Bond**

What is the price of a 10% coupon bond with a face value of \$1,000, a 12.25% yield to maturity, and eight years to maturity? You do not need to solve for the value of the unknown variable.

**QUESTION 4: Yield to Maturity - Coupon Bond**

A \$100 face value 5 percent coupon bond has one year to maturity. Find the price of the bond for each value of YTM:  $i = 5\%$ ,  $4\%$ , and  $6\%$

**QUESTION 5: Yield to Maturity - Discount Bond**

What is the yield to maturity on a one-year, \$1,000 discount bond with a current price of \$900?

**QUESTION 6: Yield to Maturity - Discount Bond**

Find the price of a \$100-face value, 2% interest U.S. T-bill maturing in 6 months.

**QUESTION 7: Rate of Return**

A \$1,000-face-value coupon bond with a coupon rate of 10% matures in 2 years. Suppose today's price for this bond is \$1,000.

- (1) A bond holder buys this bond today and holds it until maturity. What is yield to maturity for him?
  
  
  
  
  
  
  
  
  
  
- (2) If after holding it for 1 year, the bond holder sells it for \$1,200. What is holding period return for him?