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Bloomberg Exercises

1. Select an option-free (bullet) corporate bond of interest. Evaluate the bond in terms of its price, yield, yield spread, and price-yield curve. In your evaluations, you may want to consider the following screens on the bond's menu screen:
    1. CSHF screen to find the bond's cash flow.
    2. YAS screen to determine price and yield.
    3. TDH and ALLQ to determine the liquidity on the bond based on its trading activity and bid-ask spreads.
2. Select a U.S. Treasury bond with a long-term maturity (15 to 20 years). You may want to use the FIT screen to find your bond. Conduct a total return analysis of the bond using the TRA screen. Select different horizon periods (current date, one-year horizon, etc.), yield shifts, and reinvestment rates. Comment on the bond's sensitivity to interest rate changes.

3. Select a U.S. Treasury bond or note with an intermediate-term or long-term maturity (5 to 10 years). You may want to use the FIT screen to find your bond. Conduct a total return analysis of the bond using the TRA screen. Select different horizon periods (current date, one-year horizon, etc.), yield shifts, and reinvestment rates. Comment on the bond's sensitivity to interest rate changes.
4. Select an intermediate-term to long-term investment grade corporate bond (quality ratings of BBB or higher). Using the bond's GP screen, examine its price, yield to maturity, yield to next call (if applicable) and spread over its benchmark over the past year (price dropdown). Click the “Event” checkbox and set the event settings to see if the spikes in spreads can be explained by certain events.
5. Select an intermediate-term to long-term speculative-grade corporate bond (quality ratings less than BBB). Using the bond's GP screen, examine its price, yield to maturity, and yield to next call (if applicable), and spread over its benchmark over the past year (price dropdown). Click the “Event” checkbox and set the event settings to see if the spikes in spreads can be explained by certain events.
6. Select a U.S. Treasury bond or note with an intermediate-term or long-term maturity (10 to 20 years). You may want to use the FIT screen to find your bond. Use the SP screen on the selected bond's menu screen (CUSIP <Govt> <Enter>) to evaluate the profitability of stripping the bond.
7. Select a stripped U.S. Treasury bond with at least a 10-year maturity. You may want to use the FIT screen to find your bond.
    1. Use the bond's YAS, GP, and CSHF screens to find the strip bond's price, yield to maturity, and cash flows.
    2. Using the TRA screen, conduct a one-year total return analysis of the bond. Comment on the interest-rate risk of the bond given a one-year horizon.
8. Select several stocks of interest and analyze their historical prices, returns, dividends, and EPS over different time periods using GP, TRA, DVD, and ERN screens.
9. Examine several stocks of interest using the DDM model: Ticker <Equity> <Enter>; DDM.
    1. For several of your stocks, examine the impact on the stock's value when you change the discount rate, the growth rate for the growth years, and the growth rate for the mature stage.

2. Given the current prices of your stocks, compare their IRRs to their required returns. Comment on what stocks you believe would be good investments and which would be bad.

10. Excel Exercise: Create an Excel spreadsheet for determining the intrinsic value of one of the stocks you analyzed in Exercise 9, using the DDM model (see Exhibit 3.15 for a guide).