Quiz 10 for Sept 28

Started: Sep 25 at 11:21pm

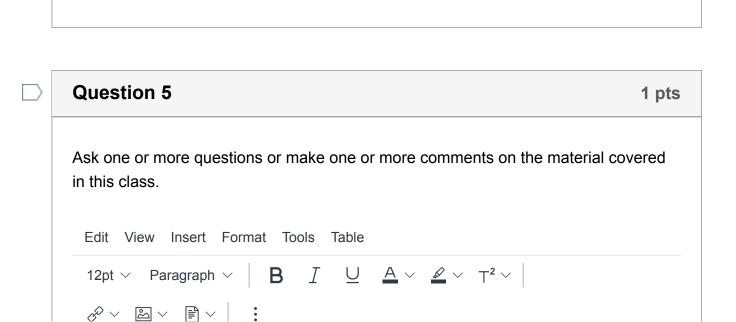
44.24

Quiz Instructions

Complete this quiz by 11:00 a.m. on Wednesday September 28. Use care in submitting your answers according to the question instructions because no credit is given for incorrect submissions.

Question 1	1 pt
The amount of a quarterly floating rate coupon based on SOI arrears	FR compounded in
 can be hedged with a 3-month overnight index swap initiated 3 me paid. 	onths before the coupon is
is known 3 months prior to the date when the coupon is paid.	
 can be hedged with a 3-month overnight index swap initiated at the paid. 	ne date that the coupon is
equals SOFR on the day prior to when the coupon is paid.	
equals SOFR on the day prior to when the coupon is paid.Question 2	1 pt
	ities of 6 months and 9

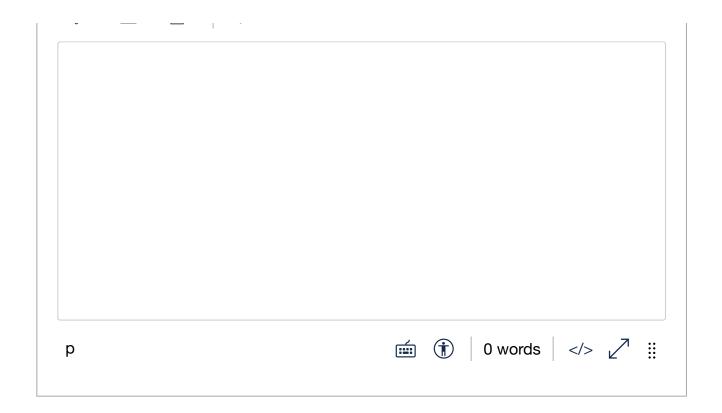
Question 3	1 pts
An overnight index swap rate	
 equals the risk-neutral expected compounded interest from overnight of the swap. 	t investing during the life
 equals the expected compounded interest from overnight investing d swap. 	uring the life of the
o equals the compounded interest from overnight investing during the l	ife of the swap.
○ is a default-risky rate similar to LIBOR.	
Question 4	1 pts
A short position in a forward rate agreement	
 will profit when there is an unexpected decline in market interest rate 	S.



opays the forward rate in return for receiving a random future short-term rate.

o can be hedged by borrowing at a short maturity and investing at a longer maturity.

owill be appropriate to hedge a future floating rate bond coupon payment.



Quiz saved at 1:11am

Submit Quiz