

Quiz 13 for Oct 10

Started: Oct 2 at 1:51am

Quiz Instructions

Complete this quiz by 11:00 a.m. on Monday October 10.



Question 1

1 pts

All else equal, a fixed income portfolio with greater convexity

- ☒ will experience a higher rate of return when there is a downward parallel shift in the yield curve.
- ☐ will experience a larger loss when there is an upward parallel shift in the yield curve.
- ☐ will tend to have its cashflows concentrated at one maturity.
- ☐ will also have a greater duration.



Question 2

1 pts

A portfolio consists of a \$40 million investment in a 3-year zero-coupon bond and a \$60 million investment in an 8-year zero coupon bond. Based on its duration and convexity, a 100 basis point parallel decline in the continuously-compounded spot yield curve is predicted to result in the bond portfolio having a rate of return equal to

State your answer as a percent to two decimal places, e.g., 7.54 .

5.79



Question 3

1 pts

A floating coupon bond pays quarterly coupons tied to 3-month term SOFR OIS rate. Two months after paying its last coupon, this bond's duration equals

State your answer in years to the third decimal place, e.g., 2.347 .

0.083



Question 4

1 pts

Suppose there are 5 key rates at the maturities of 0 (overnight), 2 years, 5 years, 10 years, and 30 years. If only the 10-year key rate is assumed to decline by 100 basis points, what will be the decline in the yield on a 8-year zero coupon bond?

State your answer in basis points to the nearest basis point, e.g., 75 .

60



Question 5

1 pts

Ask one or more questions or make one or more comments on the material covered in this class.

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We have learn a lot of the way to predict the ror, but I am wondering which is the best. Thank you.

p



22 words



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