Quiz 08 for Sept 21

Started: Sep 15 at 10:34pm

Quiz Instructions

Complete this quiz by 11:00 a.m. on Wednesday September 21. Read the question carefully and use caution in submitting your answers. No credit is given for incorrectly submitted answers.

Question 1

1 pts

Consider two coupon bonds that make semi-annual coupon payments. One bond matures in exactly 1/2 year, has an annual coupon rate of 4%, and has a market price of B_0= \$100.47 per face (principal) value of F=\$100. The second bond matures in exactly one year, has an annual coupon rate of 8%, and has a market price of B_0=\$103.884 per face (principal) value of F=\$100. What is the discount function at a maturity of 1 year, $P(0,1)$?

State your answer to the third decimal point, e.g., 0.974.

0.961

Question 2

1 pts

Consider three coupon bonds that make semi-annual coupon payments. One bond matures in exactly 1/2 year, has an annual coupon rate of 4%, and has a market price of B_0= \$100.47 per face (principal) value of F=\$100. The second bond matures in exactly one year, has an annual coupon rate of 8%, and has a market price of B_0=\$103.884 per face (principal) value of F=\$100. The third bond matures in exactly 1.5 years, has an annual coupon rate of 3%, and has a market price of B_0=\$97.923 per face (principal) value of F=\$100. What is the discount function at a maturity of 1.5 years, $P(0,1.5)$?

State your answer to the third decimal point, e.g., 0.974 .

0.936

Question 3

1 pts

Consider three coupon bonds that make semi-annual coupon payments. One bond matures in exactly 1/2 year, has an annual coupon rate of 4%, and has a market price of B_0= \$100.47 per face (principal) value of F=\$100. The second bond matures in exactly one year, has an annual coupon rate of 8%, and has a market price of B_0=\$103.884 per face (principal) value of F=\$100. The third bond matures in exactly 1.5 years, has an annual coupon rate of 3%, and has a market price of B_0=\$97.923 per face (principal) value of F=\$100. What is the continuously-compounded forward rate for an investment starting in 1/2 year and ending in one year?

State your answer as an annualized continuously-compounded percentage interest rate to two decimal places, e.g., 3.64 .

4.93

Question 4

1 pts

Consider three coupon bonds that make semi-annual coupon payments. One bond matures in exactly 1/2 year, has an annual coupon rate of 4%, and has a market price of B_0= \$100.47 per face (principal) value of F=\$100. The second bond matures in exactly one year, has an annual coupon rate of 8%, and has a market price of B_0=\$103.884 per face (principal) value of F=\$100. The third bond matures in exactly 1.5 years, has an annual coupon rate of 3%, and has a market price of B_0=\$97.923 per face (principal) value of F=\$100. What is the semi-annually compounded par rate for a maturity of 1.5 years?

State your answer as an annualized semi-annually compounded percentage interest rate to two decimal places, e.g., 3.64 .

4.44

Question 5

1 pts

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

Edit View Insert Format Tools Table

12pt Paragraph

If there are any transaction fee, how should we include those when valuating?

p

13 words

No new data to save. Last checked at 1:15pm

Submit Quiz