Module 3 Slido Quizzes

Bond Pricing

Correct answers are **bolded**. Coupon rates and yields are quoted annually. For Questions 6–7, value the bond immediately after the third coupon payment.

1. What is the price of a three-year, $1,000 bond with an 8% coupon rate and semi-annual coupon payments if the yield to maturity is 5.5%?

   A. $932.50
   B. $1,000.00
   C. $1,068.28
   D. $1,120.00

2. What is the price of a ten-year, $1,000 bond with a 5% coupon rate and semi-annual coupon payments if the yield to maturity is 7%?

   A. $857.88
   B. $930.00
   C. $1,000.00
   D. $1,085.00

3. What is the price of a seven-year, $1,000 bond with a 4.5% coupon rate (semi-annual) when the yield-to-maturity is 5.25%?

   A. $948.00
   B. $956.54
   C. $975.00
   D. $1,037.00

4. After some time, the bond market experiences a sell-off. What happens to bond prices?

   A. They rise
   B. They fall
   C. They stay the same
   D. It depends on coupon size

5. When bond prices fall, what happens to interest rates (yields)?

   A. They rise
   B. They fall
   C. They stay the same
   D. There is no relationship

6. Remember the seven-year, $1,000 bond with a 4.5% coupon rate (semi-annual) and a yield-to-maturity of 5.25%. After three coupon payments, the new yield-to-maturity on this bond rises to 6.3%. What is the bond's new price?

   A. $1,037.00
   B. $986.00
   C. $943.00
   D. $917.41

7. Remember the seven-year, $1,000 bond with a 4.5% coupon rate (semi-annual) and a yield-to-maturity of 5.25%. After three coupon payments, what would the yield-to-maturity have to be for the bond's price to be the same as it was originally?

   A. 5.13%
   B. 5.25%
   C. 5.37%
   D. 5.42%