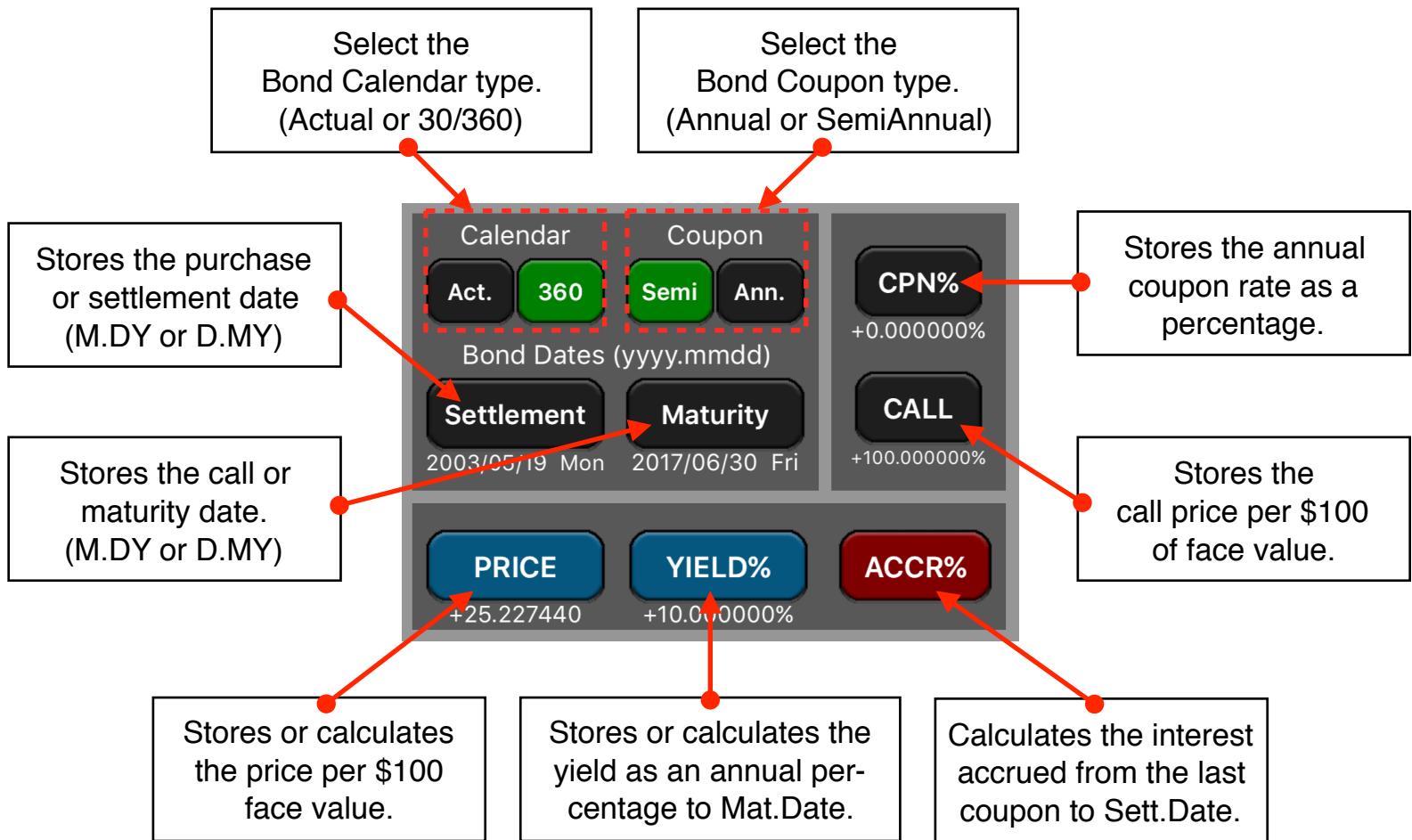


Bond Price & Yield Tool

It allows you to calculate annual or semi-annual coupons bonds with actual calendar or 360 day years.

To show it, press the **OPT** key, touch the “**Finance**” menu button, and select the “**Bonds Price & Yield**” tool.



The **[PRICE]** or **[YIELD]** buttons calculates the value if the immediate previous key pressed was one of the keys in this tool. See the examples below to have a better understanding about.

To enter dates (Settlement and Maturity) the “YYYY.MMDD” format must be used. For example, to enter the date “March 5, 2015”, you should type “2015.0305”.

Example 1: Price & Yield of a Bond

What price should you pay on August 10, 2003 for a 6¾% U.S. Treasury bond that matures on May 1, 2018 if you wish a yield of 8³/₈%? The calendar basis is actual and the coupon payments are semi-annually.

Solution:

Keystrokes	Description
[Act.] [360] [Semi] [Ann.]	Sets the calendar to actual . Sets the bond payment period to semi-annual .
“2003.0810” [Settlement]	Type the settlement date and press settlement . (YYYY.MMDD format).
“2018.0501” [Maturity]	Type the maturity date and press maturity . (YYYY.MMDD format).
“6.75” [CPN%]	Type the annual coupon rate and touch CPN% .
“8.375” [YIELD%]	Type the desired yield and press Yield(%) .
[PRICE]	Calculates the bond price. Result = 86.38
[ACCR]	Calculates the interest accrued since last coupon to the settlement date. Result = 1.85 .
[+]	Adds the bond price and the accrued interest to calculate the net price. Result = 88.23

Suppose that the market quote for the bond is 88¼. What yield does it represent?

Keystrokes	Description
“88.25” [PRICE]	Type the market quote and enter it in PRICE .
[YIELD%]	Calculates the bond yield to maturity. Result = 8.13

Example 2: A Bond with a Call feature

What is the price of a 6% corporate bond maturing on March 3, 2022 and purchased on May 2, 2003 to yield 5.7%? It is callable on March 3, 2006 (a coupon date), at a value of 102.75. What is the yield to the call date? Use a 30/360 calendar with semi-annual coupon payments.

Solution:

Keystrokes	Description
[Act.] [360] [Semi] [Ann.]	Sets the bond calendar to Actual . Sets the bond type to semi-annual .
“2003.0502” [Settlement]	Type the settlement date and press settlement to enter it (YYYY.MMDD format).
“2022.0303” [Maturity]	Type the maturity date and press maturity to enter it (YYYY.MMDD format).
“6” [CPN%]	Type the annual coupon rate and touch CPN% to enter it.
“5.7” [YIELD%]	Type the desired yield and press Yield(%) to enter it.
[PRICE]	Calculates the bond price. Result = 103.43
“2006.0303” [Maturity]	Change maturity date to call date and press maturity to enter it (YYYY.MMDD format).
“102.75” [CALL]	Type the call value and press CALL% .
[YIELD%]	Calculates yield to call date. Result = 5.58

Example 3: A Zero-Coupon Bond

Calculate the price of a zero-coupon, semi-annual bond using a 30/360 calendar basis. The bond was purchased on May 19, 2003 and will mature on June 30, 2017, and has a yield to maturity of 10%.

Solution:

Keystrokes	Description
[Act.] [360] [Semi] [Ann.]	Sets the bond calendar to 30/360 . Sets the bond type to semi-annual .
“2003.0519” [Settlement]	Type the settlement date and press settlement . (YYYY.MMDD format).
“2017.0630” [Maturity]	Type the maturity date and press maturity . (YYYY.MMDD format).
“100” [CALL]	-reset the CALL value to 100%
“0” [CPN%]	Type zero coupon rate and touch CPN% .
“10” [YIELD%]	Type the desired yield and press Yield(%) .
[PRICE]	Calculates the bond price Result = 25.23