Bond Price & Yield Tool

It allows you to calculate annual or semi-annual coupons bonds with actual calendar or 360 day per year. To show it, touch the "**OPT**" and in the "**4) Finance:**" section touch the "**BOND Calc.**" button.

Key	Action
[Act] [360]	Set the bond calendar to Actual or 30/360.
[Semi] [Ann.]	Set the bond type to Annual or SemiAnnual coupons.
[Settlement]	Stores the bond settlement (purchase) date in the current date format (M.DY, D.MY or Y.MD).
[Maturity]	Stores the bond maturity or call date in the current date format (M.DY, D.MY or Y.MD).
[CALL]	Stores the Call price per $100 face value.
[CPN%]	Stores the bond annual coupon rate as percentage.
[PRICE]	Stores or calculates the bond prices per $100 face value.

Key	Action
[YIELD%]	Stores or calculates the bond yield to maturity or yield to call date as an annual percentage.
[ACCR]	Calculates the interest accrued from the last coupon payment date until the settlement date per $100 face value.

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) use the current date format indicated in the status bar (M.DY, D.MY or Y.MD). To set the date format touch the **[g] [PREF]** keys and select the desire format in the list. The following examples assumes "**M.DY**" date format.

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 8⅜%? The calendar basis is actual and the coupon payments are semi-annually.

Solution:
Keystrokes	Description
[Act] **[Semi]**	Sets the calendar to **Actual**. Sets the bond payment period to **Semi-Annual**.
"8.102003" **[Settlement]**	Type the settlement date and enter it. (M.DDYYYY entry for M.DY format).
"5.012018" **[Maturity]**	Type the maturity date and enter it.
"6.75" **[CPN%]**	Type the annual coupon rate and enter it.

Keystrokes	Description
"8.375" [YIELD%]	Type the desired yield and enter it.
[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.
[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
Set Calendar to [360]	Sets the bond calendar to **30/360** calendar.
Set Coupon to [Semi]	Sets the bond type to **semi-annual** coupons.

Keystrokes	Description
"5.022003" [Settlement]	Type the settlement date and enter it.
"3.032022" [Maturity]	Type the maturity date and enter it.
"6" [CPN%]	Type the annual coupon rate and enter it.
"5.7" [YIELD%]	Type the desired yield and enter it.
[PRICE]	Calculates the bond price. **Result = 103.43**
"3.032006" [Maturity]	Change maturity date to **call date** and enter it.
"102.75" [CALL]	Type the **call value** and enter it.
[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
Set Calendar to [360]	Sets the bond calendar to **30/360** calendar.
Set Calendar to [Semi]	Sets the bond type to **semi-annual** coupons.
"5.192003" [Settlement]	Type the settlement date and enter it.

Keystrokes	Description
"6.302017" **[Maturity]**	Type the maturity date and enter it.
"100" **[CALL]**	Reset the CALL value to 100%
"0" **[CPN%]**	Type zero coupon rate and enter it.
"10" **[YIELD%]**	Type the desired yield and enter it.
[PRICE]	Calculates the **bond price Result = 25.23**