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Financial Management

Hw 6

A bond with a $1000 Face Value, and a maturity of 10 years has a coupon of $80 per year paid semi-annually and a yield of 10% semi-annually compounded. Find its price.

FV:$1,000
Maturity years:10 = 20
Coupon: $80 per year Semi-annual (80/2) = 40
Yield Semi-annual: 10% = 5%

PV=((10%/2,2*10,80/2,1000))= $875.38