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**Larry Schrenk, Instructor**

**Problem Set: Bond Valuation Problems**

**(Solutions Below)**

**Bond Valuation Problems**

1. What is the price of the following bond?

                      face value:              $1,000

                      maturity:                  10 years

                      coupon rate:           8%

                      discount rate:         9%

2. What is the price of the following bond?

                      face value:              $1,000

                      maturity:                   50 years

                      coupon rate:           10%

                      discount rate:         12%

3. What is the value of the following semi-annual bond?

                      face value:              $1,000

                      maturity:                   10 years

                      coupon rate:           10%

                      discount rate:           9%

4. What is the value of the following semi-annual bond?

                      face value:              $1,000

                      maturity:                   9.5  years

                      coupon rate:           7%

                      discount rate:        7%

5. What is the value of the following semi-annual bond?

                      face value:              $1,000

                      maturity:                  20  years

                      coupon rate:           9%

                      discount rate:        10%

6. What is the price of the following quarterly bond?

                      face value:              1,000

                      maturity:                 10 years

                      coupon rate:          10%

                      discount rate:           8%

7. What is the price of the following semi-annual bond?

                      face value:              $1,000

                      maturity:                  10 years

                      coupon rate:           8%

                      discount rate:         9%

**Solutions**

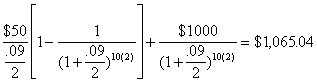
1.

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2.

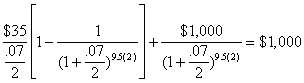
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3.

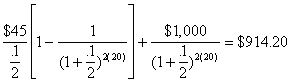


4.

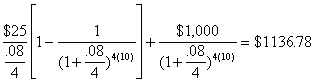
       Since coupon rate = discount rate, this must be a par value bond, and the price is $1,000, or…



5.



6.



7.

