**Bond Problems**

**Please carry out your final answers four decimal places.**

1. Find the interest payment you would have received (in dollars and cents) on July 15, 2024 if you owned a 10-year TIPS bond which was issued on Jan. 15, 2023 with a face value of $100,000 and a coupon rate of 3.20%. The annual inflation rate is announced at the end of each quarter (end of March, June, Sept. and Dec.). In 2022 the numbers were 6.6%, 7.0%, 7.2% and 6.3%. For 2023 they were 5.5%, 4.2%, 3.7%, and 3.5%. For 2024 they were 3.6%, 3.4%, and 3.3% (The December 2024 rate hadn’t come out yet). For this problem, anytime there appears to be more than one inflation rate you could use, you should use the most recently reported rate.
2. Find the YTM of a Treasury bond which you are considering purchasing. The settlement date is Oct. 10, 2024. The bond matures on Dec. 15, 2030 and has a 4.25% coupon rate (the maturity date tells you when the coupon payments are made). The quoted price for the bond is 98:13.
3. Find the BEY of a Treasury Strip that you can purchase for settlement on Oct. 10, 2024 at a quoted price of 72.20. The Strip matures on May 15, 2032.
4. Price an 8-yr. zero-coupon bond so that it has the same yield as a 4.40% coupon bond which matures at the same time and is currently priced at 97:02 (ignore accrued interest).
5. If a Treasury bill has a BEY of 5.50% and it matures in 100 days, calculate its
6. Price
7. Yield on a Discount Basis