Young Corporation has bonds on the market with 19 years to maturity, a YTM of 6.4 percent, and a current price of $1,519. The bonds make semiannual payments. The coupon rate on these bonds must be   percent. **(Input answer as a percent rounded to 2 decimal places, without the percent sign.)**

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| **Using Bond Quotes** |
| Suppose the following bond quote for IOU Corporation appears in the financial page of today's newspaper. Assume the bond has a face value of $1,000, and the current date is April 15, 2008. **(Input answers as percents rounded to 2 decimal places, without the percent sign.)**  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Company (Ticker) | Coupon | Maturity | Last Price | Last Yield | EST Vol (000s) |
| IOU (IOU) | 7.425 | Apr 15, 2016 | 873.1 | ?? | 1,827 |

|  |
| --- |
| The yield to maturity of the bond is   percent. |
| The current yield is   percent. |
| **Nominal and Real Returns**  |
| An investment offers a 14.5 percent total return over the coming year. Bill Bernanke thinks the total real return on this investment will be only 5.5 percent. Therefore, Bill believes the inflation rate will be   percent over the next year. **(Input answer as a percent rounded to 2 decimal places, without the percent sign.)**  |

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| **Accrued Interest**  |
| You purchase a bond with an invoice price of $1,070. The bond has a coupon rate of 4.6 percent, semiannual coupons and there are 2 months to the next coupon date. The clean price of the bond is $  . **(Round your answer to 2 decimal places. Omit the "$" sign in your response.)**  |
| In the table, find the Treasury bond that matures in May 2029. Assume that it is currently May 2008. What is the yield to maturity for this bond? **(Input answer as a percent rounded to 2 decimal places, without the percent sign.)** |
|  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Rate  | Maturity Mo/Yr  | Bid  | Asked  | Chg  | Ask Yld  |
| ??  | May 15  | 106:13  | 106:17  | +2  | 4.96  |
| 8.875  | May 29  | 123:19  | 123:22  | +4  | ??  |
| 5.375  | May 33  | ??  | ??  | +3  | 6.48  |

|  |
| --- |
| The yield to maturity is   percent. |