

Name:

39. A US Treasury bond pays a 10% coupon on Jan 7 and Jul 7. How much interest accrues per \$100 of principal to the bondholder between Jul 7, 2026 and Aug 9, 2026? How would your answer be different if it were a corporate bond?

Treasury bond:

• _____ =

Corporate bond:

• _____ =

40. It is Jan 9, 2026. The price of a Treasury bond with a 14% coupon that matures on Oct 12, 2028, is quoted as 102-07. What is the cash price?

Cash price is

+ · _____ =

41. Suppose that the Treasury bond futures price is 101-12. Which of the following four bonds is cheapest to deliver?

Bond	1	2	3	4
Price	125-05	142-15	115-31	144-02
Conversion Factor	1.2131	1.3792	1.1149	1.3926

CTDB is Bond ☐ 1 ☐ 2 ☐ 3 ☐ 4

42. The futures price for the Jun 2026 CBOT bond futures contract is 118-23.

- (a) Find the conversion factor for a 10%-coupon bond maturing on Jan 1, 2042.
- (b) Find the conversion factor for a 7%-coupon bond maturing on Oct 1, 2047.
- (c) Suppose that the quoted prices of the bonds in (a) and (b) are 169.00 and 136.00, respectively. Which bond is cheaper to deliver?
- (d) Assuming that the cheapest-to-deliver bond is actually delivered on June 25, what is the cash price received for the bond?

(a) CF is

(b) CF is

(c) CTBP is bond from ☐ (a) ☐ (b)

(d) Cash received is \$

43. It is Jul 30, 2026. The cheapest-to-deliver bond in a Sep 2026 Treasury bond futures contract is a 13% coupon bond, and delivery is expected to be made on Sep 30, 2026. Coupon payments on the bond are made on Feb 4 and Aug 4 each year. The term structure is flat, and the rate of interest with semiannual compounding is 12% pa. The conversion factor of the bond is 1.5. The current bond price is \$110. Calculate the quoted futures price for the contract.

SP is