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Autore	Smith Donald J. <1947->
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Some Other Yield Statistics; Horizon Yields; Some Uses of Yield-to-Maturity Statistics; Implied Probability of Default on Coupon Bonds; Bond Pricing between Coupon Dates; A Real Corporate Bond; Conclusion; CHAPTER 4 Bond Taxation; Basic Bond Taxation; Market Discount Bonds; A Real Market Discount Corporate Bond; Premium Bonds; Original Issue Discount Bonds; Municipal Bonds; Conclusion CHAPTER 5 Yield CurvesAn Intuitive Forward Curve; Classic Theories of the Term Structure of Interest Rates; Accurate Implied Forward Rates; Money Market Implied Forward Rates; Calculating and Using Implied Spot (Zero-Coupon) Rates; More Applications for the Implied Spot and Forward Curves; Conclusion; CHAPTER 6 Duration and Convexity; Yield Duration and Convexity Relationships; Yield Duration; The Relationship between Yield Duration and Maturity; Yield Convexity; Bloomberg Yield Duration and Convexity; Curve Duration and Convexity; Conclusion; CHAPTER 7 Floaters and Linkers
Floating-Rate Notes in GeneralA Simple Floater Valuation Model; An Actual Floater; Inflation-Indexed Bonds: C-Linkers and P-Linkers; Linker Taxation; Linker Duration; Conclusion; CHAPTER 8 Interest Rate Swaps; Pricing an Interest Rate Swap; Interest Rate Forwards and Futures; Inferring the Forward Curve; Valuing an Interest Rate Swap; Interest Rate Swap Duration and Convexity; Conclusion; CHAPTER 9 Bond Portfolios; Bond Portfolio Statistics in Theory; Bond Portfolio Statistics in Practice; A Real Bond Portfolio; Thoughts on Bond Portfolio Statistics; Conclusion; CHAPTER 10 Bond Strategies
Acting on a Rate ViewAn Interest Rate Swap Overlay Strategy; Classic Immunization Theory; Immunization Implementation Issues; Liability-Driven Investing; Closing Thoughts: Target-Duration Bond Funds; Technical Appendix; Acronyms; Bibliographic Notes; About the Author; Acknowledgments; Index

Sommario/riassunto

A guide to the theory behind bond math formulas Bond Math explores the ideas and assumptions behind commonly used statistics on risk and return for individual bonds and on fixed income portfolios. But this book is much more than a series of formulas and calculations; the emphasis is on how to think about and use bond math. Author Donald J. Smith, a professor at Boston University and an experienced executive trainer, covers in detail money market rates, periodicity conversions, bond yields to maturity and horizon yields, the implied probability of default, after-tax rates of r