# Module: Bond Valuation and Interest Rates

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### Topics

This module includes the following three topics:

Topic 1: Corporate Bond Valuation

Topic 2: Corporate Bond Features and Markets

Topic 3: Interest Rates

## Topic 1: Corporate Bond Valuation

This topic illustrates how to value and successfully trade straight and zero-coupon corporate bonds.

### Readings

Introduction, Section 1.1

#### **Learning Problems**

Valuing a Straight Bond at Rex

Valuing a Straight Bond at SureFire

Valuing a Straight Bond at ABC

Valuing a Straight Bond at Elford

Zero-Coupon Bonds at Williams

Effect of Term and Cash Flow Patterns on Interest Rate Risk at Henson

Re-investment Risk at Smithson

**Answer Keys**

Valuing a Straight Bond at Rex

Valuing a Straight Bond at SureFire

Valuing a Straight Bond at ABC

Valuing a Straight Bond at Elford

Zero-Coupon Bonds at Williams

Effect of Term and Cash Flow Patterns on Interest Rate Risk at Henson

Re-investment Risk at Smithson

## Topic 2: Corporate Bond Features and Markets

This topic describes the different features of a corporate bond and how to raise capital in the private and public debt markets.

### Readings

Section 1.2

### Learning Problems

None

## Topic 3: Interest Rates

This topic examines the different interest rate components and how to forecast interest rates using a yield curve.

### Readings

### Sections 1.3

#### **Learning Problems**

Yield Curve for A-Rated Companies

Yield Curve for the Food Processing Industry

**Answer Keys**

Yield Curve for A-Rated Companies

Yield Curve for the Food Processing Industry

## Module Summary

In this module, you learned how to value a corporate bond and raise funds in the debt market.