## Chapter 6 - Example 1

You are considering buying a bond with a 15 -year maturity that has a face value of $\$ 1000$ and a coupon rate of $8 \%$ (semi-annual payments). What cash flows would you pay and receive from your investment if the yield to maturity on the bond is $6 \%$ now and $7 \%$ when you sell it 2 years from today (just after a coupon is paid)?

