

MAT1856S/ APM466S
Mathematical Theory of Finance
Due Feb 10, 2010

1. You are to follow the bond prices quoted in public media (newspapers or websites, for example) for consecutive days in a two-week period, and calculate the yield curve for each day. This is to be done on the bonds issued by the Government of Canada, US T-bills or UK notes.

You have to get the yield rates for at least the 1, 2, 3, 4 and 5 year terms, using at least 5 bonds.

You can also round the day counting to the nearest month.

Detailed explanation for the construction has to be submitted in order to get full marks. Also, the source of the information must be included in the report.

2. From the results in part 1, you calculate the forward curve for each day in your data set.

Output in both cases will be

- a. Tables with the rates.
- b. Two charts: one with all the yield curves superimposed on each other, and the other with the forward curves superimposed on each other.