

Answer on Question #38591 - Math – Other

Initial value of the bond:

$$P_0 = \$150$$

Rate of interest:

$$p = 0.14 - 0.105 = 0.035 = 3.5\%$$

Value of the bond after 5 years:

$$P = P_0 \left(1 + \frac{p}{2}\right)^{2 \cdot 5} = \$150 \cdot \left(1 + \frac{0.035}{2}\right)^{10} = \$178.42$$