Question #62992 - Economics – Macroeconomics

Suppose a bond's face value is $1000. Its maturity is 1 year from now. The bond's yield is currently 1.3%. How much is the price of the bond that is implied by this yield?

Answer:

$$PV = \frac{N}{(1+y)^1} = \frac{1000}{1+0.013} = 987.16$$