

Chapter 6 Formulas

Bonds

$$P = Fr \overline{a}_{ni} + K$$

$$K = v^n C$$

Price

$$= C + C(g-i) \overline{a}_{ni}$$

$$= K + \frac{g}{i}(C-K)$$

Book Value

$$B_t = C + C(g-i) \overline{a}_{\overline{n-t}|i}$$

$$B_{t-1} = B_t + P_t$$

$$P_t = C(g-i)v^{n+1-t}$$

$$I_t = Cg - P_t$$

Extrapolation $B_{t+k}^m = B_{t+k}^f - Fr_k$

$$Fr_k = kFr$$

$$B_{t+k}^f = B_t(1+ik)$$