

Old Exam Questions  
T-bills

**READ FIRST:** The following questions are reproduced from my previous exams. Exam formats have differed over time, so you may notice some differences in formatting or question style. The intent is that these questions will help you to practice, but it is **NOT** intended to replace your own study habits.

1. You see a T-bill with 12 days to maturity currently trading for \$9,995. What would the quote be for this T-bill in the newspaper?
  - A. 1.35
  - B. 1.5
  - C. 1.52
  - D. 1.7
  - E. A different value

2. You are reading the paper and see the following quotes for a T-bill:

Maturity	Bid	Ask	Chg	Asked Yield
August 4 <sup>th</sup>	.5	.3	-.02	.304

Assume that August 4th is 90 days from today. At what price would you be able to sell this T-bill?

- A. \$9,982.50
  - B. \$9,987.50
  - C. \$9,992.50
  - D. \$10,000
  - E. A different value
  
3. You are looking to sell a T-bill you are holding that matures on June 22<sup>nd</sup> (15 days from now). You see the following quotes in the paper:

Maturity	Bid	Asked	Chg	Asked Yield
6/15/2016	.36	.12	+.01	.122
6/22/2016	.48	.24	-.02	.243
6/29/2016	.6	.36	+.03	.365

What price would you expect to receive for this bond?

- A. \$9,998
  - B. \$9,998.50
  - C. \$9,999
  - D. \$9,999.50
  - E. A different value

4. You paid \$9,985 for a T-bill that matures in 36 days. You are trying to decide whether to invest in the T-bill or just put the money in a CD at the bank. What is the return on the T-bill including compounding?
- A. 1.5%
  - B. 1.51%
  - C. 1.52%
  - D. 1.53%
  - E. A different value

5. You currently own a T-bill that matures on October 20<sup>th</sup>, which is 36 days from today. You want to sell your T-bill, so you look up quotes in the paper. You see the following set of quotes:

Maturity	Bid	Asked	Chg	Asked Yield
10/8/16	0.45	0.3	+0.01	0.3
10/20/16	0.5	0.35	-0.02	0.35
11/3/16	0.75	0.4	+0.03	0.4

What price would you expect to receive on your T-bill?

- A. \$9,992.50
  - B. \$9,995
  - C. \$9,998
  - D. \$10,000
  - E. A different value
6. You just purchased a T-bill for \$9984.95. It matures in 25 days. What is your return on this investment if you take compounding into account?
- A. 0.02%
  - B. 1.65%
  - C. 1.93%
  - D. 2.19%
  - E. A different value
7. You see that a T-bill that matures 45 days from today currently sells for \$9,700. What would have been the quote if you wanted to buy this bond?
- A. 3
  - B. 24
  - C. 25.09
  - D. 26.5
  - E. A different value

8. T-bills are unique from other Treasury securities we mentioned (Treasury notes and bonds) due to which of the following?
- Issued at auction
  - Longer maturity
  - Risk free
  - Zero coupon
9. [Conceptual] Which of the following is **NOT** true of T-bills?
- Available in maturities up to 1 year
  - Face value is typically \$10,000
  - Pay semi-annual coupons
  - Sold at a discount
  - All of these are true
10. [Conceptual] Which of the following is **NOT** a characteristic of a T-bill?
- Maturity up to 1 year
  - Quoted as a percent of face value
  - Typical face value of \$10,000
  - Zero coupon
  - All of these are characteristics of T-bills
11. [Quantitative] You see the following quote for a T-bill you own that expires 120 days from today:

Maturity	Bid	Asked	Chg	Asked Yield
3/15/2018	1	0.9	-0.03	0.915

What price would you receive if you were to sell this bond?

- \$9,960
- \$9,963.33
- \$9,966.67
- \$9,970
- A different value

12. [Quantitative] You are considering purchasing a T-bill. It currently trades at \$9,802.05, and it has 91 days to maturity. What would you see as the asked yield for this bond?

- A. 7.83
- B. 7.91
- C. 7.98
- D. 8.1
- E. A different value

13. [Quantitative] Suppose that you are a T-bill dealer. You want to offer \$9,960 to purchase a T-bill expiring 60 days from today. What would be your quoted bid?

- A. 2.4
- B. 2.41
- C. 2.43
- D. 2.44
- E. A different value

14. [Quantitative] You see the following quote for a T-bill that expires 40 days from today:

Maturity	Bid	Asked	Chg	Asked Yield
12/5/2018	1.8	1.6	+0.02	1.625

What would be your return taking compounding into account if you purchased this bond?

- A. 1.625%
- B. 1.632%
- C. 1.637%
- D. 1.641%
- E. A different value