Article published on November 25th 2011 | Finance

Treasury bonds are debt securities with fixed interest rates that are marketable and possess a maturity period of over 10 years. If you purchase treasury bonds, you will be entitled to interest payments that take place biannually and you will be taxed on the same solely at the federal level. In the beginning stages, bonds are sold at auctions through competitive and non-competitive bids. Bond quotes for competitive bids are those which bidders accept in relation to the fixed rates of the bonds..

Treasury Bond Rates and Their Determinants

Treasury bond quotes are determined by what is known as the Yield to Maturity or YTM as well as the interest rate. When the Yield to Maturity becomes higher than the interest rate, the price becomes less than the actual value, while lesser YTM compared to the interest rate yields higher treasury bonds rates.

Nominal Constant Maturity Treasury Series Rates

These rats refer to the bond quotes which are interpolated by the yield rates on a daily basis. In many situations when there exists low interest rates in the market, some of the Treasury securities show negative yields when they are dealt in the secondary market. In most cases, the treasury does not allow such negative yields to take place and affect the treasury bond quotes. If any Constant Maturity Treasury bond rates are liable to negative yields they will be made to go back to the zero point to be used as CMT derivation inputs.

Types of Treasury Bonds

You can purchase treasury bonds in the form of paper bonds or as electronic bonds or entries made in accounts. If you possess paper bonds but wish to convert to electronic bonds, you can do so with the support of the treasury office of the particular nation.

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Article Keywords:
Treasury Bond Rates, Bond Quotes

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