

Table 5-4
Example of the Percentage Price Change Using Modified Duration and Convexity
for a 20-Year 10% Coupon Bond Selling at Par to Yield 10%

		<u><i>Increase in Required Yield</i></u>				
Required yield	10.01%	10.10%	10.50%	11.00%	12.00%	13.00%
Change in basis points	1	10	50	100	200	300
Estimated %						
Duration	-0.09	-0.86	-4.29	-8.58	-17.16	-25.74
Convexity	0.00	0.01	0.14	0.57	2.27	5.10
Total	-0.09	-0.85	-4.15	-8.01	-14.89	-20.64
Actual % change	-0.09	-0.85	-4.15	-8.02	-15.05	-21.22
		<u><i>Decrease in Required Yield</i></u>				
Required yield	9.99%	9.90%	9.50%	9.00%	8.00%	7.00%
Change in Basis points	-1	-10	-50	-100	-200	-300
Estimated %						
Duration	0.09	0.86	4.29	8.58	17.16	25.74
Convexity	0.00	0.01	0.14	0.57	2.27	5.10
Total	0.09	0.87	4.43	9.15	19.43	30.84
Actual % change	0.09	0.86	4.44	9.20	19.79	32.03