Bonds
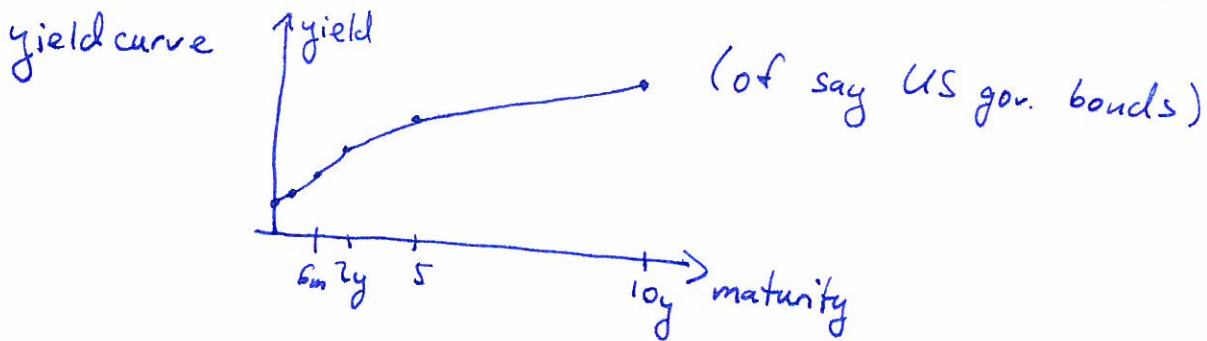
coupon rate — $\dfrac{\text{coupon payments per year}}{\text{principal}}$

Ex. 4% Treasury with $1000 principal and coupon payments 2x a year

$40 in coupon payments a year, $20 in June and $20 in Dec.

yield/interest rate — the rate (compounded annually) used to do the NPV calculation

current value of bond = NPV of future coupon and principal payments discounted at the yield rate

typically — coupon payments are fixed
— coupons paid 1x, 2x, or 4x a year
— maturities, 1mo, 2mo, 3mo, 6mo, 1y, 2y, 5y, 10y, 30y

yield curve

yield depends on — maturity (length of the loan)
— gov't/corporation issuing the bond
how likely are they to bankrupt?

yield ↗ leads to bond value (or NPV) ↓

5y duration means 1% increase in yield leads to −5% value of bond