Preface

In finance, a bond is a type of security under which the issuer (debtor) owes the holder (creditor) a debt, and is obliged – depending on the terms – to provide cash flow to the creditor (e.g. repay the principal (i.e. amount borrowed) of the bond at the maturity date as well as interest (called the coupon) over a specified amount of time). The timing and the amount of cash flow provided varies, depending on the economic value that is emphasized, thus giving rise to different types of bonds. The interest is usually payable at fixed intervals: semiannual, annual, and less often at other periods. Thus, a bond is a form of loan or IOU. Bonds provide the borrower with external funds to finance long-term investments or, in the case of government bonds, to finance current expenditures.

The yield is the rate of return received from investing in the bond. It usually refers to one of the following:

The current yield, or running yield: is the annual interest payment divided by the current market price of the bond (often the clean price).

The yield to maturity (or redemption yield, as it is termed in the United Kingdom) is an estimate of the total rate of return anticipated to be earned by an investor who buys a bond at a given market price, holds it to maturity, and receives all interest payments and the capital redemption on schedule. It is a more useful measure of the return on a bond than the current yield because it takes into account the present value of future interest payments and principal repaid at maturity. The yield to maturity or redemption yield calculated at the time of purchase is not necessarily the return the investor will actually earn, as finance scholars Dr. Annette Thau and Dr. Frank Fabozzi have noted. The yield to maturity will be realized only under certain conditions, including 1) all interest payments are reinvested rather than spent, and 2) all interest payments are reinvested at the yield to maturity calculated at the time the bond is purchased. This distinction may not be a concern to bond buyers who intend to spend rather than reinvest the coupon payments, such as those practicing asset/liability matching strategies.[1]

In the present book, fifteen typical literatures about bond yield published on international authoritative journals were selected to introduce the worldwide newest

[1] https://en.wikipedia.org/wiki/Bond_(finance)

progress, which contains reviews or original researches on bond yield. We hope this book can demonstrate advances in bond yield as well as give references to the researchers, students and other related people.