How can I use the TBILLEQ function in Excel to calculate a bond’s equivalent annual yield?

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The TBILLEQ function in Excel is a financial tool that allows users to calculate a bond's equivalent annual yield. This function takes into account the bond's face value, price, and number of days until maturity to determine the annual yield. By using the TBILLEQ function, users can easily compare the yields of different bonds and make informed investment decisions. This function is especially useful for those who regularly deal with bonds and need a quick and accurate way to calculate the annual yield. With its simple and efficient formula, the TBILLEQ function in Excel is a valuable tool for financial analysis and planning.

This article describes the formula syntax and usage of the **TBILLEQ** function in Microsoft Excel.

Description

Returns the bond-equivalent yield for a Treasury bill.

Syntax

TBILLEQ(settlement, maturity, discount)

Important: Dates should be entered by using the DATE function, or as results of other formulas or functions. For example, use DATE(2008,5,23) for the 23rd day of May, 2008. Problems can occur if dates are entered as text.

The TBILLEQ function syntax has the following arguments:

Settlement Required. The Treasury bill's settlement date. The security settlement date is the date after the issue date when the Treasury bill is traded to the buyer.

Maturity Required. The Treasury bill's maturity date. The maturity date is the date when the Treasury bill expires.

Discount Required. The Treasury bill's discount rate.

Remarks

Microsoft Excel stores dates as sequential serial numbers so they can be used in calculations. By default, January 1, 1900 is serial number 1, and January 1, 2008 is serial number 39448 because it is 39,448 days after January 1, 1900.

Settlement and maturity are truncated to integers.

If settlement or maturity is not a valid date, TBILLEQ returns the #VALUE! error value.

If discount ≤ 0, TBILLEQ returns the #NUM! error value.

If settlement > maturity, or if maturity is more than one year after settlement, TBILLEQ returns the #NUM! error value.

TBILLEQ is calculated as TBILLEQ = (365 x rate)/(360-(rate x DSM)), where DSM is the number of days between settlement and maturity computed according to the 360 days per year basis.