How can I use the YIELDMAT function in Excel to calculate the annual yield for a security with a maturity date and a specified settlement date?

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The YIELDMAT function in Excel is a useful tool for calculating the annual yield of a security with a specific maturity date and settlement date. This function takes into account the number of coupon payments, the face value of the security, and the purchase price to determine the annual yield. By inputting these parameters into the function, users can accurately calculate the annual yield of a security, providing valuable information for investment decisions. The YIELDMAT function is a reliable and efficient way to analyze the potential return on investment for securities with specific maturity and settlement dates.

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

Description

Returns the annual yield of a security that pays interest at maturity.

Syntax

YIELDMAT(settlement, maturity, issue, rate, pr,)

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 YIELDMAT function syntax has the following arguments:

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

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

Issue Required. The security's issue date, expressed as a serial date number.

Rate Required. The security's interest rate at date of issue.

Pr Required. The security's price per $100 face value.

Basis Optional. The type of day count basis to use.

Basis	Day count basis
0 or omitted	US (NASD) 30/360
1	Actual/actual

Basis	Day count basis
2	Actual/360
3	Actual/365
4	European 30/360

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.

The settlement date is the date a buyer purchases a coupon, such as a bond. The maturity date is the date when a coupon expires. For example, suppose a 30-year bond is issued on January 1, 2008, and is purchased by a buyer six months later. The issue date would be January 1, 2008, the settlement date would be July 1, 2008, and the maturity date would be January 1, 2038, which is 30 years after the January 1, 2008, issue date.

Settlement, maturity, issue, and basis are truncated to integers.

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

If rate < 0 or if pr ≤ 0, YIELDMAT returns the #NUM! error value.

If basis < 0 or if basis > 4, YIELDMAT returns the #NUM! error value.

If settlement ≥ maturity, YIELDMAT returns the #NUM! error value.