

How do I use the PRICEDISC function in Excel?

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The PRICEDISC function in Excel is a useful tool for calculating the discounted price of a security with a settlement date that is earlier than the maturity date. To use this function, you must provide the annual coupon rate, the redemption value, the settlement date, the maturity date, and the annual yield. The function will then return the discounted price of the security. This can be helpful for investors looking to purchase securities at a discounted price. Simply enter the necessary information into the function and it will calculate the discounted price for you. This can save time and reduce the risk of human error in manual calculations. Overall, the PRICEDISC function is a valuable tool for financial analysis and decision making in Excel.

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

Description

Returns the price per \$100 face value of a discounted security.

Syntax

PRICEDISC(settlement, maturity, discount, redemption,)

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 PRICEDISC 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.

Discount Required. The security's discount rate.

Redemption Required. The security's redemption value 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, and basis are truncated to integers.

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

If discount ≤ 0 or if redemption ≤ 0 , PRICEDISC returns the #NUM! error value.

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

If settlement \geq maturity, PRICEDISC returns the #NUM! error value.

PRICEDISC is calculated as follows:

$$PRICEDISC = redemption - discount \times redemption \times \frac{DSM}{B}$$

where:

B = number of days in year, depending on year basis.

DSM = number of days from settlement to maturity.