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...if the average life of an instrument is 15.8 years, the interpolated yield would fall between the 10 year UST yield and the 30 year UST yield. Calculate the basis point difference between the yields of the two UST maturities and divide the difference by the number of years between them. The result is the number of basis points to add on to the next shorter maturity on-the-run UST for each year the average life is longer than that UST yield.

Average Life of a bond	15.8 years
10-year on-the-run U.S. Treasury	2.90%
30-year on-the-run U.S. Treasury	3.90%

Linear calculation for I-curve is:

3.90 minus 2.90 = 100 basis points

100 basis points divided by 20 (30 -10 years) = 5 bps/year

15.8 (average life) minus 10 (Treasury) = 5.8 years

5.8 years multiplied by 5 bps = 29 bps

Interpolated UST = 3.19% (2.90% (10 year UST) + 29 bps)

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