

<b>DEREE COLLEGE SYLLABUS FOR:</b>							
<b>EC 4150 FIXED INCOME TRADING</b> (Same as FN 4150) (Fall 2019)							
<b>US Credits: 3/1.5/3</b>							
<b>PREREQUISITES:</b>	Any one trading course						
<b>CATALOG DESCRIPTION:</b>	Trading fixed income securities and interest rate derivatives. Characteristics, pricing and electronic trading of a variety of fixed income securities. Bond futures, swaps, credit derivatives. Interest rate related derivatives and their use in reducing risk exposure and enhancing the yields of fixed income portfolios.						
<b>RATIONALE:</b>	The overall goal of this course is to develop a deeper understanding of global fixed income markets, trading strategies and market signals. The course will introduce tools to explore the theoretical and practical aspects of trading fixed income securities and their derivatives. These concepts and tools are useful to practitioners for investing, hedging and market-making. The course will provide hands-on training for those who join the treasury and trading departments of financial institutions and those who sit for professional examinations. The course includes practical trading exercises, where students trade on real-time simulated global markets through the use of software available in the ACG Simulated Trading Room, notably Bloomberg and Reuters. Students will be able to experience the excitement of trading and applying theoretical knowledge to real-time prices and market scenarios.						
<b>LEARNING OUTCOMES:</b>	As a result of taking this course, the student should be able to: <ol style="list-style-type: none"> <li>1. Make use of trading platforms for the purposes of fixed income securities trading</li> <li>2. Analyze micro and macroeconomic developments, depict their impact upon global fixed income markets and make informed trading decisions</li> <li>3. Carry out different applications of fixed income market instruments and trading strategies</li> <li>4. Demonstrate ability to apply derivative instruments to hedge the risks and enhance the returns of fixed income securities</li> </ol>						
<b>METHOD OF TEACHING AND LEARNING:</b>	In congruence with the learning and teaching strategy of the college, the following tools are used: <ul style="list-style-type: none"> <li>• The class is run in a simulated trading room, equipped with Bloomberg, Thomson-Reuters closed group dealing system, Rotman Interactive Trader (RIT), TraderEx, Palisade, Morningstar.</li> <li>• The class consists of lectures, cases, simulation exercises, and in-class discussion of related material.</li> <li>• Trading workshops and guest speakers</li> <li>• Office Hours: Students are encouraged to make full use of the office hours of their instructor in order to consult and discuss issues related to the course content.</li> <li>• Use of the Blackboard learning platform for announcements and course material, including additional resources.</li> </ul>						
<b>ASSESSMENT:</b>	<p><b>Summative:</b></p> <table border="1" style="width: 100%;"> <tr> <td>Fixed Income trading simulation exercises (LOs 1, 2)</td> <td style="text-align: center;"><b>40%</b></td> </tr> <tr> <td>Portfolio exercise: Strategic versus Trading (LOs 3, 4)</td> <td style="text-align: center;"><b>60%</b></td> </tr> </table> <p><b>Formative:</b></p> <table border="1" style="width: 100%;"> <tr> <td>Formative exercises</td> <td style="text-align: center;"><b>0%</b></td> </tr> </table> <p>The formative assessment aims to prepare students for the written final examination.</p> <p>Trading simulation exercises test LOs 1 and 2. The portfolio exercise tests LOs 3 and 4.</p>	Fixed Income trading simulation exercises (LOs 1, 2)	<b>40%</b>	Portfolio exercise: Strategic versus Trading (LOs 3, 4)	<b>60%</b>	Formative exercises	<b>0%</b>
Fixed Income trading simulation exercises (LOs 1, 2)	<b>40%</b>						
Portfolio exercise: Strategic versus Trading (LOs 3, 4)	<b>60%</b>						
Formative exercises	<b>0%</b>						

	The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. Students are not required to resit failed assessments in this module. Failure to pass the module results in module repeat.
<b>REQUIRED MATERIAL:</b>	Choudhry, M., Moskovic, D. Wong, M. (2014), Fixed Income Markets: Management, Trading and Hedging, 2nd Edition, Wiley
<b>RECOMMENDED MATERIAL:</b>	<p>Tuckman, B. and Serrat, A. (2012), Fixed Income Securities: Tools for Today's Markets 3rd Edition, Wiley</p> <p>Huggins, D. and Schaller, C. (2013) Fixed Income Relative Value Analysis: A Practitioners Guide to the Theory, Tools, and Trades, + Website, Wiley</p> <p>Darbyshire, J. H. M. (2017), Pricing and Trading Interest Rate Derivatives: A Practical Guide to Swaps, Revised Edition, Aitch &amp; Dee Limited</p> <p>Schofield, N.C. and Bowler, T. (2011), Trading the Fixed Income, Inflation and Credit Markets: A Relative Value, Wiley</p> <p>Corb, H. (2012), Interest Rate Swaps and Other Derivatives, Columbia Business School Publishing</p> <p>Bergomi, L. (2015), Stochastic Volatility Modeling, Chapman and Hall, Financial Mathematics Series</p> <p>Burghardt, G and Belton, T. (2005), The Treasury Bond Basis: An in-Depth Analysis for Hedgers, Speculators, and Arbitrageurs, McGraw-Hill Library of Investment and Finance</p>
<b>COMMUNICATION REQUIREMENTS:</b>	Use of financial markets and trading terminology
<b>SOFTWARE REQUIREMENTS:</b>	Bloomberg, Thompson-Reuters, TraderEx, Rotman Interactive Trader, Palisade, MorningStar, Excel, Word, PowerPoint
<b>WWW RESOURCES:</b>	<p>www.bloomberg.com</p> <p>www.reuters.com</p> <p>www.economist.com</p> <p>www.ft.com</p> <p>www.wsj.com</p> <p>www.finance-yahoo.com</p> <p>www.jpmorgan.com</p> <p>www.ubswarburg.com</p> <p>www.ase.gr</p> <p>Federal Reserve Bank Economic Data: <a href="http://wueconb.wustl.edu/EconFaq/EconFaq.html">http://wueconb.wustl.edu/EconFaq/EconFaq.html</a></p> <p>International Central Banking Resource Center: <a href="http://patriot.net/~bernkopf/">http://patriot.net/~bernkopf/</a></p>
<b>INDICATIVE CONTENT:</b>	<ol style="list-style-type: none"> <li>1. The pricing of fixed income securities</li> <li>2. Interest rate risk and hedging</li> </ol>

	<ol style="list-style-type: none"><li>3. Term structure modelling</li><li>4. Yield, duration and convexity</li><li>5. Trading of selected fixed income securities: money market instruments, hybrids, structured securities, bonds with embedded options, TIPS</li><li>6. Bond futures</li><li>7. Swaps</li><li>8. Credit derivatives</li><li>9. Value at Risk</li><li>10. Relative value trading</li><li>11. Hedging strategies</li></ol>
--	--