

Fixed Income Products in Treasury

2 Days

COURSE OVERVIEW

Fixed income markets have changed dramatically in Asia Pacific. Volumes in the swap markets have continued to grow exponentially, securitization has developed and grown, and corporate bond issuance has swept international markets. Such growth and innovation requires professionals in this market to understand an increasingly complex range of products, pricing and risk management techniques and technologies. For most, the future means re-positioning their skills from “plain vanilla” to a multi-dimensional understanding of both simple and complex products, and their inter-relationships.

This course provides a systematic and integrated training on all bond and bond related products available in the market. The program is expressly designed to equip you with the most professional, intensive and active market knowledge in this field.

LEVEL

Intermediate

WHAT WILL I GET OUT OF IT?

- Term structure analysis and the zero coupon yield curve
- Bond pricing methodologies
- Duration and convexity measures
- Bond trading and portfolio management strategies
- Interest rate swaps, caps, floors and collars
- Financial engineering and VaR of bond portfolios

WHO'S IT FOR?

- All fixed income functions
- Corporate treasury
- Audit/product control/risk management/ALM
- Investment management;
- Securitization/syndication
- Regulation/compliance/documentation

COURSE CONTENT

Key Features and Conventions

- Bond types
 - Fixed/floating coupons
 - Discount
 - Convertible
 - Option embedded
 - Strips
 - Hybrid and structured
- Yield and price quote
- PV, FV, discount factors and annuities

Fixed Rate Bonds

- Premium and discount
- Price to yield
- Settlement between coupon dates
- Implied yield

Floating Rate Bonds

- Pricing
- Floating rate margin

Zero Coupon Bonds

- Bonds as portfolio of zeros
- Pricing bonds using zero coupon yield
- Direct bootstrapping
- Pricing new bond issues

Bond Yield Curves

- Term structure theories
- Term structure dynamics
- Monetary policy, interest rates and central banks
- Inflation and yields
- Valuation of bonds
- Relative valuation

Alternative Measures of Returns

- Current/YTM/total return and other yield measures
- Scenario analysis

Bond Price Sensitivity

- Price risk/dollar sensitivity
- Duration
- Convexity and volatility

Portfolio Management

- Portfolio characteristics
- Constructing targeted portfolios
- Holding period yield immunization

Bond Trading and Portfolio Management

- Interest rate expectation
- Relative value trading
- Portfolio management strategies

Foreign Currency-Denominated Bonds

- FX market operations and conventions
- FX vs. yield risk

Option-Embedded Bonds

- Valuation of callable/puttable bonds
- YTC/P vs. YTM
- Price sensitivity

Interest Rate Swaps

- Swap fixed rate
- Value of open swap
- Credit risk
- Swap variations

Derivatives and Financial Engineering

- Forward yields and future prices
- BPV values/hedging
- VaR for bond portfolio:
 - Covariance
 - Historical
 - Monte Carlo
- Bond options
- Eurodollar options
- Caps and floors
- Option value inequalities
- Structured notes
- Reverse engineering
- Decomposing a structured product
- Relationship to the par rate
- The building blocks: bonds, swaps and options