

How the Financial Markets Work

3 Days

COURSE OVERVIEW

This course is designed to give delegates a structured and comprehensive introduction to the current workings of the major international financial markets and products.

Terms, concepts and products are explained as they are introduced and whilst no prior knowledge is required, the course will also be of interest to delegates who wish to consolidate their passive “book learning” with active practice of calculations, formulae, trading techniques and other market conventions.

LEVEL

Introductory

WHAT WILL I GET OUT OF IT?

This course gives participants a thorough understanding of:

- International money flows: How the international financial system works
- Essential financial arithmetic: Time value of money
- Raising long-term debt: Issuing, pricing and market comparisons
- Money markets and syndicated loans
- Fundamentals of foreign exchange, interest rate and currency swaps, futures and options
- Equity markets and key ratio analysis

WHO'S IT FOR?

- New or recent recruits to banking and finance
- Experienced banking and finance staff with new responsibilities in the money or capital markets

COURSE CONTENT

Economy and Financial Institutions

- The national economy
- Economic indicators
- Different types of banks
- Other financial institutions
- Developments in the financial markets

Forecasting Interest Rates

- Fundamental models

- Yield curve theories
- Implied forwards

Time Value of Money

- Present and future values
- Annuity and uneven cashflows
- Using financial calculators

Money Markets

- Types of MM instruments
- Repurchase agreements
- Discount vs. interest bearing
- Short-dated bonds

Bond Markets

- Origination process
- Credit rating agencies
- Major bond markets
- Valuation techniques
- Analyzing cashflows
- Yield measures
- Credit and quality spreads
- Mispriced bonds
- Duration and interest rate risk
- Convexity adjustment

Foreign Exchange Markets

- Spot transactions
- Forwards
- Foreign exchange swaps
- Different types of exposure
- Currency hedging decisions

Equity Markets

- Concept of equity valuation
- Forecasting earnings
- Valuation models
- Equity risk premium

Risk Management Tools

- Forward rate agreement
- Futures contracts
- Options on futures
- Interest rate swaps
- Interest rate options
- Caps and floors
- Currency swaps
- Swaptions

Using Derivatives

- Risk management with derivatives
- Swaps and capital markets
- Asset swaps