

Key Market Concepts

3 Days

COURSE OVERVIEW

This course offers a comprehensive overview of the various key financial concepts applicable in investment and treasury functions. Participants will learn to apply practical techniques and the experience of current practitioners towards building and enhancing their roles in the respective financial services firms.

LEVEL

Introductory

WHAT WILL I GET OUT OF IT?

By the end of the course participants will be able to:

- Achieve a balanced perspective on key financial market concepts with both academic and practical insights
- Bridge a gap between academic concepts and practical usage
- Develop a broad set of knowledge and skills in treasury functions

WHO'S IT FOR?

- Private Bankers and wealth managers.
- Treasury personnel with different roles and functions who want to have a good grounding to key financial market concepts.
- Any finance professionals who want a good, broad understanding of essential market concepts.

COURSE CONTENT

Time Value of Money

- Simple interest and compound interest
- Equivalent rate, effective rate and continuously compounded rate
- Future value (FV), present value (PV), rate of discount and discount factor
- Net present value (NPV) and internal rate of return (IRR)
- Annuity

Zero-Coupon Yield and Yield Curve

- Zero-coupon yield, the spot yield curve and bootstrapping
- Par yield curve
- Forward-forward yield curve

The Money Markets

- Discount rate and true yield
- Value dates, interpolation and extrapolation

Forward-Forwards, FRAs and Futures

- Forward-forward interest rate
- Forward rate agreement (FRA)
- STIR futures contract and margin
- Basis risk
- Spread
- Strip

The Bond and Repo Markets

- Accrued interest, clean price and dirty price
- Money market basis and bond basis
- Yield to maturity
- Current yield and simple yield to maturity
- Bond futures, conversion factor and cheapest-to-deliver (CTD)
- Cash-and-carry arbitrage and implied repo rate
- Zero-coupon security and strip
- Duration, modified duration, price value of a basis point (PVBP) and convexity
- Hedge ratio
- Repo and reverse repo
- Haircut and margin
- Sell/buy-back and buy/sell-back
- Securities lending/borrowing

The Swaps Markets

- Interest rate swaps (IRS)
- Asset swap and liability swap
- Currency swap

Foreign Exchange

- Cross-rate
- Forward outright and forward swap
- Short dates
- Forward-forward exchange rate
- Non-deliverable forward (NDF)

Options

- Calls and Puts
- Black and Scholes Pricing Model
- Historical and implied volatility
- Binomial pricing model
- Put/call parity
- Cap, floor, collar and zero-cost option
- Break forward, range forward and participating forward
- Option trading strategies: Straddle, strangle, butterfly, condor, ratio spread and risk reversal
- Barrier options: Knock-out option and knock-in option
- The Greeks: Delta, gamma, vega, theta and rho

Risk Management

- Variance and standard deviation
- Correlation and covariance
- Value at risk
- Capital adequacy ratio