INTRODUCTION

Banks and other financial institutions increasingly use derivatives to trade and transfer risk. Extreme volatility in the financial system has led to an increase in trading opportunities and derivatives are the preferred products to take advantage of these opportunities.

Managing risk is also a key area in which financial institutions are focusing recourses. Derivative products are used to manage risk and strategies involving derivatives are being developed to adapt to changing business conditions.

AIMS

The aim of this course is to provide you with a strong understanding of derivative markets and the main types of products traded within them. The course will focus on forwards, futures, options and swaps related to interest rate, foreign exchange, equity and commodity markets.

Student will learn how instruments are priced, how they are traded and how they are used to generate profits and hedge financial risks.

METHODOLOGY

The course is made up of eight sessions which combines lectures, exercises and real life case studies. We balance theory and practice by examining the valuation of interest rate derivative products and then applying strategies to trading scenarios and risk management decisions in the workplace.

EVALUATION

Each participant will be evaluated according to the acquired knowledge on the pertinent subject and the quality and consistency of their participation:

- 40% of the final grade will be based in written assignments during the course.
- 40% will be based with a final exam.
- 20% will be based on the quality and consistency of the participation.

No matter how high the evaluation on the participation may be, in order to get a passing grade on the subject the participant needs to pass the written part of the evaluation.
BIBLIOGRAPHY

- Options, Futures, & Other Derivatives; John Hull.

- The futures game, who wins, who losses, why. Richard Teweles; McGraw Hill.

- Options, essential concepts and trading strategies; The Options Institute; Chicago Board Options Exchange (CBOE).

- Option Volatility & Pricing: advanced Trading Strategies and Techniques; Sheldon Natenberg; Probus.

- When Genius Failed: The Rise and Fall of Long-Term Capital Management; Roger Lowenstein; Random House.

- Principles of Corporate Finance; Richard Brealey, Stewart Myers, Marcus Alan; McGraw Hill.