Fixed Income Securities

Module Code: ECO00056M  Credits: 10  Term: 1

Contact Hours: 16 Lectures, 4 Seminars (20 contact hours)

Module Organiser: Dr. A. Golinski

Overview:
This module will familiarize you with a thorough knowledge of the fixed income securities and techniques available for fixed income securities analysts who want to use it for investing, market-making or speculating. Fixed income markets and instruments will be overviewed in detail and you will be taught the concepts of bond portfolio management. Both economic intuitions and practical implications will be emphasized.

Topics include:
- Introduction to interest rate modelling
- Fixed income risk management
- Arbitrage free models
- Market models
- Fixed income derivatives
- Mortgage Backed Securities

By the end of the course you’ll have the skills to efficiently price various fixed income products and a good understanding of the main term structure models pros and cons.

Aims:

Knowledge and understanding
Having successfully completed the module, you will be able to demonstrate knowledge and understanding of the main theories and techniques underlying the valuation of fixed income securities. You will be able to analyse financial market data and to do the valuation of fixed income securities and their organization into portfolios. Also, you will be able to evaluate recent methods of fixed income securities evaluation and portfolio performance measurement.

Syllabus:
Types of fixed income securities and the main market
Yield measurements and bond prices sensitivities
Yield curves and term structure theories
Bond portfolio management
Mortgage, mortgage backed securities and asset backed securities

Assessment:

There will be a two hour unseen examination in the Spring Term.
Pre-requisites:
None.

Comments:
This course is quantitative in nature and some mathematical derivations will be carried out. Students are expected to be familiar with basic mathematics, statistics and economics and some basic concepts of investment management.

Main Textbook: