

Course syllabus

Räntebärande tillgångar Fixed Income Securities

EXTF30, 7,5 credits, G2 (First Cycle)

Valid for: 2023/24

Faculty: Faculty of Engineering, LTH

Decided by: PLED I

Date of Decision: 2023-04-14

General Information

Elective for: I4

Language of instruction: The course will be given in Swedish

Aim

Students shall have demonstrated a thorough understanding of how the fixed income markets function and shall have acquired the ability to explain the basic logic behind the models and analytical tools used by actors in the this market. Particular focus lies on Swedish fixed income markets.

Learning outcomes

Knowledge and understanding

For a passing grade the student must

have a good understanding of:

- pricing of simple debt instruments such as bills, notes and bonds,
- the relationship between short-term and long-term interest rates,
- the relationship between forward and spot markets (fixed income),
- basic fixed income risk management,
- duration analysis,
- value-at-risk analysis
- the link between the foreign exchange market and the fixed income market,
- forwards and futures in the currency market,
- prediction of exchange rates,
- important relationships that describe the link between fixed income and currency markets in different countries,

- advanced fixed income and credit instruments and markets,
- credit risk.

Competences and skills

For a passing grade the student must

have the ability to independently:

- structure and defend a complex theoretical argument,
- use theories and concepts to price simple fixed income instruments,
- use theories and concepts to manage the risk of simple fixed income instruments,
- explain important events in the fixed income market,
- use simple computer tools.
- report results in written form.

Judgement and approach

For a passing grade the student must

Students shall have the ability to pursue further studies in the subject and should be able to search for and evaluate information with a high degree of independence.

Contents

The course is divided into three parts. The first part contains a description of the Swedish fixed income market, where the function of basic fixed income instruments and markets is explained. In the second part students study the risk management of both individual fixed income assets and of portfolios of such assets. The third part treats the international fixed income market. The foreign exchange market and its link with the national fixed income markets are also discussed.

Examination details

Grading scale: TH - (U,3,4,5) - (Fail, Three, Four, Five)

Assessment: The examination consists of a written exam and computer exercises. The written exam takes place at the end of the course. There will be further opportunities for examination close to this date. Points from the computer exercises can only be carried forward to examinations taken the same term.

The examiner, in consultation with Disability Support Services, may deviate from the regular form of examination in order to provide a permanently disabled student with a form of examination equivalent to that of a student without a disability.

Admission

Admission requirements:

- EXTA40 Introduction to Microeconomic Theory

The number of participants is limited to: No

The course overlaps following course/s: NEKB25, NEKG81

Reading list

- Asgharian, Hossein och Lars Nordén: Räntebärande instrument: värdering och riskhantering. Studentlitteratur, 2007.
- Supplementary material.

Contact and other information

Course coordinator: Professor Hans Byström, hans.bystrom@nek.lu.se

Course homepage: <http://www.nek.lu.se>

Further information: Identical with NEKG81