



## Fixed Income Markets I - Day

Once considered a safe haven, fixed income investing now presents an array of choices for every risk profile. This course gives a comprehensive overview of the fixed income market.

It covers basic bond terminology, bond fundamentals, yield calculations and the specifics of corporate, government and municipal bonds. Designed for those new to the bond market, as well as for those in related areas of the business seeking to expand their knowledge of this market. For personnel in sales, portfolio management, research, operations, and systems.

### Available Session(s):

**15-Sep-2008 -- 15-Sep-2008** New York USD \$1475

NY Institute of Finance - 9:00am - 4:30pm Mon  
Downtown

Instructor(s):[Angelo DeCandia; ]

**03-Nov-2008 -- 03-Nov-2008** New York USD \$1475

NY Institute of Finance - 9:00am - 4:30pm Mon  
Midtown

Instructor(s):[Angelo DeCandia; ]

**17-Nov-2008 -- 17-Nov-2008** Stamford USD \$1475

NY Institute of Finance - 9:00am - 4:30pm Mon  
Stamford, CT

Instructor(s):[William Addiss; ]

**08-Dec-2008 -- 08-Dec-2008** San Francisco USD \$1475

NY Institute of Finance - 8:30am - 3:30pm Mon  
San Francisco

Instructor(s):[Richard F. Clements; ]

**15-Dec-2008 -- 15-Dec-2008** New York USD \$1475

NY Institute of Finance - 9:00am - 4:30pm Mon  
Midtown

Instructor(s):[Angelo DeCandia; ]

17-Dec-2008 -- 17-Dec-2008 Chicago USD \$1475  
NY Institute of Finance - 9:00am - 4:30pm Wed  
Chicago  
Instructor(s):[Michael Bruno; ]

## **Targeted Audience**

Sales personnel, junior research analysts, operations and systems staff, new entrants to fixed income markets, finance analysts and corporate bankers.

## **Special Offer**

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email [uscirculation@ft.com](mailto:uscirculation@ft.com). US and Canada enrollees only.

## **Advance Preparation**

No advance preparation required.

## **Prerequisites**

Financial calculator required.

## **Learning Objectives**

Students will be able to:

- Describe the fixed income market, characteristics, features and risks of fixed income securities
- Explain the basics of bonds
- Explain a conceptual framework for fixed income investing and the risk involved
- List the fixed income products available to your clients and discuss their specific suitability
- Understand and describe Federal Reserve policies and activities and their impact on fixed income markets
- Describe the current public credit ratings used for fixed income products
- Understand bond prices, including percentage values, quotation conventions, conversions and premium pricing
- Understand accrued interest and standard payment dates, trade and settlement dates, accrued interest calculations
- Calculate nominal yield, current yield, real yields and yield to maturity
- Understand duration analysis - definition, calculation, interpretation, limitations and advantages

## Alumni Comments

*"It was a good overview of fixed income markets."*

*"The instructor was very knowledgeable and was able to convey complex information well."*

*"Instructor's knowledge, professionalism and experience/insight"*

*"Knowledge of instructor, energy in class, practicality of subject matter"*

*"Speaker - can't wait to take Fixed Income II"*

## Follow-Up Courses

Fixed Income Markets II - Day

Fixed Income Markets II - Evening

**Level:** Basic

**CPE Credits:** 7

**Instructional Method:** Group-Live

## Detailed Outline

### Size and importance of the bond market

- Debt market
- Equity market

### Major debt market categories

- Money markets
- Capital markets

### Choice of equity or debt for capital formation

- Condition of the company
- Condition of the market place
- Nature of the need for funds

### Tax advantages/disadvantages

- Loss of financial flexibility through leverage
- Deduct interest payments
- Dividends paid from after-tax income
- Regulatory restraints on bank lending

### Issuers

- Foreign governments and firms

### U.S. government securities & agency issues

- Types of issues
- Primary government security dealers
- The treasury auction
- The secondary market
- The Government securities yield curve

### The corporate bond markets

- Types of issuers
- Utility; transportation; financial; telecommunication; industrial

### Municipal securities

- Definition
- Taxation
- Types of issuers
- Credit risk and credit ratings
- The secondary market

### Mortgage securities

- Traditional mortgage
- Government agencies
- Lenders

- Domestic corporations
- Municipal governments
- Federal governments and its agencies

### **Bond fundamentals**

- Par value
- Maturity
- Interest rate
- Interest payment

### **Bond pricing**

- Percentage values
- Quotation conventions
- Converting prices to dollar amounts
- Premium price

### **Accrued interest**

- Standard payment dates
- Trade date and settlement date
- Different market conventions for treasuries
- Calculation

### **Yield calculations**

- Yield vs. return vs. interest rate
- Nominal yield
- Current yield
- Real yields
- Price and yield
- Yield to maturity

### **Duration Analysis - Introduction**

- Definition
- Calculation - explained
- Interpretation
- Limitations/advantages

### **Risks in the market**

- Reinvestment risk
- Inflation risk
- Call risk
- Interest rate risk
- Sector risk
- Liquidity risk
- Event risk
- Sovereign risk

- Borrowers
- CMOs

### **Other asset backed securities**

- Credit cards
- Auto loans
- Student loans
- Corporate debt

### **Yield curves**

- Definition of yield curve
- Determinants of shape of yield curve
- Shape of yield curve and market expectations
- Spreads between yield curves

### **The economy**

- Business cycles
- Monthly indicators
- Watching the Fed

### **Fiscal policy**

### **Monetary policy**

- Concept of reserves - money creation
- Transmission process to the economy
- Key interest rates
- Impact on security yields

### **Role of the Federal Reserve in the American economy**

#### **Structure of the Federal Reserve**

- Board of Governors
- The FOMC
- 12 Federal Reserve Banks

#### **Targets and Goals**

- Reserve management
- Short run targets - reserves and rates
- Intermediate targets - money supply
- Final goals - credit flows and the economy

#### **Tools of the Fed**

- Reserve requirements

### **Credit/investments risk**

- Credit risk vs. market risk
- Market performance: a function of rating

### **The rating services**

- Moody's
- Standard & Poor's
- Fitch Investor's Services
- External research analysis firms
- Research departments

### **Structure of an issue**

- Secured vs. unsecured bond
- Senior vs. subordinated bond
- Callability
- Structure of the call feature
- Sinking fund
- The indenture
- Notes vs. bonds
- Serial borrowing
- Term borrowing
- Bullets
- Basic elements - rate, time, principal return

### **The money markets**

- Types of issuers
- Issued as discount
- Less than one year maturities

- Discount rates
- Open market operations
- Margin requirements

### **Role of the New York Fed**

- Demand and supply for reserves
- Operations
- Primary Reporting Dealers

### **The Federal funds market**

- Importance of Federal funds
- Defined as a security
- Methods of Federal funds exchange

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### **Key interest rates**

- Discount rate
- Fed funds rate

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For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.