



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.

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 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

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"

"The content and material are quite relevant and applicable."

Follow-Up Courses

Fixed Income Markets II - Day

Fixed Income Markets II - Evening

Level: Basic

CPE Credits: 14.0

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

Bond fundamentals

- . Par value
- . Maturity
- . Interest rate
- . Interest payment

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
- . Borrowers
- . CMOs

Other asset backed securities

- . Credit cards
- . Auto loans

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

Credit/investments risk

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

- . 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

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

Key interest rates

- . Discount rate
 - . Fed funds rate
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Schedule Note

The session being offered on July 16, 2012 is a special one-day version of this course that is being offered as part of the Global Markets Sales & Trading Program and Fixed Income Suite. Please be advised that all content listed in the Detailed Outline below may not be covered in the single-day offering and the number of CPE credits awarded for this special session is 7.0.

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