



Yield Curve Analysis

The bond market changes daily. Specifically, the yield curve changes daily. This course addresses these movements which cause changes in investor attitude, the relative value of certain products, and the appeal of certain investments over others.

This program provides an overview of the foundations and application of various types of yield curves. Part of the program will deal with theoretical issues such as the determinations of the level and shape of the term structure of interest rates, as well as the relationship between changes in the shape of the curve or the spread between the curves. The focus will be on the mathematics of yield curves, the related analytic tools and methodologies. For those involved in fixed income sales or related instruments or supporting trading or portfolio management of such instruments.

Targeted Audience

Trade support, sales assistants, and portfolio management assistants.

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

Fixed Income Markets I and II or equivalent knowledge. Financial calculator required.

Learning Objectives

Students will be able to:

- . Review the various shapes of the yield curve and their implications
- . Understand the concept of "Risk Free" curve as a benchmark
- . Delineate the various yield curves, and their construction including: "On the run" curve, Spot Curve, Credit Curves
- . Understand the construction of a "swaps curve" and its implications as a benchmark
- . Understand the role of the FOMC, Federal Funds, and their impact to the shape of the yield curve

Alumni Comments

"Very interesting. The instructor kept the class interested and involved, and he related topics to current markets."

"Very good overview into dense subject matter."

"Very useful for tech background personnel to get an in depth understanding of FI markets."

"The course content is up to date. Very good course!"

"Really great teacher with excellent background and intellectual style linking the yield curve to fundamentals - ytm, spot rates, forward rates, also more about duration"

Level: Intermediate

CPE Credits: 7.0

Instructional Method: Group-Live

Detailed Outline

Yield Curve Analysis

Introduction and Overview

- . Yield Curve Fundamentals
- . Financial and Economic Implications
- . Interpreting the Shape of the Curve, Supply, and the Business Cycle
- . Various Curves Risk Free Curves(

Types of Curves

- . Corporate
- . Mortgage
- . Credit

Bond Pricing, Yields and Rates of Return

- . Understanding Yields (YTM, Current, YTC)
- . Fixed Income Pricing Conventions (Internal Rate of Return)
- . Demystifying Duration

Analysis of Risk and Return

- . Looking at Non-Parallel Shifts in the Curve
- . Trading Applications: Trading the Curve
- . Portfolio Applications

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