



## Global Trader Simulation - 3 Day

In this three-day, intensive simulation, participants will develop and implement an integrated trading strategy for managing foreign exchange and interest rate risks in a dynamic market. They will generate trading results in a variety of net exchange positions and interest rate gaps, using current market practices. Participants will also build their risk assessment skills in structuring and pricing derivatives solutions to hedge currency exposure. Using an options pricing model, participants will manage an options portfolio and develop a practical understanding of how to assess options pricing sensitivities, stress testing and delta hedging techniques.

### Available Session(s):

No sessions currently available. Email [customerservice@nyif.com](mailto:customerservice@nyif.com) to get the next available date.

### Targeted Audience

Relationship managers responsible for structuring and selling derivatives solutions to manage currency risk; Risk managers responsible for measuring, reporting and managing market risks in options and net exchange positions, including interest rate gaps; Traders and sales professionals with a desire to broaden and deepen their understanding of foreign exchange and money markets and products ; Personnel providing support to any trading/sales areas; Audit and financial control

### 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

None

# Learning Objectives

Students will be able to:

- Develop and implement an integrated trading strategy that includes net exchange positions in a variety of currencies and manage multiple cash accounts in moving markets
- Make a market by quoting two-way prices and executing trades in spot, forward and FX swap contracts, interest rates in a multitude of different tenors and options on FX rates
- Identify and measure profits/losses and market risks in their own net exchange positions and interest rate gaps from a daily review of trading reports that are the same as current best practices
- In response to a series of news alerts, price and execute a series of options, analyze profit/loss effects to changes in option price sensitivities, stress test options portfolio and review delta hedging techniques

**Level:** Intermediate

**CPE Credits:** 21.0

**Instructional Method:** Group-Live

## Detailed Outline

### Day 1

#### **Structure of FX and money markets in financial centers**

- major players and their respective roles
- impact of key economic indicators on level for FX and interest rates
- currency quotations
- standard dealing dates
- calculations on simple and compound interest rates

#### **FX quoting and positioning**

- market maker vs. price taker/bid vs. offer
- trending techniques
- arbitrage
- FX cash flows
- net exchange position (NEP)

*Quick Quizzes: (1) Market maker vs. price taker, (2) Trending; (3) NEP and (4)*

### Day 2

*Review final reports from Trading Session 1: (1) on/off balance sheet accounts, (2) FX profits & losses, (3) MM profits & losses, (4) cumulative future cash flows, (5) exchange and liquidity blotter*

#### **FX Forwards**

- define obligations/cash flow implications in FX forward agreements
- forward rate calculations
- fully hedged FX forward positions
- common value dates
- P/L calculation on forward NEP
- impact of forward trades on exchange and liquidity blotter

#### **Global Trader Simulation**

· Trading Session 2 - FX spots, FX forwards & MM gaps

*Mark-to-market calculations*

### **Money market quoting and positioning**

- definition, types and risks inherent in money market gaps
- gapping strategies
- quoting vs. calling bank
- money market cash flows

*Quick Quizzes: (1) Simple vs. compound interest calculations, (2) GAP Reports and (3) Cost-to-close calculations*

### **Global Trader Simulation**

- demo of simulation software/rules
- Trading Session 1 - FX spots and MM gaps

*Review final reports from Trading Session 2: (1) on/off balance sheet accounts, (2) FX profits & losses, (3) MM profits & losses, (4) cumulative future cash flows, (5) exchange and liquidity blotter*

---

## **Day 3**

### **Structure of derivatives markets and products**

- Major derivatives markets and common characteristics in products
- Growth in FX derivatives structures
- Exposure management concepts and graphing techniques
- Best practices in derivatives marketing process and sales cycle

### **FX rate risk management using forwards**

- Identify and diagram common currency risk exposures
- Structure and price hedges using FX forward contracts
- Pay-off profiles in FX forward contracts
- Telecom Cases (I, II and III)

### **FX rate risk management using single and combination options strategies**

- Basic options terminology
- Options pricing sensitivities in Black-Scholes and pricing models

- FX rate risk hedges using single option strategies and combinations of options (i.e. caps, floors and collars)
- Pay-off profiles in FX options positions and effect on underlying exposure
- Comparative analysis between FX forwards, single option structures and/or combinations of FX options
- Telecom Cases (IV and V)

*Options Game - Given different client exposures, participants will price a series of options, analyze premium changes to option price sensitivities, stress test options positions and review delta hedging techniques.*

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