

Fixed Income Securities and Credit Risk

Module Code:	AFE7018-A
Academic Year:	2018-19
Credit Rating:	10
School:	School of Management
Subject Area:	Accounting, Finance and Economics
FHEQ Level:	FHEQ Level 7 (Masters)

Pre-requisites:

Co-requisites:

Contact Hours

Type	Hours
Lectures	12
Tutorials	12
Directed Study	74.5
Examinations DO NOT USE	1.5

Availability Periods

Occurrence	Location/Period
BDA	University of Bradford / Full Year (Sept - Aug)
BDA	University of Bradford / Semester 2 (Feb - May)

Module Aims

Fixed Income Securities and Credit Risk develops a critical understanding of fixed income securities, the organizational structure of bond markets and the way in which securitisation creates contagion concerns. The course will consider in detail the way that the economic environment influences interest rates

Outline Syllabus

Overview of fixed income markets and securities;
- Term structure and volatility of interest rates

- Bonds with embedded options;
- Structured Securities: Mortgage and asset-backed securities, sectors and valuation;
- Fixed Income Derivatives;
- Systematic Risk and Contagion
- Pricing Risk
- Bond Portfolio Management
- Strategies and Performance Measurement: Indexing, Liability
- Systematic risk and contagion
- Securitisation and risk

Module Learning Outcomes

On successful completion of this module, students will be able to...

- 1
 - 1a. Critically discuss the institutional structure and behaviour of fixed income markets;
 - 1b. Illustrate the ways of estimating and managing interest rate and credit risk;
 - 1c. Explain the factors that affect interest rates and critically comment on the efficiency of fixed income markets.
- 2
 - 2a. Analyse the economic factors that influence short and long-term interest rates and credit spreads;
 - 2b. Construct active and passive bond portfolios optimally;
 - 2c. Critically discuss the main strategic and derivatives-based strategies that organisations can use to manage interest rate and credit risks;
- 3
 - 3a. Deal with complex issues systematically as well as acquire and analyse data and information and evaluate its relevance and validity;
 - 3b. Work effectively in teams to resolve problems and achieve objectives.

Learning, Teaching and Assessment Strategy

There will be a staff-led lecture each week followed by a student-led seminar. Lectures will cover core institutional detail, theory and empirical evidence to motivate students own research and reading. In the seminars students will be asked to relay the results of this research, as a group and/or individually, or to discuss the solutions to pre-prepared exercises. There will also be sessions in the Bloomberg Laboratory, and using the statistical package R, to get a better feel for the way in which analysis is conducted in the financial industry. The directed study will consist of personal reading, preparation for lectures, seminars, assessment and discussions with peers. Learning will also be supported by the use of VLE and students will be required to participate in discussions via VLE discussion board. Oral feedback will be provided during seminar sessions and written feedback will be provided via assessment of group coursework and selected tutorial work. The module is assessed by a group assignment and a final exam. The group assignment will enable students to collaborate in working through a more complex application of the material, through the detailed analysis of real-world bond market data and associated risk variables. Students are also required to present their coursework in the classroom. An individual assignment will replace the group assignment at the supplementary level. The assignments and the exam are designed to test all the learning outcomes listed below (1a, 1b, 1c, 2a, 2b,

2c, 3a and 3b).

Mode of Assessment

Type	Method	Description	Length	Weighting	Final Assess'
Summative	Examination - closed book	Closed book examination	1.5 hours	70%	Yes
Summative	Coursework	Group coursework (2500 words); Supplementary assessment: Individual coursework (1000 words)	0 hours	30%	No

Legacy Code (if applicable)

MAN4261M

Reading List

To view Reading List, please go to [rebus:list](#).