Bond Pricing
Term Structure of Interest Rates - Expectations Hypothesis
Elasticity of Bond Price with Respect to Interest Rates - Duration
Banks’ Financial Statements
Measuring Interest Rate Risk: Funding Gap and Duration Gap
Hedging Interest Rate Risk using Financial Futures
Interest Rate Swaps
Credit Crisis
Money Creation
Know the Basics

- Bond Prices: Determined by the PDV of cash flows.
- Duration: Derived by considering a bond as a portfolio of zero coupon bonds.
- Expectations Hypothesis: Replace future values with expected values.
- Financial Statements: ROA, ROE, NII, NIM.
- FGAP - managing NIM.
- DGAP - managing net worth.
- Financial futures: buy low, sell high.
- Interest rate swaps: comparative advantage in borrowing.
- Credit Crisis - mainly vocabulary
- Money Creation: the role of the Fed and banks
For Exam

- Bring Blue Book.
- Understand homeworks...you will be prepared.
- Basic calculator will be helpful.