

FIN 4243 - FALL 2017
Tentative Course Outline

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COURSE OVERVIEW.

This course covers fixed income securities, financial institutions involved in the fixed income markets, and important public policy questions affecting the fixed income markets.

READINGS.

Bonds and Bond Derivatives by Miles Livingston, Blackwell Publishing, Second Edition, 2005. Updates of a number of the chapters are available on the class e-learning website.

TOPICAL OUTLINE AND READING ASSIGNMENTS: Note L means Livingston book. E-learning Notes are posted on the class website. Students are expected to read the assigned chapters before they are covered in class.

Class Meetings

- 1 Information, Introduction - E-Learning Notes.
- 2 Financial Crisis 2007-2008; Determinants of Interest Rates - E-Learning Notes. Chapter 1.
- 3 Bond Issuers; Central Banks - E-Learning Notes. Chapter 2.
- 4 Financial Intermediaries; Banks and Thrifts - E-Learning Notes.
- 5 Financial Intermediaries.
- 6 Time Values (Flat Term Structure), L CH 4.
- 7 Time Values.
- 8 Money Market Instruments and Rates, L CH5.
- 9 EXAM 1.
- 10 The Risks of Changing Interest Rates, L CH 6.
- 11 Bond Prices (Nonflat Term Structure), L CH 7.
- 12 Bond Prices (Nonflat Term Structure), L CH 7.
- 13 Arbitrage for Bonds, L CH 8.
- 14 Arbitrage for Bonds, L CH 8.
- 15 The Term Structure, L CH 9. Bond Portfolio Strategies.
- 16 Default Risk, L CH 10.
- 17 EXAM 2.
- 18 Options, L CH 11.

- 19 Credit Default Swaps. E-Learning Notes.
- 20 Mortgages, E-Learning Notes.
- 21 Mortgages, E-Learning Notes.
- 22 Futures Contracts, L CH 14.
- 23 Futures Contracts, L CH 14. Clearinghouses.
- 24 Financial Futures, L CH 15.
- 25 Exchange Rates and Investment Returns, L CH 17.
- 26 EXAM 3.

HOMEWORK.

For many of the chapters, homework problems are assigned. See the list below. It is important to do homework problems when they are assigned. Do not wait until the day before the exam. Students are discouraged from cramming just before exams.

HOMEWORK PROBLEMS.

- Chapter 1: 3-5.
- Chapter 2: 4-7.
- Chapter 4: All.
- Chapter 5: 3, 4.
- Chapter 6: 1, 2, 7-10.
- Chapter 7: All.
- Chapter 8: All.
- Chapter 9: 5-12.
- Chapter 11: 1a-1h.
- Chapter 13: 1-6, 13-16.
- Chapter 14: 1-7, 10-14.
- Chapter 15: All.
- Chapter 17: 2-6.

GRADING.

Semester grades will be based upon the average score for three exams.

Final Grade	Approximate % needed to earn the grade
A	93%
A-	90%
B+	87%
B	83%
B-	80%
C+	77%
C	73%
C-	70%

D+	67%
D	63%
D-	60%
F	Below 60%

MAKEUP EXAMS.

There are no makeup exams for the first two exams. If a student misses one of these two exams because of a timely documented medical or family problem, the grade will be based upon the other two exams. If a student misses the third exam because of a family or medical problem, the grade for the semester will be an Incomplete.

CALCULATOR.

A financial calculator is required. I recommend an HP 10bII or Texas Instruments BA II Plus. Please bring a calculator to every class.

E-LEARNING WEBSITE.

There are Notes, PowerPoint slides, answers to the homework problems in the textbook and old exams typically with answers on the e-learning website. I would suggest downloading these items from the web site to your hard drive, CD, or flash drive, and then printing if desired. It is possible that there are some mistakes on the posted material. Please notify me as soon as possible about any mistakes.

PBS VIDEOS.

I plan to show several PBS videos in class. You are responsible for a basic knowledge of these videos. These are also available online. There is a list on the e-learning website.

ATTENDANCE AND CELL PHONES.

Attendance will not be taken. Please do not use your cell phones during class. If you need to use your cell phone, please go outside the classroom.

ACADEMIC HONESTY.

Any sort of cheating will absolutely not be tolerated! Cheating includes sharing information about quizzes and exams with students in other sections. If you become aware of any tested students conveying information to students in later sections, please report this to me. However, when it comes to homework, you are allowed and are encouraged to work with other students.