INTEREST RATE RISK MANAGEMENT
FINANCE 6547

Warrington College of Business
University of Florida

David T. Brown
William R. Hough Professor of Finance
392-2820
david.brown@warrington.ufl.edu

Class:	Monday and Wednesday 9:35 - 11:45 AM	STZ 103
Office Hours:	Monday and Wednesday 8:30 - 9:30 AM	STZ 303G

Course Overview and Philosophy.

This course covers a variety of topics relating to interest rate risk management and derivative securities. The course discusses interest rate risk management in the context of immunization, futures and swaps. Considerable emphasis will be placed on motivations to manage interest rate risk and case analysis.

Students are expected to have read the assigned readings and lecture notes prior to class. The class will move along at a rapid pace and cover some very advanced topics. If you have trouble understanding any material it is your responsibility to ask questions in class or seek outside help from the instructor. Absent any feedback from the class other wise, I will assume that all students are comfortable with the material and the pace of the course.

Readings.

The text for this course is the custom version of Bond Markets, Analysis and Strategies, by Frank J. Fabozzi used in the Finance 6545 class.

Two course packets are available for purchase at Target Copy. One packet contains technical notes, lecture outlines, and the case discussion questions the second packet contains the Harvard Cases.

Grading.

Your course grade will depend on your score on two homework assignments, three case preparations, a midterm exam and a final exam detailed below. ***All graded exercises are individual work. It is a violation of the University of Florida Honor Code to consult other students on these assignments.***

Item	Date	Percent of Course Grade
Assignment One	11/6	20%
Assignment Two	11/20	20%
Union Carbide Case	12/4	5%
GM Case	12/6	5%
Banc One Case	12/6	5%
Midterm Exam	11/8	20%
Final Exam	12/13	25%

Course Outline

10/23/17 – Financial Futures

Lecture Presentation	Technical Notes(s)	Other Readings
Financial Futures	Financial Futures	

10/25/17 – Bond Futures

Lecture Presentation	Technical Notes(s)	Other Readings
Bond Futures	Bond Futures	Fabozzi: Interest Rate Derivative Strategies

10/30/17 and 11/1/17 – Interest Rate Swaps

Lecture Presentation	Technical Notes(s)	Other Readings
Interest Rate Swaps	Interest Rate Swaps	

11/6/17 – Swaptions and Exotic Swaps

Lecture Presentation	Technical Notes(s)	Other Readings
Swaptions	Swaptions	
Exotic Swaps	Exotic Swaps	

11/8/17 – Midterm

11/13/17 – Liability Driven Investing

Lecture Presentation	Technical Notes(s)	Other Readings
LDI	LDI	
RDI	RDI	

11/15/17- Derivative Overlay Strategies

Lecture Presentation	Technical Notes(s)	Other Readings
OPERS Derivative Strategies	Derivative Portfolio Strategies	

11/20/17 – Equity Duration

Lecture Presentation	Technical Notes(s)	Other Readings
Equity Duration	Equity Duration	

11/22/17 – Immunization

Lecture Presentation	Technical Notes(s)	Other Readings
Immunization	Immunization	

11/27/17 - Treasury Inflation Protected Securities

Lecture Presentation	Technical Notes(s)	Other Readings
	TIPs Inflation Protected Bonds: The Algebra of Returns	

12/4/17 – **Union Carbide Corporation Interest Rate Risk Management**
Harvard Business School Case: 9-294-057

12/6/17 - **Liability Management at General Motors**
Harvard Business School Case: 9-294-057

12/6/17 - **Banc One Corporation**
Harvard Business School Case: 9-294-079

12/14/16 **Final Exam**