IB9Y0-15 Financial Markets and Instruments

26/27

Department
Warwick Business School
Level
Taught Postgraduate Level
Module leader
Rory Mullen
Credit value
15
Module duration
10 weeks
Assessment
10% coursework, 90% exam
Study location
University of Warwick main campus, Coventry

Description

Introductory description

After a short introduction to financial systems, we discuss interest rates and term structure, and the role that central banks play in influencing interest rates. In the context of central banking, we discuss ethical issues around central bank policy goals and implementation. After understanding the basics of interest rates, we study fixed-income securities. We then turn to equity markets and stocks, where we consider how stocks are priced and whether those prices are efficient. In the context of stock markets, we discuss how regulators incentivize ethical behavior for market participants, and how regulation can improve market efficiency. We then consider mortgage markets and securitization, and touch briefly on the financial crisis of the late 2000s. After mortgages, we turn to foreign exchange markets and currency exchange rates. To round out our coverage of financial markets and instruments, we discuss derivative instruments and their use in risk management. Finally, we turn to financial intermediation, where we discuss commercial and investment banking and mutual funds. In the context of financial intermediation, we again discuss how regulators influence financial intermediation and help norms for ethical business practices. In most weeks, you will have a set of problems to solve or a case study to consider, as well as textbook chapters and academic papers to read.

Module web page

Module aims

This module is a master level course designed to analyse financial products, financial markets, financial organizations, and the regulation of products, markets, and organizations. Topics addressed include: financial markets such as equity, fixed-income, and derivative markets; financial intermediation such as commercial baking; financial organizations/services such as mutual funds and hedge funds; central banking and monetary policy; international financial markets and organizations, and current and emerging trends in financial markets.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

- Introduction to Financial System
- Interest Rates and Term Structures
- Central Banking, Monetary Policy, and Regulation
- Money Markets and Bond Markets
- Mortgage Markets
- Equity Markets and Regulation
- Derivative Markets
- Commercial Banking and Regulation
- Mutual Funds and Hedge Funds and Regulation

Learning outcomes

By the end of the module, students should be able to:

- Demonstrate comprehensive knowledge of financial markets and instruments - especially mechanics, risks and motivations of different markets and instruments, e.g., equity, fixed-income, derivatives, and mortgage markets - and financial systems, such as banking and financial intermediaries.
- Demonstrate a comprehensive knowledge of the role of Federal Reserve and the impact of monetary policy on interest rates and behaviour of financial markets
- Demonstrate a comprehensive understanding of the trading and portfolios by institutional investors such as mutual funds and hedge funds.
- Demonstrate a comprehensive understanding of how regulation helps to incentivize ethical behaviour and improve market efficiency.
- Critically analyse the relation between federal funds rate and other various interest rates

Indicative reading list

Reading lists can be found in Talis

Subject specific skills

Identify and evaluate the distinctive roles and motivations for the different financial markets
Evaluate the way of risk management by mutual funds and hedge funds
Evaluate the risk and return profiles of various investments made by mutual funds and hedge funds
Demonstrate the mechanics in details of instruments, such as stock, bond (government and corporate, nominal and real), option, futures, swaps, and structured-products (mortgage-backed securities)

Transferable skills

Written communication

Study

Study time

Type	Required
Lectures	10 sessions of 1 hour (7%)
Seminars	9 sessions of 1 hour (6%)
Other activity	10 hours (7%)
Private study	48 hours (32%)
Assessment	73 hours (49%)
Total	150 hours

Private study description

Self study to include pre-reading for lectures and seminars

Other activity description

1 hr per week will be either a face to face lecture or asynchronous tasks with either online or face-to-face support

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group D5

	Weighting	Study time	Eligible for self-certification
Assessment component			
Class participation	10%	8 hours	No
Reassessment component is the same			
Assessment component			
Centrally-timetabled examination (On-campus) • Answerbook Pink (12 page) • Students may use a calculator	90%	65 hours	No
Reassessment component is the same			

Feedback on assessment

Feedback via My.WBS

Past exam papers for IB9Y0

Availability

Courses

This module is Core for:

- Year 1 of TIBS-N1F5 Postgraduate Taught Business and Finance