

FIN 4243  
Course Outline

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Stuzin 315D  
Office Hours: M, W Period 2

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READINGS: Bonds and Bond Derivatives by Miles Livingston, Blackwell Publishing, Second Edition, 2005.

GRADES: Three exams. The first 2 exams will count 20% each and the third exam will count 60% of the total grade.

TOPICAL OUTLINE: Note L means Livingston book.

CLASS MEETINGS

- 1 Information, L Introduction
- 2 Determinants of Interest Rates, L CH 1
- 3 Issuers and Issue Procedures, L CH 2
- 4 Financial Intermediaries, L CH 3
- 5 Financial Intermediaries
- 6 Time Values (Flat Term Structure), L CH 4
- 7 Time Values, L CH 4
- 8 EXAM 1
- 9 Money Market Instruments and Rates, L CH5
- 10 The Risk 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, L CH 8
- 14 Arbitrage, L CH 8
- 15 Arbitrage, L CH 8
- 16 EXAM 2
- 17 The Term Structure, L CH 9
- 18 Default Risk, L CH 10
- 19 Options, L CH 11
- 20 Options, L CH 11
- 21 Options, L CH 11
- 22 Mortgages, L CH 13
- 23 Mortgages, L CH 13
- 24 Futures Contracts, L CH 14
- 25 Futures Contracts, L CH 14
- 26 Financial Futures, L CH 15
- 27 Exchange Rates and Investment Returns, L CH 17
- 28, 29 REVIEW
- 30 EXAM 3

Students are expected to read the assigned chapters before they are covered in class. The material on the exams may cover assigned readings.

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.

Please bring a calculator to class every day.

Students are permitted to bring one sheet of white paper (8.5" by 11") to the exams. This sheet should contain formulas, equations, and whatever else each student deems appropriate. Students are expected to bring an HP 10b calculator to the exams.

There are PowerPoint slides and answers to the homework problems in the textbook on my bear web site. I would suggest downloading these items from the web site to your hard drive, CD, or flash drive, and then printing.

#### Homework Problems

Chapter 1: 3-5.

Chapter 2: 4-7.

Chapter 4: All.

Chapter 5: 3, 4.

Chapter 6: 3, 4, 7-10.

Chapter 7: All.

Chapter 8: All.

Chapter 9: 5-12.

Chapter 11: All.

Chapter 12: 8, 9.

Chapter 13: 1-6, 13-16.

Chapter 14: 1-7, 10-14.

Chapter 15: All.

Chapter 17: 2-6.