

FIN 6545 - Fixed Income Security Valuation

Course Outline

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Office HOURS:

M, W Period 4

T, TH Period 4

**COURSE OBJECTIVE:** Provide an understanding of the operation of financial institutions (including the Federal Reserve, the Treasury, underwriters), the term structure of interest rates, financial arbitrage, mortgage markets, options contracts, futures contracts, and the impact of exchange rates on investment returns.

**TEXTBOOK:** *Bonds and Bond Derivatives*, Miles Livingston, Blackwell Pub., Second Edition, 2005

1. Introduction; The Federal Reserve: L ch 1, prob. 1-3 thru 1-5; The Treasury L ch 2, prob. 2-4, 2-5
2. The Pricing of Bonds: L ch 4, all problems.
3. Underwriting, Commercial Banks: L ch 3.
4. The Risks of Bond Investments: L ch 6, pp 96-102, prob. 6-1, 6-2; Quiz number 1
5. Non-Flat Term Structures: L ch 7, all problems. L ch 9
6. Arbitrage: L ch 8, all problems.
7. Bond Ratings: L ch 10
8. Options: L ch 11, prob. 11-1 thru 11-4, 11-7 thru 11-13: Quiz number 2
9. Options: L ch 11
10. Futures Contracts: L ch 14, all problems.
11. Financial Futures Contracts: L ch 15, pp 253-260.
12. Exchange Rates: L ch 17, problems 2-5
13. Review.

## FINAL EXAM

GRADES: 20% for each Quiz and 60% the Final Exam.

Students may bring a single page (8 1/2 inches by 11 inches), with handwritten notes on both sides, into the Quizzes and Final Exam.

PowerPoint slides and answers to the homework problems are on the bear website: <http://bear.cba.ufl.edu/livingston> and will also be posted on the Vista website for the class.