KAPLAN PROFESSIONAL

Interest Rate Markets (FIN240)

Transitioning students, who have completed Interest Rate Markets and Risk Management (E101) within the course completion time frames, will receive recognition of prior learning for an exemption into Interest Rate Markets (FIN240) and are not required to complete this subject.
Please note, students should not complete both E101 and FIN240 as only one will contribute to course completion.

Overview

The subject aims to provide students with a practical understanding of interest rate markets, products and their use in the management of interest rate risk. Students will gain an understanding of pricing calculations and how they are used to value short-term and long-term interest rate securities. In addition, students will gain an understanding of portfolio management

Learning Outcomes

At the completion of this unit students should be able to:

- Discuss the factors that influence interest rate markets and current developments in interest rates.
- Discuss the features of short term, long term, Australian, international, government, non-government, derivatives, securitised and debt products and markets.
- Apply calculations in order to evaluate relevant products.
- Apply market conventions to calculations.
- Evaluate different investment opportunities in relevant products and markets.
- Manage risks for relevant products.
- Discuss the procedures for managing an interest rate portfolio to minimise risk and enhance returns.

Delivery Method

The primary method of delivery for this subject is distance education supported by comprehensive print, lecture and online resources. Students will have access to an online subject room where a range of resources may be available. These include Discussion Forums, online applications, downloadable audio lectures, and further resources.

Student assessment

Assessment Type	**When assessed**	**Weighting**
Assignment	Week 6	40%
Exam	Week 11	60%

Pre-requisites

Students enrolling in a Masters level elective subject are assumed to have the pre-requisite knowledge in the four core subjects listed below. This requirement can be waived where students are studying one or more core subjects concurrently with an elective, or they are studying single subjects and are not enrolled for the Masters, Graduate Diploma or Graduate Certificate courses. Students enrolling into an elective subject without having completed all core subjects should ensure that they have, or have access to, the pre-requisite or assumed knowledge required for successful completion of the elective subject. For further information on pre-requisite study contact a student adviser.

- Financial Markets and Economic Principles (FIN111)
- Law, Regulation and Ethics (FIN112)
- Techniques in Financial Analysis (FIN113)
- Risk Management for Finance Sector Enterprises (FIN114)

Unit content and structure

Week	Topic
1	Topic 1: Factors affecting interest rates
2	Topic 2: Interest rate calculations and market conventions
3	Topic 3: Short-term securities and derivatives
4	Topic 4: Long-term securities and derivatives
5	Topic 5: Review
6	Topic 6: Measurement in interest rate markets
7	Topic 7: Non-government debt markets
8	Topic 8: Portfolio management
9	Topic 9: International debt markets
10	Topic 10: Case study

Workload

Students in this subject would be expected to undertake between 10–11hours of student effort per week. The grid below indicates the types of activities that students would undertake during the trimester.

Learning activity	Time allocated
Course notes, text book reading and additional reading	30
e-learning activities, subject room learning resources	20
Listening to and reviewing recorded topic lectures (available from your Subject Room)	20
Assessment preparation	50
Total hours	**120**

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Reading List

The following list of references provides the student with key and additional reading material. In some cases students may be required to access certain texts. This information will be made available upon enrolment.

Additional readings:

Knox, D, Zima, P & Brown, RL 2006, *Mathematics of finance*, 2nd ed., McGraw-Hill. ISBN 9780074705537