

This 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 subject 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.

Subject content

- Factors affecting interest rates
- Interest rate calculations and market conventions
- Short-term securities and derivatives
- Long-term securities and derivatives
- Measurement in interest rate markets
- Non-government debt markets
- Portfolio management
- International debt markets
- Case study

Assessment

Assessment Type	Assessed	Weighting
Assignment	Week 6	40%
Examination	Week 12	60%

Delivery method

Kaplan's delivery is primarily through distance education, supported by comprehensive print and online resources. Students will have access to subject notes, pre-recorded lectures, an online subject room, practitioner led Discussion Forums, online exercises, library and further resources.

Pre-requisites

Students enrolling in a Masters level elective subject are assumed to have the pre-requisite knowledge in the four core subjects ([FIN111](#), [FIN112](#), [FIN113](#) and [FIN114](#)). 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.

Workload

This subject requires approximately 120 hours of student effort (11-12 hours per week). This includes time spent on activities such as: Reading and review of course notes and other reading material, attending to or listening to live or pre-recorded lectures, participating in e-learning activities, and assessment preparation and review.

Reading list

The following list of references provides the student with key and additional reading material.

Prescribed text

There are no prescribed texts for this subject.

Additional readings:

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