



LUND
UNIVERSITY

School of Economics and Management

NEKG81, Economics: Fixed Income Securities, 7.5 credits *Nationalekonomi: Räntebärande tillgångar, 7,5 högskolepoäng* First Cycle / Grundnivå

Details of approval

The syllabus was approved by The Board of the Department of Economics on 2011-06-07 and was last revised on 2015-11-04. The revised syllabus applies from 2015-11-04, autumn semester 2016.

General Information

This is a single subject intermediate course belonging to the 'Financial Economics' specialisation. The course is also an optional sub-course within NEKG11 'Economics: Level 2'. The course is optional within a number of undergraduate programmes at Lund University.

Language of instruction: Swedish

Teaching is in Swedish. (In some semesters the course can be taught in English, see the appropriate application catalogue).

Main field of studies

Economics

Depth of study relative to the degree requirements

G1F, First cycle, has less than 60 credits in first-cycle course/s as entry requirements

Learning outcomes

1. Knowledge and understanding

Students shall have demonstrated a thorough understanding of how the fixed income markets function and shall have acquired the ability to explain the basic logic behind the models and analytical tools used by actors in the this market. Particular focus lies on Swedish fixed income markets. In addition, a special emphasis is put on the following topics:

- pricing of simple debt instruments such as bills, notes and bonds,
- the relationship between short-term and long-term interest rates,
- the relationship between forward and spot markets (fixed income),
- basic fixed income risk management,

- duration analysis,
- value-at-risk analysis
- the link between the foreign exchange market and the fixed income market,
- forwards and futures in the currency market,
- prediction of exchange rates,
- important relationships that describe the link between fixed income and currency markets in different countries,
- advanced fixed income and credit instruments and markets,
- credit risk.

2. Skills and abilities

Students shall have the ability to independently:

- structure and defend a complex theoretical argument,
- use theories and concepts to price simple fixed income instruments,
- use theories and concepts to manage the risk of simple fixed income instruments,
- explain important events in the fixed income market,
- use simple computer tools,
- report results in written form.

3. Applying knowledge and making judgements

Students shall have developed the ability to pursue further studies in the subject and should be able to search for and evaluate information with a high degree of independence.

Course content

The course is divided into three parts. The first part contains a description of the Swedish fixed income market, where the function of basic fixed income instruments and markets is explained. In the second part students study the risk management of both individual fixed income assets and of portfolios of such assets. The third part treats the international fixed income market. The foreign exchange market and its link with the national fixed income markets are also discussed.

Course design

1. Teaching: Tuition consists of lectures, exercises and computer exercises.

Assessment

1. Examination: Written exams take place at the end of the course. There will be further opportunities for examination close to this date. The computer exercises will be graded, and the marks carried forward to examinations taken the same term.

2. Limitations on the number of examination opportunities: –

The University views plagiarism very seriously, and will take disciplinary action against students for any kind of attempted malpractice in connection with examinations and assessments. Plagiarism is considered to be a very serious academic offence. The penalty that may be imposed for this, and other unfair practices in examinations or assessments, includes suspension from the University for a specified period.

Subcourses that are part of this course can be found in an appendix at the end of this document.

Grades

Marking scale: Fail, E, D, C, B, A.

1. Grading: The official grading scale is A, B, C, D, E and Fail.
2. Weighting grades from different parts of the course: –
3. Grading scales for different parts of the course: –

Entry requirements

At least 20 ECTS-credits from the introductory course in economics, of which at least 7.5 ECTS-credits in microeconomics are needed for admission till all intermediate courses in economics. To be admitted to this particular course students must also have knowledge of basic financial economics corresponding to the sub-course "Financial Economics" within NEKA12 "Economics" or an equivalent course.

Further information

1. Transitional regulations: This course replaces NEKB25 "Fixed Income Securities".
2. Limitations in the period of validity: –
3. Limitations: This course may not be included in the same degree as the sub-course "Fixed Income Securities" within NEKA21 "Economics: Level 2", the sub-course "Fixed Income Securities" within NEK231 "Economics, B-level", the sub-course "Fixed Income Securities" within NEKG11 "Economics: Level 2", the course NEK622 "Fixed Income Securities" or the course NEKB25 "Fixed Income Securities".
4. Similar courses: This course has the same content as the sub-course on fixed income securities within NEKG11 "Economics: Level 2".
5. Limitations in renewed examination: –

Subcourses in NEKG81, Economics: Fixed Income Securities

Applies from H11

1101 Fixed Income Securities, 7,5 hp
Grading scale: Fail, E, D, C, B, A