

**CBN COLLABORATIVE POSTGRADUATE PROGRAMME
DEPARTMENT OF ECONOMICS, UNIVERSITY OF NIGERIA NSUKKA
WORK PLAN**

NAME OF LECTURER:

COURSE: ECO 516 FUTURES AND DERIVATIVES

STUDY WEEK	TOPIC SUB-TOPIC	RESULTS LEARNING	TIME Hrs	METHODS	Suggested Videos
1	<p>1.0 Introduction.</p> <p>1.1 What are derivatives?</p> <p>1.2 Derivative pricing</p> <p>1.3 The main types of derivatives</p> <p>1.4 Derivatives markets</p> <p>1.5 Reasons for trading derivatives</p>	<p>The student can:</p> <ul style="list-style-type: none"> ✓ Briefly explain the meaning of derivatives and its characteristics. ✓ What is derivatives pricing? ✓ What are its characteristics, advantages and limitations? ✓ What are the major reasons for trading derivatives? ✓ What are the derivatives markets? ✓ What are the main types of derivatives? ✓ What are its basic features? 	3	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide 	<p>Numerous lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below:</p> <p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4d</p>

		<ul style="list-style-type: none"> ✓ What are the major characteristics, advantages and limitations? ✓ What is the procedure for pricing of derivatives? ✓ What are the basic tools for pricing derivatives? ✓ What are its characteristics, advantages and limitations of some of these tools? 		<p>range internet based resources.</p> <ul style="list-style-type: none"> ✓ Lectures, tutorials and field trip/industrial visit (if any), 	<p>E&list=PLLsXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
2	<p>2.0 Forwards and Futures</p> <p>2.1 The market for forward and futures</p> <p>2.2 Marking to market and margins</p> <p>2.3 Valuing forward contracts and the forward price</p> <p>2.4 The futures price</p>	<ul style="list-style-type: none"> ✓ Explain the need for forward and future market. ✓ Explain the reasons why forward and future markets are essentials ✓ Explain the process of marking to market future margins. ✓ Explain the factors considered for the 	3	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study 	<p>Numerous lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below:</p>

	<p>2.5 Types of traders and types of orders</p> <p>2.6 Forward vs. futures contracts.</p> <p>2.7 Specification of a futures contract</p>	<p>development of futures market</p> <ul style="list-style-type: none"> ✓ What are the advantages and disadvantage of each future market? ✓ Explain the factors to be considered while selecting a future price to implement ✓ Explain the reasons for the conflicting roles of forward and futures ✓ What is forward and futures? ✓ What are the major specifications of future contracts? ✓ What are the major limitations and contracts for future contract? 		<p>analysis and Quizzes.</p> <ul style="list-style-type: none"> ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any), 	<p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLlSxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
3	3.0 Markets and Contracts		3	<ul style="list-style-type: none"> ✓ The students will learn 	Numerous lecture videos are available on the YouTube on

	<p>3.1 Exchange-traded markets</p> <p>3.2 Over-the-counter markets</p> <p>3.3 Forward contracts</p> <p>3.4 Futures contracts</p> <p>3.5 Types of traders.</p> <p>3.6 Hedgers</p> <p>3.7 Speculators</p>	<ul style="list-style-type: none"> ✓ Explain the factors influencing exchange and traded market ✓ Explain the change objectives of contract market vis some vis the derivative ✓ Explain the main principles of market and or contracts. ✓ What is over the counter market? ✓ What are the type of traders? ✓ What is forward market? ✓ What is future market? ✓ What are the types of traders involved in market and future contracts? ✓ What are hedgers? ✓ What are speculators? 		<p>through a combination of face – to - face contact and guided study.</p> <ul style="list-style-type: none"> ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any) 	<p>derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below:</p> <p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p>
--	---	---	--	---	--

					https://www.youtube.com/watch?v=reJlu-tTviE https://www.youtube.com/watch?v=fGYgiZd9dUw
4	4.0 Interest rates 4.1 Types of rates 4.2 Measuring interest rates 4.3 Zero rates 4.4 Bond pricing 4.5 Determining Treasury zero rates 4.6 Forward rates 4.7 Forward rate agreements 4.8 Theories of the term structure of interest rates	<ul style="list-style-type: none"> ✓ Discuss the meaning of interest rates. ✓ Discuss the different types of interest rates. ✓ Discuss the guidelines for effective interest rates determination ✓ Explain the objectives of interest determination. ✓ How are interest rates measured? ✓ What is Zero rates? ✓ How is Zero rate very critical? ✓ How are treasury Zero rates determined? ✓ What are forward rates? ✓ What are forward rates agreements? ✓ Discuss the meaning of bond. 	3	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. 	Numerous lecture videos are available on the YouTube on derivatives and futures which students can utilise. They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below: https://contractmarketcap.com/ https://www.youtube.com/watch?v=M_wfpX39JE https://www.youtube.com/watch?v=gxle2vFK4d

		<ul style="list-style-type: none"> ✓ What are the relationship between the various interest rates? ✓ Discuss the nature and theories of the term structure of interest rates? ✓ In which ways do these theories differ> ✓ In which way are they similar? 		<ul style="list-style-type: none"> ✓ Lectures, tutorials and field trip/industrial visit (if any). 	<p>E&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
5	<p>5.0 Determination of forward and futures prices</p> <p>5.1 Investment assets vs. consumption assets</p> <p>5.2 Short selling</p> <p>5.3 Assumptions and notation</p> <p>5.4 Forward price for an investment asset</p> <p>5.5 Known income</p> <p>5.6 Known yield</p> <p>5.7 Valuing forward contracts</p> <p>5.8 Are forward prices and futures prices equal?</p> <p>5.9 Futures prices of stock indices</p>	<ul style="list-style-type: none"> ✓ Discuss the nature and meaning of forward future Price ✓ What is the relationship between forward and future prices? ✓ In which ways does the forward differ from future prices? 		<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, 	<p>Numerous lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below:</p>

	<p>5.10 Forward and futures contracts on currencies 5.11 Futures on commodities 5.12 The cost of carry 5.13 Delivery options 5.14 Futures prices and the expected future spot price</p>	<ul style="list-style-type: none"> ✓ Discuss the nature of investment assets and consumption assets. ✓ What is short selling? ✓ Discuss some assumptions and notations. ✓ Discuss the concept of Known income. ✓ Discuss the concept of known yield ✓ How are forward contracts valued? ✓ Are forward prices and futures prices equal? ✓ Discuss Futures prices of stock indices ✓ What are futures on commodities? ✓ What is the cost of carry? ✓ What are delivery options ✓ What is the relationship between futures prices and the expected future spot price? 		<p>Case Study analysis and Quizzes.</p> <ul style="list-style-type: none"> ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any). 	<p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
--	---	--	--	--	--

<p>6</p>	<p>6.0 Swaps</p> <p>6.1 Mechanics of interest rate swaps 6.2 Day count issues 6.3 Confirmations 6.4 The comparative-advantage argument 6.5 The nature of swap rates 6.6 Determining the LIBOR/swap zero rates</p> <p>6.7 Valuation of interest rate swaps</p> <p>6.8 Overnight indexed swaps</p> <p>6.9 Currency swaps</p> <p>6.10 Valuation of currency swaps</p> <p>6.11 Credit risk</p> <p>6.12 Other types of swaps</p>	<ul style="list-style-type: none"> ✓ What is the nature and meaning? ✓ What are the basic processes of swaps? ✓ What are the basic mechanics of interest rate swaps? ✓ Discuss day count issues ✓ Discuss the nature of swap rates? ✓ How are the LIBOR/SWAP Zero rates are determined? ✓ How are interest rates swaps are valued? ✓ What is overnight indexed swaps? ✓ What is currency swaps? ✓ Discuss process of valuation of currency swaps ✓ How does credit risk affect currency swaps and which issues are critical? ✓ What other types of swaps are available? 	<p>3</p>	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any). 	<p>A good example of useful videos on YouTube are listed below:</p> <p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLlsXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p>
-----------------	---	---	----------	--	---

					https://www.youtube.com/watch?v=fGYgiZd9dUw
7	<p>7.0 The Black–Scholes–Merton model</p> <p>7.1 Lognormal property of stock prices</p> <p>7.2 The distribution of the rate of return</p> <p>7.3 The expected return volatility</p> <p>7.4 The idea underlying the Black–Scholes–Merton differential equation</p> <p>7.5 Derivation of the Black–Scholes–Merton differential equation</p> <p>7.6 Risk-neutral valuation</p> <p>7.7 Black–Scholes–Merton pricing formulas</p> <p>7.8 Cumulative normal distribution function</p> <p>7.9 Warrants and employee stock options</p>	<p>✓ Discuss the basic nature of lognormal property of stock prices.</p> <p>✓ Discuss the nature of distribution of rate of return.</p> <p>✓ Discuss the major philosophy of Black–Scholes–Merton differential equation.</p> <p>✓ How does the Black–Scholes–Merton apply to rates of return?</p> <p>✓ What is risk neutral valuation?</p> <p>✓ How does risk neutral valuation affect rates of return?</p> <p>✓ How do we derive Black–Scholes–Merton differential equation?</p> <p>✓ What are the common Black–Scholes–Merton pricing formulas?</p>	<p>✓ The students will learn through a combination of face – to - face contact and guided study.</p> <p>✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes.</p> <p>✓ Guided study will include text readings and the use of a wide range internet based resources.</p> <p>✓ Lectures, tutorials and field trip/industrial</p>	<p>Some lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below:</p> <p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p>	

	<p>7.10 Implied volatilities</p> <p>7.11 Dividends</p>	<ul style="list-style-type: none"> ✓ State the cumulative normal distribution function. ✓ What are warrants? What are employee stock options? ✓ What is the relationship between warrant and employee stock options? ✓ What is volatility? ✓ What is implied volatilities? ✓ What are the main types of volatilities? ✓ What is dividend? ✓ Discuss how dividend relates to rate of return? 		<p>visit especially to Nigeria Stock Exchange and Securities Commission</p> <p>✓ (if any).</p>	<p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
MID-SEMESTER BREAK					
8	<p>8 Employee stock options</p> <p>8.1 Contractual arrangements</p> <p>8.2 Do options align the interests of shareholders and managers?</p>	<ul style="list-style-type: none"> ✓ Who is an employee? ✓ What are the types of stocks an employee can trade in or purchase? 	3	<p>✓ The students will learn through a combination of face – to - face contact and guided study.</p>	<p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p>

	<p>8.3 Accounting issues</p> <p>8.4 Valuation</p> <p>8.5 Backdating scandals</p>	<ul style="list-style-type: none"> ✓ What is a contract? ✓ What are some basic requirements of a contract? ✓ Discuss the various forms of contractual agreements in stocks? ✓ To What extent does interests of shareholders and managers align 	<ul style="list-style-type: none"> ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any), 	<p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
<p>9</p>	<p>9.0 Futures options</p> <p>9.1 Nature of futures options</p> <p>9.2 Reasons for the popularity of futures options</p> <p>9.3 European spot and futures options</p> <p>9.4 Put–call parity</p> <p>9.5 Bounds for futures options</p>	<ul style="list-style-type: none"> ✓ Discuss the nature of futures options, ✓ What makes a future option very popular these days? What are the features? 	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will 	<p>Good Lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the</p>

	<p>9.6 Valuation of futures options using binomial trees</p> <p>9.7 Drift of a futures prices in a risk-neutral world</p> <p>9.8 Black's model for valuing futures options</p> <p>9.9 American futures options vs American spot options</p> <p>9.10 Futures-style options</p>	<ul style="list-style-type: none"> ✓ Which types of bonds are suitable? ✓ What is putt-call parity? ✓ What are options are? ✓ What is drift of futures prices? ✓ What is Black Model? ✓ How do you use Black Model for valuing futures options? ✓ What are American spot futures options ✓ What are future style options? ✓ What are their classifications? 		<p>include: Presentations, Case Study analysis and Quizzes.</p> <ul style="list-style-type: none"> ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any). 	<p>course A good example of these are listed below:</p> <p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
<p>10</p>	<p>10.0 Credit risk</p> <p>10.1 Credit ratings</p> <p>10.2 Historical default probabilities</p> <p>10.3 Recovery rates</p> <p>10.4 Estimating default probabilities</p>	<ul style="list-style-type: none"> ✓ What is Credit Risk? ✓ What are conditions for acquisition of credit in a firm? Discuss 		<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. 	<p>Numerous lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube</p>

	<p>from bond prices</p> <p>10.5 Comparison of default probability estimates</p> <p>10.6 Using equity prices to estimate default probabilities</p> <p>10.7 Credit risk in derivatives transactions</p> <p>10.8 Credit risk mitigation</p> <p>10.9 Default correlation</p>	<p>historical default probabilities.</p> <ul style="list-style-type: none"> ✓ What is recovery mechanism ✓ What's recovery mechanisms ✓ What is equity prices? ✓ How can you use equity prices to estimate default probabilities? ✓ What is the role of credit risk in derivative transaction? ✓ What is credit risk mitigation? ✓ What are the various strategies of credit risk mitigation? ✓ What is the nature and meaning of default correlations? ✓ What is the implication of default correlations 		<ul style="list-style-type: none"> ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any), 	<p>which contain detailed discussion on the course A good example of these are listed below:</p> <p>https://contractmarketcap.com/</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHKEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p>
--	--	--	--	---	--

		to the application of credit risk in derivatives?			https://www.youtube.com/watch?v=fGYgiZd9dUw
11	11.0 Interest rate derivatives: models of the short rate 11.1 Background 11.2 Equilibrium models 11.3 No-arbitrage models 11.4 Options on bonds 11.5 Volatility structures 11.6 Interest rate trees 11.7 A general tree-building procedure 11.8 Calibration	✓ What is a model? ✓ Why are models necessary in derivatives, futures and options analysis? ✓ What is equilibrium models? ✓ What are no arbitrage models? ✓ Which are the other models that are used in handling short rates? ✓ Which options are available on bonds? ✓ Discuss and explain interest rates trees. ✓ Outline and explain a general tree building procedure.	3	✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any).	Good Lecture videos are available on the YouTube on derivatives and futures which students can utilise. They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below: https://contractmarketcap.com/ https://www.youtube.com/watch?v=M_wVfpX39JE https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ

	11.9 Hedging using a one-factor model	<ul style="list-style-type: none"> ✓ Discuss the term calibration and how does it apply to interest rate? ✓ Discuss the meaning and nature of hedging? ✓ Explain hedging concept using one factor model 			https://www.youtube.com/watch?v=FLGRPYAtReo https://www.youtube.com/watch?v=Q0Qe352nhxU https://www.youtube.com/watch?v=reJlu-tTviE https://www.youtube.com/watch?v=fGYgiZd9dUw
12	12.0 Energy and commodity derivatives 12.1 Agricultural commodities 12.2 Metals 12.3 Energy products 12.4 Modelling commodity prices 12.5 Weather derivatives 12.6 Insurance derivatives 12.7 Pricing weather and insurance	<ul style="list-style-type: none"> ✓ What is Energy? ✓ What is commodity? ✓ What are the types of commodities? ✓ Discuss agricultural commodities? ✓ Discuss the rationale behind separate treatment for metals. ✓ Discuss the procedures for modelling commodity prices ✓ Explain weather derivatives ✓ Explain Insurance derivatives 	3	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the 	https://www.youtube.com/watch?v=FLGRPYAtReo https://www.youtube.com/watch?v=bVoLAXmaUKw https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ https://www.youtube.com/watch?v=bVoLAXmaUKw

	<p>derivatives</p> <p>12.8 How an energy producer can hedge risks ?</p>	<ul style="list-style-type: none"> ✓ Explain the procedures for pricing of weather and insurance derivatives ✓ What are the limitations and challenges of these procedures as they affect the pricing? ✓ Explain Hedging of risks? ✓ Explain the procedures for hedging risks by a producer. 		<p>use of a wide range internet based resources.</p> <ul style="list-style-type: none"> ✓ Lectures, tutorials and field trip/industrial visit (if any), 	<p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=aV8Cy0c2LZw&list=PLPiSglTyvDeWpnxja9QT1Q-YbNYMnksjm</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p>
13	<p>13.0 Hedging Strategies Using Futures</p> <p>3.1 Basic principles</p> <p>3.2 Arguments for and against hedging</p> <p>3.3 Basis risk</p> <p>3.4 Cross hedging .</p> <p>3.5 Stock index futures</p> <p>3.6 Stack and roll</p>	<ul style="list-style-type: none"> ✓ What is the meaning and nature of hedging? ✓ What are the basic principles governing hedging? ✓ Discuss the major strengths of hedging ✓ Discuss the major weaknesses of hedging ✓ What are the basic risks relating to hedging? ✓ Discuss cross-hedging 	3	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the 	<p>Useful lecture videos are available on the YouTube on derivatives and futures which students can utilise.</p> <p>They can also watch videos on YouTube which contain detailed discussion on the course A good example of these are listed below:</p> <p>https://www.youtube.com/watch?v=Wbi6Bbc39r0</p>

		<ul style="list-style-type: none"> ✓ What are some important limitations of hedging? ✓ What are some important limitations of cross-hedging? ✓ Discuss stock index futures ✓ Explain the concept of stack and roll ✓ How do the stack and role relate in the hedging process? 		<p>use of a wide range internet based resources.</p> <ul style="list-style-type: none"> ✓ Lectures, tutorials and field trip/industrial visit (if any), 	<p>https://www.youtube.com/watch?v=M_wVfpX39JE</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQrK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=reJlu-tTviE</p> <p>https://www.youtube.com/watch?v=fGYgiZd9dUw</p>
--	--	--	--	--	---

<p style="text-align: center;">14</p>	<p>14.0 Derivatives mishaps and what we can learn from them</p> <p>14.1 Lessons for all users of derivatives</p> <p>14.2 Lessons for financial institutions</p> <p>14.3 Lessons for nonfinancial corporations</p>	<ul style="list-style-type: none"> ✓ What is mishap? ✓ What are the major causes of mishap? ✓ What are the remote causes of mishap in derivatives? ✓ Discuss the main lessons to be learned from mishaps. ✓ What are the lessons from users of derivatives? ✓ What are the lessons from financial institutions? ✓ What are the lessons from non-financial institutions? 	<p style="text-align: center;">3</p>	<ul style="list-style-type: none"> ✓ The students will learn through a combination of face – to - face contact and guided study. ✓ Personal contact sessions will include: Presentations, Case Study analysis and Quizzes. ✓ Guided study will include text readings and the use of a wide range internet based resources. ✓ Lectures, tutorials and field trip/industrial visit (if any). 	<p>Web links, Internet Exercises, and Virtual Tours can be found on the Youtube; These include:</p> <p>https://www.youtube.com/watch?v=reJl-u-tViE</p> <p>https://www.youtube.com/watch?v=Q0Qe352nhxU</p> <p>https://www.youtube.com/watch?v=FLGRPYAtReo</p> <p>https://www.youtube.com/watch?v=gxle2vFK4dE&list=PLLSXxx7CskHkEPd3AQRK7hiNsa6CPTPoZ</p> <p>https://www.youtube.com/watch?v=M_wVfpX39JE</p>
REVISION WEEK 15					
WEEK STUDY (WEEK 1 TO 14)					

FINAL EXAMINATION

Lecturer:

PROGRAMME LEADER

