

## Interest Rate Derivatives: A Beginner's Module

### ➤ **Interest Rates and Time Value Of Money**

Introduction; Factors affecting the level of interest rate; Impact and classification of interest rate and Present value, Future value and Discount factor.

### ➤ **Money and Fixed Income Markets**

Money markets and fixed income markets.

### ➤ **Government Bonds**

Introduction to and Characteristics of Bonds; Concept of yield; Relationship between bond price and interest rate; Repo and cost of funding and other bond terminology.

### ➤ **Interest Rate Derivatives**

OTC Derivatives; Exchange traded contracts and key terminology of futures market.

### ➤ **Interest Rate Futures (IRF) in India**

Interest rate futures; Rationale; Contract specifications; Settlement and Risk Management.

### ➤ **An Explanation of Key Concepts in IRF**

Why a notional bond is being used as underlying; Conversion factor; Invoice price; Cheapest to deliver bond; Bond basis.

### ➤ **Applications and Trading of Interest Rate Futures**

Participants in the IRF market; hedging applications of interest rate derivatives; Speculation and Arbitrage strategy.