

Department:	Economics and Finance
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Course Name:	Fixed Income Securities	Course No.:	FIN 610
Prerequisite:	N/a	Credit Hours:	3

Brief Description:

This course examines the valuation of fixed-income securities, the market operations and management of risk. Topics include: valuation of bonds, bond risk measures including Macaulay duration, modified duration, dollar duration, and convexity, price sensitivity to yield changes, term structure of interest rate, measuring and managing interest rate risk, treasury and federal agency securities, corporate debt instrument, and asset-backed securities.

Course Objectives:

Upon completion of this course students are expected to be able to:

- Identify the different types of fixed income securities and their characteristics.
- Value fixed income securities.
- Measure bond risk using duration, convexity, and price sensitivity to yield changes.
- Measure spot yield.
- Build the term-structure curve of interest rates.
- Identify the different types of Treasury and federal agency securities, as well as corporate debt instruments.
- Identify the main features of asset-backed securities.
- Write a concise, logical and coherent report on issues related to fixed income securities topics.
- Recognize the ethical dilemma that arises in the fixed income securities domain.

Course Topics:

- Course Introduction
- Measuring Yield
- Bond Price Volatility
- Bond Yields and Term Structure of Interest Rates
- Treasury and Federal Agency Securities
- Corporate Debt Instruments
- Asset-Backed Securities

Text Book:

Frank Fabozzi (2016). Bond Markets, Analysis, and Strategies. Ninth Edition. Pearson. ISBN 0133796779

Additional References:	
Barbara petitt, Jerald Pinto, and Wendy Pirie (2015). Fixed Income Analysis. Third Edition. CFA Institute Investment Series. ISBN 978-1118999493	
Online Resources:	
<ul style="list-style-type: none"> ➤ Bloomberg Terminal ➤ Academic databases available through the University's Library website. 	

Measurement & Assessment Tools:					
Objectives			Obj 1.1 &1.2	Obj 2.1&2.2	Obj 4
Assessment tools	Grade	Week (Time period)	1	2	3
Mid-term Exam	25	10 th	×		
Assignment 1	15	14 th		×	
Oral	10	13 th		×	
Assignment 2	10	14 th			×
Final Exam	40	As Dated	×		
Total	100				

Tentative Course Outline:			
Week	Hours	Topics	Readings
1	3	Course Introduction The fundamental features of bonds Embedded option bonds The types of risks faced by investors in fixed income securities The secondary market for bonds	Ch1
2	3	Measuring Yield Current yield, yield to maturity, yield to call, yield to put, cash flow yield Portfolio yield Reinvestment risk	Ch3
3	3	Measuring Yield (Continued) Current yield, yield to maturity, yield to call, yield to put, cash flow yield Portfolio yield Reinvestment risk	Ch3
4	3	Bond Price Volatility Price-Yield relationship Factors affecting the price volatility of a bond Price value of a basis point Macaulay duration, modified duration, and dollar duration Convexity of a bond	Ch4

5	3	Bond Price Volatility (Continued) Price-Yield relationship Factors affecting the price volatility of a bond Price value of a basis point Macaulay duration, modified duration, and dollar duration Convexity of a bond	Ch4
6	3	Bond Price Volatility (Continued) Price-Yield relationship Factors affecting the price volatility of a bond Price value of a basis point Macaulay duration, modified duration, and dollar duration Convexity of a bond	Ch4
7	3	Factors Affecting Bond Yields and Term Structure of interest Rates Yield on a treasury security Yield spread Spot rate Term structure of interest rates	Ch5
8	3	Factors Affecting Bond Yields and Term Structure of interest Rates (Continued) Yield on a treasury security Yield spread Spot rate Term structure of interest rates	Ch5
9	3	Factors Affecting Bond Yields and Term Structure of interest Rates Yield on a treasury security Yield spread Spot rate Term structure of interest rates	Ch5
10	1.5 1.5	Mid-term Exam Treasury and Federal Agency Securities Different types of treasury securities Secondary market for treasury securities Zero-coupon treasury securities How treasury securities are quoted in the secondary market	Ch6
11	3	Treasury and Federal Agency Securities (Continued) Different types of treasury securities Secondary market for treasury securities Zero-coupon treasury securities How treasury securities are quoted in the secondary market	Ch6
12	3	Corporate Debt instruments Corporate Bonds, medium-term notes, commercial paper, asset-backed securities...	Ch7

		Corporate bond ratings Corporate bond default risk, default rates, and recovery rates Corporate bond spread risk, event risk, and headline risk	
13	3	Corporate Debt instruments Corporate Bonds, medium-term notes, commercial paper, asset-backed securities... Corporate bond ratings Corporate bond default risk, default rates, and recovery rates Corporate bond spread risk, event risk, and headline risk	Ch7
14	3	Asset-Backed Securities Basic structure of securitization the primary motivation for raising funds via a securitization mortgage loans the credit risks associated with asset-backed securities and how they are analyzed	Ch15
15	3	General Review	

Approved by Dept. Chair:

Dr Fahad Al Mohaimeed

Date of Approval:

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Extra Information: (Updated every semester and filled by course instructor)

Course Instructor:

Office No:

Extension:

Email:

Office Hours: