Finance 4243: Debt and Money Markets
Fall 2000

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<td>3038</td>
<td>TR 7-8</td>
<td>MAT 105 TR 1:00 – 2:00 PM and Friday 1:00-3:00 PM</td>
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Readings.

The required readings in this course are contained in a readings packet that is available from Custom Copies at University Book and Supply and Bond Markets, Analysis and Strategies, Fourth Edition, by Frank J. Fabozzi. In addition, Fixed Income Markets and their Derivatives, by Suresh Sundaresan is an excellent resource.

Homework assignments and lecture outlines are available on the Internet at http://bear.cba.ufl.edu/brown/fin4243.

Grading.

Your grade will depend on your score on five homework assignments and three quizzes in the following manner:

- Homework Average 25%
- Quiz One 25%
- Quiz Two 25%
- Quiz Three 25%

If your average is 90% or above, then you will get an A, if your average is less than 90 but above 87, you will get a B+, if your average is between 87 and 80, you will get a B, if your average is less than 80 but above 77, then you will get a C+, if your average is between 77 and 70 you will get a C. If your average is below 70, you will get a D.

In order to receive credit for your homework, you must turn in typed solutions at the beginning of class on the day the homework is due and it must be typed.

Make up quizzes will only be given in the event of a medical emergency. The same goes for late homeworks.
Course Outline


8/24/00  Brown, Chapter 1: pages 1 through 9.
         Lecture Outline: BASIC ONE

8/29/00  Brown, Chapter 1: pages 10 through 18.
         Lecture Outline: BASIC TWO

8/31/00  Brown, Chapter 1: pages 23-26.
         Lecture Outline: BASIC THREE
         Homework #1 Due

See Fabozzi Chapters 1, 2, and 3 and Sundaresan Chapters 1, 2 and 4 for the 8/24, 8/29 and 8/31 lectures.

9/5/00  Spreads and Self Amortizing Securities
         Lecture Outline: ZV
         Lecture Calculator: Stripped Spread

9/7/00  Brown, Chapter 4: Pages 1-9.
         Lecture Outline: TERM STRUCTURE

9/12/00  Brown, Chapter 4: Pages 10-11.
         Rowe, Lawler and Cook article
         Lecture Outline: TERM STRUCTURE

9/14/00  The Term Structure of Interest Rate Volatility
         Lecture Outline: KAPPA

See Fabozzi Chapter 5 and Sundaresan Chapter 6 for the 9/7, 9/12, and 9/14 lectures.

9/19/00  QUIZ ONE

Part 2: Interest Rate Risk Management.

9/21/00  Brown, Chapter 5: pages 1 through 7.
         Lecture Outline: DURATION

9/26/00  Brown, Chapter 5: pages 8 through 16.
         Lecture Outline: IMMUNIZATION

9/28/00  Measuring and Valuing Convexity
         Lecture Outline: CONVEXITY

10/03/00  Homework #2 Due

See Fabozzi Chapter 5 for the 9/21, 9/26 and 9/28 lectures.
10/5/00  Brown, Chapter 6: pages 1 through 10.
Lecture Outline: FUTURES ONE

10/10/00  Brown, Chapter 6: pages 11 through 20.
Lecture Outline: FUTURES TWO

10/12/00  Curve Exposure and Key Rate Durations
Lecture Outline: CURVE

10/17/00  QUIZ TWO

See Fabozzi Chapter 21 for the 10/5, and 10/10 lectures and Fabozzi pages 80-83 for the 10/12 lecture.

Part 3: Attached Options.

10/19/00  Brown, Chapter 7: pages 1 through 12.
Lecture Outline: CALLABLE

10/24/00  Brown, Chapter 7: pages 12 through 18.
Lecture Outline: CALLABLE

See Fabozzi Chapter 14 for the 10/19 and 10/24 lectures.

10/26/00  Homework #3 Due

10/31/00  Brown, Chapter 8: pages 1 through 8.
Lecture Outline: MBS

11/2/00   Brown, Chapter 8: pages 9 through 19.
Lecture Outline: MBS

11/7/00   Brown, Chapter 9: entire chapter
Lecture Outline: CONVERTIBLES

See Fabozzi Chapter 15 for the 10/31 and 11/2 lectures and Chapter 16 for the 11/7 lecture.

11/9/00   QUIZ THREE
Part 4: Taxes, Default Risk and Inflation.

11/14/00  Brown, Chapter 10: entire chapter  
Lecture Outline: TAXES ONE

11/16/00  Tax Timing Options  
Lecture Outline: TAXES TWO  
Lecture Calculator: Taxes Calculator

11/21/00  Treasury Inflation Protected Bonds  
Lecture Outline: TIPS  
**Homework #4 Due.**

See Fabozzi Chapter 8 for the 11/14 and 11/16 lectures.

11/28/00  Funding Real Liabilities  
Lecture Outline: TIPS

11/30/00  Default Risk  
Lecture Outline: CREDIT RISK

12/5/00  **Homework #5 Due.**