Derivatives : instruments and markets

ECTS : 6

Description du contenu de l'enseignement :

This course covers the analysis of derivative instruments such as forwards, futures, swaps and options. By the end of the course, students will have good knowledge of how these contracts work, how they are used and how they are priced.

Compétence à acquérir :

- Be able to describe and explain the fundamental features of a range of key financial derivative instruments
- Be able to decide which securities to use for hedging and/or speculative purposes
- Understand the no-arbitrage principle and its role in pricing financial forwards and futures
- Understand the binomial approach in pricing European and American options
- Understand the Black-Scholes option formula for the price of a European option
- Define and interpret the different Greek measures used to define the risk of options
- Understand the idea of delta-hedging

Mode de contrôle des connaissances :

Midterm exam (40% of the final grade) and Final exam (60% of the final grade).

Bibliographie, lectures recommandées :

- Options, Futures, and Other Derivatives, 11th Edition, Hull, John C., Pearson-Prentice Hall (2021).
- Student Solutions Manual for Options, Futures, and Other Derivatives, 11th Edition, Hull, John C., Pearson-Prentice Hall (2021).