Treasury Products and Practices

Overview

The course discusses various treasury products such as foreign exchange products like cash, forwards, swaps, options etc. The course also discusses basic analytical tools to grasp important treasury functions like understanding volatility, duration, convexity etc. Participants will also obtain an understanding of the market players and their imperatives, a familiarity with the major product types and their uses and a level of comfort with financial terminology and jargon.

Learning Outcome Statements

- Be introduced to all basic treasury products such as FX, Swaps, Options
- Comprehend basic statistics & mathematics & their application in treasury business
- Learn methodologies for pricing, valuation and risk management process
- Learn the risk involved in treasury products

Key Contents

- Treasury Overview
    - Overview of the treasury
    - Treasury's Role in a bank
    - Treasury Management
    - Liquidity management
    - Important treasury functions
    - Treasury Products
- Analytical Framework for Treasury Products
    - Basic statistics
    - Data classification
    - Data analysis
    - Measuring returns
    - Normal & Log normal distribution
    - Characteristics of Normal and Log Normal Distribution
    - Standard normal distribution
    - Volatility
- Some Basic Concepts
    - Time value of Money
    - Simple Interest Calculations
    - Compounding and discounting

- Present value & discount factor
  - Interest & discount rates
- Foreign Exchange Market Products
  - FX market mechanism
  - Spot Foreign Exchange Transactions
  - Direct and Indirect quotes
  - Derivative Contracts
  - Interest rate parity equation
  - Forwards and Futures Contract
  - Foreign Exchange Swaps
  - Split value date transactions
  - Deep discount instruments
- Money Market
  - Role & Nature of money markets
  - Major Money Market Instruments
  - Money Market Participants
  - Characteristics of Money Markets Instruments
  - Money Market Derivative instruments

- CAPITAL MARKETS
  - Fixed Income bonds
  - Bond Price
  - Bond price dynamics
  - Price yield relationship of a bond
  - Yield to maturity
  - Time to Maturity
  - Macaulay Duration
  - Modified Duration
  - Convexity
- Forward Rate Agreement
  - FRA as Hedging and speculation tool
  - Pricing & Hedging with FRA
  - Interest rate and cross currency swaps
  - Pricing of swaps
  - Zero coupon Methodology of Swap Pricing
  - Application of Discount factors and Discount functions
  - Pricing of Cross currency Swaps
- Long-Term Currency Swaps
  - Overview of the swaps market
  - Long-dated FX contracts
  - Long-term foreign currency funding