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.