Pricing and Trading Swaps

Nov 21 – Nov 22, 2011, Copenhagen

Nov 21, 2011

08.30 **Light breakfast**

09.00 **Welcome and introduction**

09.15 **1. Introduction to swaps**

- Swap market conventions
- Definitions
- Conversion formulas
- Building blocks in swap pricing

11.00 **2. Zero Coupon Pricing**

- Why swap zero coupon yields?
- The discount function
- Calibrating the discount function using bootstrapping
- Application of the technique

12.00 **Lunch**

13.00 **3. Pricing and Valuing Interest Rate Swaps**

- Defining interest rate swaps
- Using the discount function
  - for quoting par swaps
  - for estimating fair value
- Off-market coupon swaps
- Adjustning through up-front fee or libor margin
- Forward starting swaps
- Amortising swaps

16.30 **End of day 1**

Nov 22, 2011

08.30 **Light breakfast**

09.00 **Recap**

09.30 **4. Risk Exposure of a Swap Book**

- Exposure measurement
  - Duration
  - Delta vectors
  - Delta vector mapping
- Hedging a swap position using deposits and FRA's
- Managing portfolio curve risk
  - Optimal bucket hedging
- Credit risk exposure

12.00 **Lunch**

13.00 **5. Cross Currency Swaps**

- Defining a cross currency swap
- Variation in cross currency swaps
  - Basis swaps
  - Fixed-floating
  - Fixed-fixed
- Quotation through replication

15.00 **6. Advanced swap structures**

- Cancellable swaps
- Arrears reset swaps (ARS)
- Constant maturity swaps (CMS)
- Credit deafult swaps (CDS)

16.30 **End of course and evaluation**

Price
The price for the course is DKK 11.500. The price includes course material, lunch and refreshments but is exclusive of VAT

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