



AFCM
ARAB FEDERATION OF
CAPITAL MARKETS

EUROMONEY
LEARNING

Derivatives: Trading, Hedging & Applications

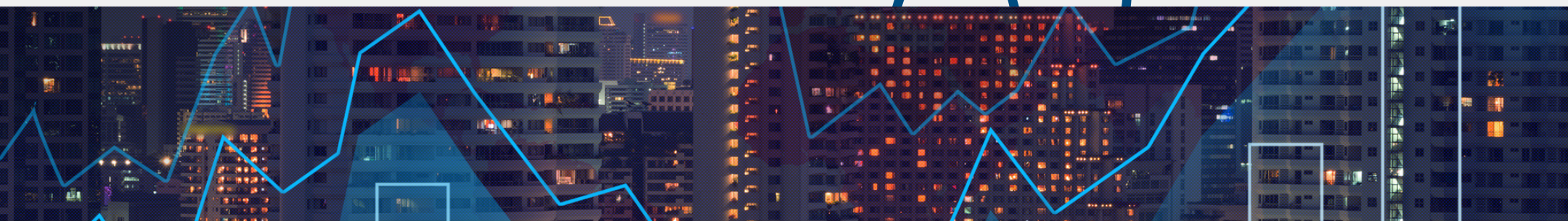
Exchange Traded & OTC Derivative Markets

Date: 21- 22 January, 2025
9:00 AM - 2:00 PM

Course Fees

700\$ (AFCM Members)

800\$ (Non Members)





Course Overview

Derivative markets are crucially important in contemporary banking, corporate treasury and investment management as tools for risk management via hedging as well as providing liquid instruments for the trading of important risk exposure types including credit, duration, commodity, equity and volatility. They also play a key role in investment portfolio management, enabling fund managers to manage their positions.

In addition to the key over-the-counter markets such as interest rate and credit default swaps, Forward Rate Agreements (FRA) and FX instruments, the programme also covers the use of exchange-traded derivatives such as futures and options in risk hedging, trading and position management.

This intensive programme focuses on the principal uses of derivatives including risk hedging of exposures, trading strategies and implementation of investment portfolio positioning such as asset allocation changes and duration exposure management.

Learning outcomes

- Appreciate the key roles of OTC and exchange-traded derivatives in contemporary financial systems
- Identify the principal derivatives types and their economic nature & function
- Understand the use of derivatives in risk hedging, trading and investment position management
- Assimilate the dynamic processes in derivatives hedging strategies
- Analyse the key factors in derivatives pricing

Who should attend?

- This course would be useful for those looking to increase their understanding of exchange traded derivatives, key markets & contract types and pricing dynamics
- Treasury professionals
- Derivatives traders
- Risk managers
- Accountants & auditors
- Interest rate market analysts
- Derivatives analysts
- Settlements & back office staff



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Course instructor

Duncan Hughes

Duncan has over 30 years of experience in financial markets gained in senior positions with major institutions including the London Stock Exchange and Lloyds in the UK and N M Rothschild in London & Hong Kong and was a senior portfolio manager at Colombia Threadneedle.

In recent years he has successfully delivered banking and capital market programmes on all five continents and brings a wealth of practical experience to his courses. He is also a tutor for the CFA examinations at all three levels and was an examiner for the Chartered Financial Analyst Institute for ten years.





Agenda

Day One

1: Overview of Contemporary Derivatives Markets

- Introduction: the global exchange traded derivatives markets in 2025
- Principal types of Derivatives (Forwards, Futures, Swaps, Options)
- Exchange Traded vs OTC Derivatives markets
- Standardisation of Exchange Traded Contracts (Contract structures, Basis Risk in hedging strategies)
- Counterparty risk management (Bilateral counterparties in OTC markets, Central Counterparties in Exchange Traded Markets)
- Principal underlying markets (Equities, Index-based, Individual Stock Options, Commodities, Interest Rates & Bonds, Credit, FX, Other Derivatives Markets, Securitisation, Weather, insurance)
- Key uses of Derivative instruments (Hedging, Trading, Investment management position-taking & risk management)

2: Commodities Markets

- Underlying market dynamics and implications for Derivatives users (Energy, Metals, Agriculture)
- Key contracts across Commodities markets
- Commodity Futures Contracts pricing dynamics (Cost of Carry, Delivery Dates)
- Hedging Case Studies (Airlines: hedging programmes to manage fuel cost risks, Electric cable manufacturers: hedging copper price risk, Battery manufacturers: hedging Lithium & Cobalt commodity price risk, Bakery businesses: hedging wheat costs)



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Day One

3: Equity Derivatives

- Equity Index Futures (Contract specifications, Equity Index Future pricing mechanics, Application: Investment portfolio position taking & risk management)
- Stock Options (Equity Option Series, Equity Option pricing dynamics, Role of Equity Options in Trading volatility)
- Stock Option Trading strategies: (Income generation: Covered Calls, Hedging: Protective Puts, Directional: Vertical spreads, Volatility: Straddles)

4: Interest Rate Derivatives I

- Understanding the underlying in interest rate derivatives markets (Base rates, The Term Structure of Interest Rates, Bond Yield Curves and interpretation)
- Forward Rate Agreements (FRA)
- Interest Rate Swaps “IRS”
“Applications: Hedging strategies using FRA & IRS”
- Eurodollar (ED) Futures
- Bond Futures
“Application: Trading strategies using ED & Bond Futures”



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Day Two

1: Interest Rate Derivatives II

- Interest Rate Caps, Floors & Collars (Applications: risk hedging given different interest rate scenarios - IRS vs Collars in expected flat vs directional interest rate environment)

2: FX Derivatives

- Outright Forwards
- FX Swaps
- Currency Options
- Range Forwards

“Analysis: comparing hedging strategies using forwards, swaps and currency options”

3: Credit Derivatives

- Credit Default Swaps “CDS” (CDS market dynamics, CDS mechanics)
“Application of CDS in secondary loan market trading”
- Basket CDS (Basket CDS structure mechanics, Role of correlation)

“Application: Hedging credit portfolio risk with First-to-Default Basket CDS”

4: Other Derivatives types & applications

- Securitisation
- Weather
- Insurance



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Contact

Contact Us For more inquiries or require assistance with cancellation or transfer:

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