

Capital Markets: Equity and Bond Markets, Futures and Options

This course provides mini-MBA students with a broad overview of U.S. and international capital markets. We analyze the main security markets: stock (equity) markets, bond markets, and futures and option markets.

We discuss the various debt instruments used by corporations and governments and the risks associated with investing in the bond market. We study yield to maturity, interest rate risk and duration, default risk and credit ratings. We discuss sovereign risk, the role of the Federal Reserve, and the importance of inflation.

We compare risks in bond and equity markets and discuss ways to quantify these risks. We also discuss different trading venues and the execution of trades. Finally, we introduce derivatives markets, i.e., futures and option markets, and we discuss how risks in these markets differ from risks in equity and bond markets.