

## COURSE LEARNING OBJECTIVES

After completing this course, participants should be able to:

- Describe the unique characteristics of financial markets.
- Recognize the types of financial instruments traded in financial markets.
- Explain how economic variables (such as interest rates and monetary policy) and financial risks impact financial market activity.

### Chapter 1 Financial Markets & Intermediaries

After studying this chapter participants should be able to:

- Describe the unique characteristics of financial markets.
- Recognize the types of financial instruments traded in various financial markets.
- Describe the efficient market hypothesis.
- Explain the role that financial intermediaries play in financial markets; recognize the various types of financial intermediaries.

### Chapter 2 Interest Rates

After studying this chapter participants should be able to:

- Calculate 'simple' and 'compound' interest.
- Explain how a bond's stated interest rate and its yield-to-maturity impacts the price at which it is traded.
- Describe how interest rates are derived under the 'loanable funds theory'.
- Calculate a bond's yield given specific information regarding its risk structure.
- Explain how a yield curve illustrates the term structure of interest rates; recognize various yield curve shapes and describe the theories behind them.

### Chapter 3 Central Banking and Monetary Policies

After studying this chapter participants should be able to:

- Describe the role that the Federal Reserve System ("the Fed") plays in financial markets.
- Describe the tools used by the Fed to conduct its monetary policy and explain how these tools impact the U.S. money supply.
- Calculate the two measures used by the Federal Reserve to estimate the U.S. money supply (M1 & M2).

### Chapter 4 Money Markets

After studying this chapter participants should be able to:

- Describe the primary characteristics the money markets.
- Identify the types of financial instruments that would be traded in the money markets.
- Recognize how money market instruments would be utilized by market participants given specific scenarios.

### Chapter 5 Capital Markets (Part I)

After studying this chapter participants should be able to:

- Describe the primary characteristics the bond and stock markets.
- Explain the unique attributes of Treasury, municipal and corporate bonds.
- Calculate the taxable equivalent yield of a municipal bond.
- Explain the differences between common and preferred stock.
- Locate specific information included in standard bond and stock price quotations.

## Chapter 6 Capital Markets (Part II)

After studying this chapter participants should be able to:

- Describe the primary characteristics the mortgage market and recognize the various types of mortgage loans.
- Describe the roles that financial institutions play in the mortgage-lending process.
- Explain the criteria used by mortgage lenders in the underwriting process.
- Explain the mortgage securitization process and describe the unique attributes of mortgage-backed securities.

## Chapter 7 Foreign Exchange Markets

After studying this chapter participants should be able to:

- Describe the primary characteristics of the foreign exchange markets.
- Translate direct and indirect foreign exchange quotes.
- Describe the economic factors that influence foreign exchange rates.
- Explain the differences between foreign exchange spot and forward contracts.
- Describe how arbitrage profits are earned in foreign exchange markets.

## Chapter 8 Derivatives Markets

After studying this chapter participants should be able to:

- Define the various types of risk that impact financial markets.
- Recognize the types of instruments traded in derivatives markets.
- Describe the unique characteristics of forwards, futures, swaps and options.