MARKET RISK MANAGEMENT

COURSE OVERVIEW

This Market Risk Management course offers an in-depth exploration of market risk within financial instruments. Participants will learn to identify and analyze market risk at various levels and understand how portfolios respond to market changes. The course covers essential topics such as interest rate risk, bond cash flow sensitivities, the yield curve, and FX risk. Through this program, participants will acquire the competencies needed to manage market risk effectively, ensuring financial stability and informed decision-making.

TARGET COMPETENCIES

- Risk Identification
- Risk Analysis
- Interest Rate Risk
- FX Risk Management
- Portfolio Sensitivity
- Financial Instruments

COURSE OBJECTIVES

By completing this course, participants will be able to:

- Understand where market risk is generated in financial instruments.
- Analyze market risk across different financial instruments.
- Manage interest rate risk effectively.
- Assess portfolio sensitivities to market changes.
- Interpret bond cash flows and their sensitivities.
- Construct and analyze zero-coupon yield curves.
- Evaluate and manage FX risk.
- Implement robust market risk management strategies.

TARGET AUDIENCE

- Risk Analysts and Financial Analysts
- Treasury Managers
- Investment Managers and Portfolio Managers
- Compliance Officers
- Financial Controllers and CFOs
- Quantitative Analysts
- Banking Professionals
- Consultants in Financial Services.

COURSE METHODOLOGY

The course employs a mix of lectures, interactive discussions, case studies, and hands-on exercises. Participants will engage in real-world scenarios to apply theoretical knowledge and develop practical skills. This blended approach ensures a thorough understanding of market risk management practices and prepares participants for real-life challenges.

COURSE OUTLINE

INTRODUCTION TO MARKET RISK

- Definition and Types of Market Risk
- Sources of Market Risk in Financial Instruments
- Importance of Market Risk Management
- Regulatory Framework and Standards
- Overview of Market Risk Metrics.

INTEREST RATE RISK MANAGEMENT

- Understanding Interest Rate Risk
- Measuring Interest Rate Sensitivity
- Duration and Convexity Analysis
- Managing Interest Rate Risk in Portfolios
- Case Studies on Interest Rate Risk.

BOND CASH FLOWS AND SENSITIVITIES

- Bond Pricing and Valuation
- Sensitivity of Bond Cash Flows
- Yield Curves and Spread Analysis
- Duration and Immunization Strategies
- Impact of Market Changes on Bond Portfolios.

ZERO-COUPON YIELD CURVE CONSTRUCTION

- Concept of Zero-Coupon Bonds
- Building Zero-Coupon Yield Curves
- Applications in Risk Management
- Spot Rates and Forward Rates
- Case Studies on Yield Curve Analysis.

FOREIGN EXCHANGE (FX) RISK MANAGEMENT

- Understanding FX Risk
- Measuring FX Exposure
- FX Risk Management Strategies
- Hedging Techniques and Instruments
- Case Studies on FX Risk.

PORTFOLIO SENSITIVITY ANALYSIS

- Assessing Portfolio Risk
- Sensitivity to Market Movements
- Value-at-Risk (VaR) Models
- Scenario Analysis and Stress Testing.