ECON 3003 DERIVATIVES

Credit Points 10

Legacy Code 200079

Coordinator Mark Thomas (https://directory.westernsydney.edu.au/search/name/Mark Thomas/)

Description This unit provides an introduction to the major classes of derivatives: forwards, futures, swaps and options. It examines how these instruments can be used by companies for the purposes of hedging, speculation and arbitrage. Each of these categories of derivatives is examined in some detail. Considerable attention is also given to various models used to price derivative products. The historical background to contemporary risk management is also considered.

School Business

Discipline Economics

Student Contribution Band HECS Band 4 10cp

Check your HECS Band contribution amount via the Fees (https://www.westernsydney.edu.au/currentstudents/current_students/fees/) page.

Level Undergraduate Level 3 subject

Pre-requisite(s) ECON 1006 AND
ECON 2002

Equivalent Subjects LGYA 9824 - Risk Management LGYB 9004 - Options Futures and Derivitive Products

Assumed Knowledge

Knowledge of mathematics and statistics equivalent to that required for 200052, Introduction to Economic Methods.

Learning Outcomes

On successful completion of this subject, students should be able to:

1. Describe the operational mechanics of derivatives trading;
2. Identify and explain the role of key participants in derivatives markets;
3. Evaluate the institutional and organisational structure of key derivatives markets;
4. Examine the theoretical background to the pricing of various types of derivatives;
5. Illustrate the historical development of derivatives.

Subject Content

- options, futures and forwards Overview
- mechanics of futures and forward markets
- interest rate mathematics and analysis
- forward and futures price analysis
- Hedging strategies
- interest rate derivatives
- FRAs and swaps
- option market structure and mechanics
- option strategies
- option pricing Models

Assessment

The following table summarises the standard assessment tasks for this subject. Please note this is a guide only. Assessment tasks are regularly updated, where there is a difference your Learning Guide takes precedence.

Item	Length	Percent	Threshold	Individual/ Group Task
Quiz	40 minutes	10	N	Individual
Portfolio	10 minutes	15	N	Individual
Intra-session Exam	1 hour	25	N	Individual
Final Exam	2 hours	50	N	Individual

Prescribed Texts

- Hull, J 2014, Fundamentals of futures and options markets, 8th edn, Pearson, Harlow, Essex. [Available online].

Teaching Periods

Autumn

Online

Online

Subject Contact Mark Thomas (https://directory.westernsydney.edu.au/search/name/Mark Thomas/)

View timetable (https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=ECON3003_22-AUT_ON_O#subjects)

Parramatta City - Macquarie St

Day

Subject Contact Mark Thomas (https://directory.westernsydney.edu.au/search/name/Mark Thomas/)

View timetable (https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=ECON3003_22-AUT_PC_D#subjects)

UEH-Session 1

Vietnam

Day

Subject Contact Mark Thomas (https://directory.westernsydney.edu.au/search/name/Mark Thomas/)

View timetable (https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=ECON3003_22-UT1_UE_D#subjects)

Sydney City Campus - Term 2

Sydney City

Day

Subject Contact Neelam Goela (https://directory.westernsydney.edu.au/search/name/Neelam Goela/)

View timetable (https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=ECON3003_22-SC2_SC_D#subjects)

UEH-Session 2

Vietnam

Day

Subject Contact Mark Thomas (https://directory.westernsydney.edu.au/search/name/Mark Thomas/)

View timetable (https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=ECON3003_22-UT2_UE_D#subjects)