

# ECON 3003 DERIVATIVES

**Credit Points** 10

**Legacy Code** 200079

**Coordinator** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))

**Description** This subject 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/](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 Derivative 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.

Type	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 (2022)

**Online**

**Online**

**Subject Contact** Mark Thomas ([https://directory.westernsydney.edu.au/search/name/Mark Thomas/](https://directory.westernsydney.edu.au/search/name/Mark%20Thomas/))

View timetable ([https://classregistration.westernsydney.edu.au/even/timetable/?subject\\_code=ECON3003\\_22-AUT\\_ON\\_O#subjects](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/](https://directory.westernsydney.edu.au/search/name/Mark%20Thomas/))

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## UEH-Session 1 (2022)

**Vietnam**

**Day**

**Subject Contact** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))

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## Sydney City Campus - Term 2 (2022)

**Sydney City**

**Day**

**Subject Contact** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))

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## UEH-Session 2 (2022)

**Vietnam**

**Day**

**Subject Contact** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))

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## UEH-Session 3 (2022)

### Vietnam

#### Day

**Subject Contact** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))

View timetable ([https://classregistration.westernsydney.edu.au/even/timetable/?subject\\_code=ECON3003\\_22-UT3\\_UE\\_D#subjects](https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=ECON3003_22-UT3_UE_D#subjects))

## Vietnam Session 1 (2023)

### Vietnam

#### On-site

**Subject Contact** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))

View timetable ([https://classregistration.westernsydney.edu.au/odd/timetable/?subject\\_code=ECON3003\\_23-UT1\\_UE\\_1#subjects](https://classregistration.westernsydney.edu.au/odd/timetable/?subject_code=ECON3003_23-UT1_UE_1#subjects))

## Autumn (2023)

### Online

#### Online

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## Parramatta City - Macquarie St

### On-site

**Subject Contact** Mark Thomas ([https://directory.westernsydney.edu.au/search/name/Mark Thomas/](https://directory.westernsydney.edu.au/search/name/Mark%20Thomas/))

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## Sydney City Campus - Term 1 (2023)

### Sydney City

#### On-site

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## Vietnam Session 2 (2023)

### Vietnam

#### On-site

**Subject Contact** Heath Spong ([https://directory.westernsydney.edu.au/search/name/Heath Spong/](https://directory.westernsydney.edu.au/search/name/Heath%20Spong/))

View timetable ([https://classregistration.westernsydney.edu.au/odd/timetable/?subject\\_code=ECON3003\\_23-UT2\\_UE\\_1#subjects](https://classregistration.westernsydney.edu.au/odd/timetable/?subject_code=ECON3003_23-UT2_UE_1#subjects))

## Sydney City Campus - Term 3 (2023)

### Sydney City

#### On-site

**Subject Contact** Neelam Goela ([https://directory.westernsydney.edu.au/search/name/Neelam Goela/](https://directory.westernsydney.edu.au/search/name/Neelam%20Goela/))