

Course Unit: 1961005 – Markets and Financial Instruments

Year 1 Semester 1 ISCED Code: 0412 ECTS: 5

Type of Course Unit Compulsory Delivery Mode: Face-to-face / Distance Learning Language of Instruction: Portuguese

COURSE COORDINATOR: Fernando José Calado e Silva Nunes Teixeira

HOURS OF WORK

TOTAL HOURS	Contact Hours								Hours in autonomous work
	Theory	Theory and practice	Practical and laboratory work	Field work	Seminar	Internship	Tutorial guidance	Other	
125		35							90

Prerequisites (if applicable): not applicable

LEARNING OUTCOMES (knowledge, skills and competence)

- To give an overview of the functioning of the capital markets in the national and international context;
- To understand the management of a portfolio of financial assets;
- Learn the key techniques of valuation and management of risks in the bond market;
- To understand the main features of derivatives.

CONTENTS

1. Markets and financial investments
 - 1.1. Functioning of the financial markets - Spot markets and Forward markets
 - 1.2. Portfolio management theories
 - 1.3. Portfolio analysis
 - 1.4. Capital markets efficiency
2. Valuation of bonds
 - 2.1. Bonds and money market instruments
 - 2.2. Prices and yields in bonds
 - 2.3. To explain the term structure of interest rates
 - 2.4. Immunization of interest rate risk
 - 2.5. Bond investment strategies
3. Derivative markets
 - 3.1 Futures
 - 3.1.1. Types of futures contracts and valuation models
 - 3.1.2. Hedging and investment strategies
 - 3.2. Options
 - 3.2.1 Key variables and options properties

3.2.2 Options strategies

3.2.3 Valuation of share options: binomial model and the Black-Scholes model

3.3 Swap key concepts

DEMONSTRATION OF THE CONTENTS COHERENCE WITH THE COURSE UNIT'S LEARNING OUTCOMES

The syllabus has been designed taking into account the profile of skills required for this course; The syllabus allows the student to attain the objectives of the curricular unit, namely with regard to the products' characterization of the money market and capital market; the understanding of the portfolios management of financial assets; approach the key techniques of valuation and management of risks in the bond market and the understanding of the derivatives markets.

TEACHING METHODOLOGIES

The UC works on a blended learning basis with 1/3 of the hours working online. In the online sessions, active methodologies will be used, with student-centered learning and activities that encourage their participation:

1. Resolution of practical cases;
2. Participation in forums;
3. Guided debate/discussion of program topics.

The remaining theoretical-practical classes, in person, include:

1. Exposition of the material and debate with the students;
2. Analysis and resolution of practical cases;
3. The practical cases to be discussed are real and current and the active participation of students will be encouraged;

The documentation of the themes to be developed will be given to the students at the beginning of the classes, which will allow an easier assimilation of the subjects to be analyzed in the classroom environment.

DEMONSTRATION OF THE COHERENCE BETWEEN THE TEACHING METHODOLOGIES AND THE LEARNING OUTCOMES

The exposure of the syllabus is followed with a resolution of practical cases, allowing students to apply their knowledge in an area constantly changing and very demanding. In the resolution of case studies is strongly encouraged student participation and promotion of their work independently. Thus, it is intended that students are able to develop skills of analysis and synthesis, research, criticism, written and oral communication.

EVALUATION METHODS

A written individual test (60%) and individual work (40%). The work is based on the management of a portfolio of assets.

MAIN BIBLIOGRAPHY

- Bodie, Z., Kane, A. & Marcus, A. J. (2023), Investments, 13rd global edition, Boston: McGraw-Hill/Irwin.
- Elton, E.J., Gruber, M. J., Brown, S. J. & Goetzmann, W. N. (2014), Modern Portfolio Theory and Investment Analysis, 9th edition, New York: John Wiley & Sons.
- Fabozzi, F. J., Fabozzi, F. A., & Drake, P. P. (2021). Introduction To Finance: Financial Management And Investment Management. World Scientific.
- Fabozzi, F. J., & Fabozzi, F. A. (2021). Bond markets, analysis, and strategies. MIT Press.
- Hull, J. C. (2021). Options, Futures, and Other Derivatives, EBook, Global Edition. Pearson.
- Miguel, A., Mota, A., Barroso, C., Pimentel, D., Lourenço, J., Nunes, J., Oliveira, L., Ferreira, M. & Alpalhão, R. (2019), Investimentos Financeiros: Teoria e prática, 3ª Edição, Edições Sílabo.
- Mishkin, F. & Eakins, S. (2018), Financial Markets and Institutions, 9th global edition, Pearson.
- Teall, J. L. (2022). Financial trading and investing. Academic Press.