NEW YORK UNIVERSITY STERN SCHOOL OF BUSINESS
Debt Instruments and Markets (GB.3333.10)
Fall 2012, W 6:00-9:00pm, Room KMC 4-80

Instructor: Bruce Tuckman
Office: KMC 9-92
Office Hours: Wednesdays 3-6pm or by appointment
Email: btuckman@stern.nyu.edu

Course Description
This course will cover a broad range of fixed income markets in the United States, the Eurozone, and Japan: who trades what and why, how relative security prices are determined, and how to quantify and hedge their risks. The material is designed to balance institutional knowledge, theory, and application.

While every effort has been made to limit the mathematical complexity of the course, students should be aware that fixed income is inherently a quantitatively demanding subject.

Required Text
Lecture slides and any supplemental material will be made available.

Problem Sets, Exams, and Grading
Problem sets will be assigned, but not collected, and answers will be distributed.
There will be one midterm and a final. Both exams will be multiple-choice and closed book, although a calculator is expected. Each exam will focus on a particular set of lectures, but knowledge of material presented earlier may certainly be required.
The course grade will be the average of the two exam grades. Consistent with school policy, the distribution of course grades will be similar to that of the core courses (25-35% A’s; 50-70% B’s; and 5-15% C’s).
**Course Outline**
(Chapter numbers refer to Tuckman and Serrat.)

Overview of Global Fixed Income Markets (Overview Chapter)
Prices, Discount Factors, and Arbitrage (Chapter 1)
Spot, Forward, and Par Rates (Chapter 2)
Returns, Spreads, and Yields (Chapter 3)
One-Factor Risk Metrics and Hedges (Chapter 4)
Empirical Approaches to Risk Metrics and Hedging (Chapter 6)

**Midterm:** Wednesday 31 October

Repurchase Agreements and Financing (Chapter 12)


Forwards and Futures: Preliminaries (Chapter 13, pp. 351-363, 371)
Note and Bond Futures (Chapter 14, pp. 373-390)
Short-Term Rates and Derivatives (Chapter 15, pp. 401-411, 417-432)
Swaps (Chapter 16, pp. 435-450)
Corporate Bonds and Credit Default Swaps (Chapter 19)
Mortgages and Mortgage-Backed Securities (Chapter 20)

**Final:** Wednesday 19 December