

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY ANANTAPUR				
MBA IV Semester	L	T	P	C
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(17E00403) FINANCIAL DERIVATIVES
(Elective V)

Objective: The objective of this course is to make students efficient in the area of Financial Derivatives, giving them the knowledge of basics in Financial Derivatives, Future Markets, Option Strategies, etc.

*** Standard discounting and statistical tables to be allowed in the examinations.**

1. **Introduction to Derivatives:** Development and Growth of Derivative Markets, Types of Derivatives, Uses of Derivatives, Financial and Derivative markets -Fundamental linkages between spot & Derivative Markets, The Role of Derivatives Market in India.
2. **Future and Forward Market:** structure of forward and Future Markets, Mechanics of future markets, Hedging Strategies, Using futures. Determination of forward and future prices - Interest rate futures, Currency futures and Forwards
3. **Options:** Distinguish between Options and Futures, Structure of Options Market, Principles of Option Pricing, Option Pricing Models: The Binomial Model, The Black Scholes Merton Model.
4. **Basic Option Strategies:** Advanced Option Strategies, Trading with Options, Hedging with Options, Currency Options.
5. **Swaps:** Concept and Nature of Swaps—Major Types of Financial Swaps –Interest Rate Swaps –Currency Swaps –Commodity Swaps – Credit Risk in Swaps

Text Books:

- Financial Derivatives, Gupta, 1st Edition, PHI.
- Fundamentals of futures and options market, John C Hull: Pearson Education.

References:

- Financial Derivatives and Risk Management, OP Agarwal, HPH
- Commodities and Financial Derivatives, Kevin, PHI
- Fundamentals of Financial Derivatives, Swain.P.K, HPH
- Financial Derivatives, Mishra: Excel.
- Risk Management & Derivatives, Stulz, Cengage.
- Derivatives and Risk Management, Jayanth Rama Varma: TMH.
- Risk Management Insurance and Derivatives, G. Koteswar: Himalaya