CQF 2009
Module 4.1
Live Lecture: March 26, 2009
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Fixed Income Products and Analysis

In this lecture:
- Names and features of the basic and most important fixed-income products
- Swaps
- The relationship between swaps and zero-coupon bonds
- An overview of fixed-income modeling
- Simple ways to analyze the market value of the instruments: yield, duration, and convexity
- How to construct yield curves and forward rates

By the end of this lecture, you will:
- Be able to decompose a swap into a portfolio of bonds
- Understand the main approaches to interest-rate modeling
- Be able to construct the forward curve from simple bonds
- Understand the concepts of yield, duration, and convexity

Summary

- A vanilla swap can be decomposed exactly into a portfolio of bonds
- The main ideas behind interest-rate modeling
- Yield, duration, and convexity are important measures of interest-rates and sensitivities
- The forward curve can be constructed from simple bonds and swaps