

## **A. ASSIGNMENT RECAP**

- Write a 2000-word report including a **1500-word research** paper to identify and examine an **important issue in bond, equity, or derivatives markets**.
- And a **500-word reflection** on Industry talk.

### **Tips to choose topics for Part A**

- Pick a contemporary issue that interests you and that you want to learn more about. This will make the research process more engaging.
- Scan financial news sites to find emerging topics, debates, or recent events that could lead to good research questions.
- Look for issues where experts disagree or there are multiple perspectives. This creates opportunities for analysis.
- Select a focused, specific issue versus something overly broad. This will allow for deeper investigation.
- Browse academic journals in finance for inspiration from the latest scholarly research on these markets.
- Pick a topic that has sufficient existing research and literature available to review.
- Consider issues with real-world relevance and impact beyond just academics.

### **Suggestion to choose topics for Part A**

#### **a/ Bond Market Topics:**

- The impact of rising interest rates on fixed-income securities
- Increased bond market volatility and risk management strategies
- The growth of green bonds and social impact investing
- Changes and risks in corporate bond covenants
- Technology innovation in bond trading platforms

#### **b/ Equity Market Topics:**

- Strategies to mitigate risk in algorithmic or high-frequency trading
- Growth prospects and risks of passive index investing
- Trends in global exchange-traded funds (ETFs)
- Blockchain applications in equity clearing and settlement
- Environmental, social, and governance (ESG) investing in equities

#### **c/ Derivatives Market Topics:**

- Regulatory responses to growth in complex derivatives
- Counterparty risk concerns in over-the-counter derivatives
- Operational risks of derivatives clearinghouses
- Increased retail investor activity in derivatives markets
- Financial engineering and derivative securities innovation

## **Structure:**

### **I. PART A: Research paper (1500 words)**

**A. Title** (Less than 15 words)

**B. Abstract** (less than 150 words)

**C. Introductory:** (Suggested 450 words)

- Provide the background relating to the research question, which explains/justifies your choice of the research question;
- Briefly state your research question;
- Identify the key issues relating to your research question;
- Briefly summarize your findings on the research question

Your introduction should be approximately half a page in length

**D. Literature review**

- Research and provide different perspectives from academic reports to comprehensively review the t

**E. Main Body.**

- Use subheadings, to divide your research paper into areas that examine different aspects of your research question, to provide a logical structure for your research paper, and which show the logical development of your ideas.
- It should also include the application of financial theories to examine your research question systematically and logically.

**F. Conclusion**

Should state your findings relating to your research question and the possible impact of your findings on global financial markets.

**G. Limitations of the research paper**

Limitations are influences that the researcher cannot control. They are the shortcomings, conditions, or influences that cannot be controlled by the researcher that place restrictions on your conclusions.

## H. Appendices

### I. Reference List

## II. PART B: Reflection on the Industry Talk (maximum 500 words)

You are required to write a reflection on the industry talk. Your reflection should address the following questions:

- What was the discussion in the talk?
- How can you relate the talk to the Financial market course?
- What can you add to the discussion?

## B. KEYWORD EXPLANATIONS

1. **Bond market** - The marketplace where debt securities called bonds are issued and traded.
2. **Equity market** - The market where shares of stock in publicly held companies are issued and traded.
3. **Derivatives market** - The financial market for instruments like futures, options, and swaps derived from and dependent on underlying assets.
4. **Financial markets** - Markets that allow buyers and sellers to trade financial securities like bonds, stocks, and currencies.
5. **Securities** - Financial instruments that hold some type of monetary value. Bonds, equities, and options are all types of securities.
6. **Volatility** - The degree of variation in the price of a security over time. High volatility means large price swings.
7. **Liquidity** - The degree to which an asset can be quickly bought or sold on a market without impacting its price.
8. **Market risk** - The possibility of an investor experiencing losses due to factors affecting the overall performance of financial markets.
9. **Counterparty risk** - The risk that the other party in a financial contract will default on obligations.
10. **Financial regulation** - Rules and laws governing financial markets and institutions to protect investors and promote stability.
11. **Financial innovation** - The creation and popularization of new financial instruments, technologies, or processes.

## C. FOOD FOR HUNGRY THOUGHTS

### TOPIC:

1. "High-frequency trading: Reaching the limits" (Journal of Trading) - <https://www.ijournals.com/doi/abs/10.3905/jot.2018.11.1.048>
2. "Credit default swaps and the credit crisis" (Journal of Economic Perspectives) - <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.24.1.73>
3. "The growth of the shadow banking system" (Journal of Financial Perspectives) - [https://www.ey.com/en\\_gl/financial-services/how-the-shadow-banking-system-works](https://www.ey.com/en_gl/financial-services/how-the-shadow-banking-system-works)
4. "Carbon emissions and financial risk" (Annual Review of Environment and Resources) - <https://www.annualreviews.org/doi/full/10.1146/annurev-environ-012320-084719>
5. "How High-Frequency Trading Hits Main Street" (Wall Street Journal) - <https://www.wsj.com/articles/how-high-speed-trading-hits-main-street-11582076000>
6. "How swaps can bring down companies" (BBC) - <https://www.bbc.com/news/business-54322579>
7. "Why Derivatives May Be the Biggest Risk for the Global Economy" (New York Times) - <https://www.nytimes.com/2019/05/31/business/big-banks-derivatives.html>
8. "ESG Investment Risks" (Bloomberg) - <https://www.bloomberg.com/news/articles/2022-06-13/esg-investing-risks-include-social-washing-greenwashing-mifid-regulati>

### REFERENCES

#### BOND

[‘Should you buy bonds right now? Here’s what investing experts say’](#)

[‘Bond market in the first 5 months of 2022’](#)

[‘Lending rate forecast to be cut by 1-1.5pp in 2024’](#)

## **RUSSIA-UKRAINE WAR**

<https://www.cfr.org/backgrounder/ukraine-conflict-crossroads-europe-and-russia#chapter-title-0-5>

<https://www.wonderslist.com/economic-crisis-due-to-russian-ukraine-war/>

<https://onlinelibrary.wiley.com/doi/10.1111/eufm.12386>

<https://kpmg.com/fr/fr/blogs/home/posts/2022/03/how-the-russia-ukraine-crisis-impacts-energy-industry.html>

<https://ieeca.org/journal/index.php/JEECAR/article/view/1079/458>

Sun M and Zhang C (2022) ‘Comprehensive analysis of global stock market reactions to the Russia-Ukraine war’, *Applied Economics Letters*, doi:[10.1080/13504851.2022.2103077](https://doi.org/10.1080/13504851.2022.2103077).

Yousaf I, Patel R and Yarovaya L (2022) ‘The Reaction of G20+ Stock Markets to the Russia-Ukraine Conflict ‘Black-Swan’ Event: Evidence From Event Study Approach’ *SSRN*, doi:[10.2139/ssrn.4069555](https://doi.org/10.2139/ssrn.4069555).

EstradaaM and Koutronas E (2022) ‘The impact of the Russian Aggression against Ukraine on the Russia-EU Trade’, *Journal of Policy Modeling*, 44(3):599-616, doi:[10.1016/j.jpolmod.2022.06.004](https://doi.org/10.1016/j.jpolmod.2022.06.004).

Allen SH (2022) ‘The uncertain impact of sanctions on Russia’, *Natural Human Behaviors*, 6:761–762, doi:[10.1038/s41562-022-01378-8](https://doi.org/10.1038/s41562-022-01378-8)

Agoraki ME, Kouretas G and Laopodis N (2022) ‘Geopolitical risks, uncertainty, and stock market performance’, *Economic and Political Studies*

Taylor E, Filipski M, Alloush M and Gonzalez-Estrada E (2016) ‘Economic impact of refugees’, *Economic Sciences*,

Boubaker S, Goodell JW, Pandey DK and Kumari V (2022) ‘Heterogeneous impacts of wars on global equity markets: Evidence from the invasion of Ukraine

Li W, Wang A, Zhong W, Wang C (2022) ‘An Impact Path Analysis of Russo–Ukrainian Conflict on the World and Policy Response Based on the Input–Output Network’