

# FINANCIAL MARKETS

MBA BATCH: 2016-18 / TRIMESTER - V  
DEPARTMENT OF MANAGEMENT,  
AMRITA VISHWA VIDYAPEETHAM

## INSTRUCTOR AND CONTACT INFORMATION

**P Aiyappa Achappa**  
[Aiyappaa.a@gmail.com](mailto:Aiyappaa.a@gmail.com)  
9845211400

## COURSE OBJECTIVE

As a student of finance, it is very essential to understand “*How the financial system works*”. This would help in analyzing customer needs and help in formulating Investment decisions. The subject “Financial Markets” provides a detailed understanding on the core concept of investment avenues, financial products & services.

It also provides deep insight of investment banking industry, role & functions of investment Bankers, primary market dealers and secondary market intermediaries. Gaining in-depth knowledge in this subject would pave the way for a career in commercial banking and investment banking sector

## LEARNING OUTCOMES

Upon completion of this course, students will be able to:

- Understand the various components of the money markets & commodity markets
- Understand the functions depository , stock exchange and merchant bankers
- Understand the concept of derivatives & technical analysis
- Synchronize the components and the intermediaries of financial markets

## COURSE DESCRIPTION

This course shall address the financial markets in detail. The development of financial markets is one of the pre-requisites for supporting an economy on a sustained growth trajectory. The various components of the financial markets include the debt market , equity market, derivative markets, money markets and foreign exchange market. This course would be an introduction to financial markets, laying emphasis on understanding the basic concepts relating to financial markets. Brief analysis on the present state of each of these financial markets in India would also be addressed.

## REQUIRED COURSE MATERIALS AND READINGS

1. By MY Khan “Indian Financial System” -
2. Dun & Bradstreet –“Fixed Income securities
3. Prasanna Chandra “Investment analysis & Portfolio Management by ”

## OPTIONAL COURSE MATERIALS & READINGS (CASES, ARTICLES, REPORTS ETC)

To get up to date information on various components of the financial markets:  
Websites such as SEBI, RBI, NSE ,FIMMDA can be logged on to.

## EVALUATION CRITERIA

Assignments & final Project

### Components and Weights

Components	Weightage (%)
Component 1 (Presentation)	20%
Component 2 (Mid term exam)	20%
Component 3 (Short write-up)	20%
End term (examination)	40%
<b>Total</b>	<b>100%</b>

**DETAILS OF SESSION: TENTATIVE COURSE SCHEDULE**

<b>WEEK</b>	<b>SESSION NO.</b>	<b>TOPICS TO BE COVERED</b>	<b>ASSIGNED READING, CASE DISCUSSION, ASSIGNMENTS</b>
Week 1	Session 1& 2	Introduction to financial markets, components of financial markets, relationship between financial markets and economic development. Securitisation -MBS and REITS	“Indian Financial System” By MY Khan - Chapter 2 & 3  <i><a href="https://www.ifcilt.com/">https://www.ifcilt.com/</a> Evaluate various products and services offered by IFCI</i>
Week 2	Session 3 and 4	Money markets, call money, CP & CD Repo markets –working structure and participants –settlement	Dun & Bradstreet –“Fixed Income securities ”Chapter 2 page 5-34 <a href="http://www.fimmda.org">www.fimmda.org</a> <i>Analysis of interest rates on Commercial paper &amp; CD</i>
Week 3	Session 5 and 6	Introduction to Debt markets- Basic concepts of Yield, Yield to maturity, Current yield. Relationship between yield and bond price.	“Investment analysis & Portfolio Management ” by Prasanna Chandra -11.3 to 11.6  <a href="http://www.nseindia.com">www.nseindia.com</a> -Debt markets <i>Analyse the YTM of corporate bonds and PSU bonds (Taxfree)</i>
Week 4	Session 7 and 8	Concept of the Yield curve-various shapes of the Yield curve-Utility of the yield curve in forecasting interest rates . – Duration , convexity & PV	“Investment analysis & Portfolio Management ” by Prasanna Chandra 11.6 & 11.28  <i>Application of MS excel in bond valuation</i>
Week 5	Session 9 and 10	Introduction to equity markets- Primary & Secondary Markets –Trading clearing and settlement	“Investment analysis & Portfolio Management ” by Prasanna Chandra 3.1 & 3.25  <i>Analysis of IPO prospectus “ Godrej Agrovet ”</i>
Week 6	Session 11 and 12	Basics of Fundamental analysis- EIC approach Calculation of beta –Various indices used in the stock market	“Investment analysis & Portfolio Management ” by Prasanna Chandra 15.1 to 15.38  <i>Analysis of Finolex Industries – HDFC Securities ”</i>

**COURSE OUTLINE**  
**YEAR 2017 | TRIMESTER: V**

Week 7	Session 13 and 14	Technical analysis- charting techniques, SMA, EMA, RSI, MACD analysis, Japanese Candlesticks. Market hypothesis Theory	“Investment analysis & Portfolio Management ” by Prasanna Chandra 16.1 to 16.18  <a href="http://www.icharts.in">www.icharts.in</a> <i>Application TA indicators on selected stocks</i>
Week 8	Session 15 and 16	Derivative markets- concepts of Forwards & Futures and hedging the price risk	“Investment analysis & Portfolio Management ” by Prasanna Chandra 18.4,18.6 & 18.7  <i>Live trading using NSE Paathshaala-Futures</i>
Week 9	Session 17 and 18	Derivative instruments –Concept of call & put.	“Investment analysis & Portfolio Management ” by Prasanna Chandra 17.4 &17.5  <i>Live trading using NSE Paathshaala-options</i>
Week 11	Session 21 and 22	Commodity markets Concept of commodity futures & inventory price risk management	“Investment analysis & Portfolio Management ” by Prasanna Chandra 18.10  <i>Case study on Price risk management of Gold</i>
Week 12	Session 23 and 24	<b>Overview of the course: Presentations by students</b>	Topics for presentations to be presented at the end of the course. <ol style="list-style-type: none"> <li>1. Role of the regulators SEBI in financial markets</li> <li>2. Financing of infrastructure- role of capital markets</li> <li>3. How integrated are our financial markets?</li> <li>4. Changing landscape of financial markets in recent years.</li> <li>5. Corporate bond market</li> <li>6. Role of Credit rating agency in debt market</li> <li>7. Application of Technical analysis identifying the</li> </ol>

			entry and exit levels for equity 8. Contagion effects in financial markets.
--	--	--	--

\*\*Note: Faculty should give tentative schedule of all the 24 sessions and Topics to be covered along with the cases and assignments if any. (If required, changes can be done at later stage)

\*\* 1 Session= 75 Min. (1.15hr)