Asset Swap Workshop, (One Day)

This is a one-day workshop explaining how swaps and fixed income securities are combined to create asset swap packages. The workshop will cover:

- How swaps and bonds are combined
- How they are valued
- Up-front payments
- Mark-to-market valuations
- Selected pricing screens

Training will be in a workshop format. This will include a mixture of presentation and case study material. The course is designed for up to ten staff.

Below is a summary of the workshop. The content has been placed in a logical sequence and addresses the pricing, structuring and risks associated with asset swaps.

Morning

Introduction
-Present value techniques

Interest rate swaps
-What they are
-How they are used
-Day count conventions
-Pricing
-Basis point value
-Practical example

Fixed income securities
-Cash flow structure
-How they are valued
-Bonds that are suitable for asset swapping

Combining swaps & bonds
-Par/par asset swaps: what they are, how they are structured, why clients prefer par/par structures

-What happens when a bond is at a premium, the up-front payments and additional credit risks

-What happens when a bond is at a discount, the up-front payments and additional credit risks

-Practical examples

Comparison with FRNs
-Discount margin calculation
-Practical example

Afternoon

Assets swaps - advantages for clients
-Increased return

Asset swaps - disadvantages for clients
-Reduction in liquidity

Valuation of the asset swap
-Mark-to-market values of the bond and swap
-Understanding how values change
-Practical example

The risks associated with an asset swap package
-Credit exposures on the bond
-Credit exposure on the swap, how you get them, how you measure them, how they change and how they can be mitigated

Asset swapping non-vanilla bonds
-Callable and puttable structures

End of workshop & review

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