

Graduate Treasury Workshop (Two Days)

This workshop is specifically designed for a new graduate intake. The course does not assume prior knowledge of the subject. The course will explain the following:

1. The role & function of the Treasury
2. What influences market prices and why this is important
3. The main products used
4. The importance of key support areas to Treasury
5. The risks associated with the products
6. Using products to provide solutions for customers

The course will be presented in a workshop format. This will include a mixture of presentation and case study material.

Below is a summary of the workshop content. The content of each day has been placed in a logical sequence and addresses the main products, risks and control processes.

Selected pre-course reading

To be provided before the course.

Day One

The Role of the Treasury

- How a Treasury works & what it does
- Key jobs & functions
- Key terminology

Money markets & foreign exchange

- Financial mathematics
- Discount factors, present / future value
- Yield curves and market conventions
- Practical application to markets

Key reasons why prices change

- Supply & demand
- Unexpected news and events

Money markets

- Loans and deposits
- Certificates of deposit
- Commercial paper
- Repo
- Role of money market products in liquidity management

Foreign exchange

- Spot exchange rates
- Interest rate differentials
- Outright forwards
- Forward points
- FX Swaps
- Use of foreign exchange in trading and hedging

Bond Markets

Introduction to debt markets

- What bonds are
- Who buys and sells bonds
- Why there is a market

Floating rate notes

- What they are
- How they work
- How they are evaluated

Fixed income securities

- What they are
- How they work
- How they are evaluated

Issuing debt

- How a new issue works
- Cost of money to the borrower
- Return to the investor

Structured products

- Introduction to collateralized debt obligations, how they work and how they have altered debt markets

Operations

- Importance to the front office
- What happens when you do a deal
- Confirmations, payments & reconciliations; recognition that this is a very important part of any successful Treasury

Day Two

Derivatives

Introduction: What a derivative is, why derivative markets have grown. Why banks use derivatives.

Forward interest rates

- Forward rate agreements
- Use in hedging / trading

Short term interest rate futures

- Contract specifications
- Margins
- How they can be used

Interest rate & currency swaps

- What they are
- How they work
- How they are used with assets & liabilities

OTC Interest rate options

- Caps/floors/Swaptions
- What they are
- How they work

Derivative solutions: using derivatives to manage risk. A customer focused interest rate hedging case study using derivative products.

Risk

This will be an introduction to the topic and is designed to explain the importance of risk management to Treasury and will include the following:

- Why risk is measured
- Why there are limits
- Market risk
- Liquidity risk
- Credit risk
- Operational risk
- Limits placed on risk

End of workshop & review