


Financial Economics: Stochastic Financial Markets				 universität bonn	
Module Number 332122010	Workload 225 h	Credits 7,5 CP	Duration 1 Term	Cycle yearly; summer term	
Responsible Faculty Member	Prof. Dr. Klaus Sandmann				
Institute	Department of Economics				
Study Program	Title		Character	Study Term	
	Master of Science Economics		Advanced Module	3rd	
Learning Outcomes	On the basis of profound knowledge of the main theoretical results the participants should get familiar with recent contributions. The course aims to provide students with an understanding of the arbitrage pricing theory and its application for the risk management of derivative contracts. It enables them to critical review different modelling approaches and to decompose complex financial products into their basic financial structures.				
Key Skills					
Learning Content	The course derives a general continuous time model of a financial market under uncertainty. Starting with different models of the term structure of interest rate the modelling framework will be extended to cover equity as well as exchange rate risks. The application of different pricing measures like the martingale and the forward risk adjusted measure for the pricing of financial derivatives will be discussed. Special emphasis will be given to the pricing and hedging of interest rate and exchange rate depending financial contracts like caps, floors, swaptions, currency options and structured products.				
Prerequisites for attending	none				
Course Type	Lecture, Seminar, etc.		Contact time	Workload [h]	
	lecture and tutorial		4 hrs per week	(c) 60 (s) 165	
Examination(s)	Type of Examination		Grades		
	written or oral exam		yes		
Special Course Achievements					
Other					

(c) contact time per term / (s) self study per term

April 2013