



PZH Consultants
Financial Markets
Training & Consultancy

Financial Markets Masterclass: Trading Bond Futures

COURSE LENGTH

One Full-Day In Person

DESCRIPTION

This highly interactive course addresses the needs of the treasury professional to be able to understand the bond futures product mechanism and the workings of the bond futures market. The first part of the course is a review on interest rates and bond fundamentals concepts such as bond pricing and risk calculations. The second part of the course focuses on bond futures covering futures product specifications and pricing mechanics. The final part will cover the application of bond futures as a trading and hedging tool.

LEARNING OBJECTIVES

- To understand the mechanics of bond futures
- To understand the applications of bond futures
- To understand the risk management techniques of bond futures

SAMPLE AGENDA

Part I : Interest rates and bond fundamentals review

1. **Introduction**
 - a) Trainer intro
 - b) Agenda / Objectives
2. **Bond basics**
 - a) Time value of money
 - b) Types of bonds
 - c) The yield curve
 - d) Dirty and clean price
 - e) Pricing a bond
 - f) Yield to maturity
 - g) Zero coupon curve
3. **Risk measurements of bonds**
 - a) Price/yield relationship
 - b) Duration
 - c) PV01
 - d) Convexity

Part II: Bond Futures

1. **Futures basics**
 - a) Definition of futures
 - b) Types of interest rates futures





- c) Mark-to-market and margining process
 - d) Futures clearing
2. **Bond futures explained**
- a) Contract specifications
 - b) Open interest
 - c) Futures final settlement process
 - d) Cash vs physical settlements
3. **Bond futures mechanics**
- a) Drivers of bond futures prices
 - b) Bond futures Cheapest to deliver (CTD) bond
 - c) Pricing a bond future
 - d) Conversion factors
 - e) CTD vs futures Basis

Part III: Applications of bond Futures

1. **Trading bond futures**
- a) Why trade bond futures?
 - b) Cash bond and other interest rate products vs bond futures
 - c) Spread trading
 - d) Trading futures as part of bond portfolio
2. **Hedging using bond futures**
- a) Hedge ratio calculation
 - b) Portfolio hedging
3. **Case discussion**