



First Course in Foreign Exchange

OVERVIEW

The foreign exchange market is the largest financial market in the world. Practitioners of all fields and sectors in any economy should understand its mechanics and products. This course does not require prerequisite knowledge. It will take the participants from the essential knowledge and terminologies up to the FX product structure.

COURSE CONTENT

- International Parity Conditions
 - Purchasing Power Parity
 - Absolute Purchasing Power Parity
 - Real Exchange Rates
 - Relative Purchasing Power Parity
 - Factors Contributing to the Departure from PPP
 - Empirical Tests and Evidence on PPP
 - Interest Rate Parities
 - Covered Interest Rate Parity
 - CIRP and Arbitrage in the Presence of Transaction Costs
 - Uncovered Interest Rate Parity
 - International Fisher Effect
 - Links Between the Parities
- Balance of Payments Issues and Exchange Rate Movements
 - The Elasticity Approach
 - The Absorption Approach
 - The Monetary Approach
 - DIPI Analysis and DIDI Analysis
- Currency codes
- Hedging, speculation, and arbitrage
- Spot, forward, value dates, and short dates
- How to spot rates are quoted
- Position-keeping
- Reciprocal rates
- Cross-rate calculations
- Forward outright
- Forward swaps
- Short dates
- Forward-forwards
- Non-deliverable forwards (NDFs)



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CONSULTING AND TRAINING

- Time options
- Long-dated forwards
- Synthetic agreements for forward exchange (SAFEs)