



Swaptions

Learn about...

- Swaption characteristics and terminology
- Swaption pricing and risk characteristics
- Hedging Applications
- Swaption Trading
 - directional, volatility and curve

Delegates should ensure that they have an understanding of...

- Swaps
- Forward rates
- Options characteristics and terminology.

Course Content

Swaptions

- Background to Swaptions
- Types of Swaption
- Swaption Terminology and Payoffs
- Swaption Settlements
- Pricing of Swaptions using modified Black 76
- Swaption volatility
- Volatility influences
- Effects of issuance of structured products and callable securities
 - PRDC and TRUPS

Swaption Risk Management

- Swaption Pricing Characteristics
- Swaption Greeks
- Delta
- Gamma
- Theta
- Vega
- Higher Order Greeks



Swaption Pricing Workshop

Swaption Hedging Applications

- Difference between hedging with Caps/Floors and Swaptions
- Basic hedging ideas
- Contingency hedging
- Selling Swaption premium.
 - Italian Swaps Scandal
- Gap Hedging



Swaption Hedging Case Study

Trading Swaptions

- Directional Trading
- Volatility and Spread Trading
 - Straddles and Spreads
 - Relative Value Volatility Trading using Straddles
- Butterfly's
 - Relative Value Volatility Trading using Butterfly's
- Curve trading
- Conditional Bull/Bear Steepeners/Flatteners
- Carry and Roll-Down