

BFM117 TRADING TECHNIQUES

Academic Year 2011/12

Number of Aston Credits: 15

Number of ECTS Credits: 7.5

Staff Member Responsible for the Module:

Mr Paddy Osborn, External Lecturer

Email: paddy.osborn@betagroup.co.uk

Availability: Via email only

Or contact the Finance, Accounting & Law Group Administrator:

Mrs Rosaleen Shirley, Room ABS 404, Extension 3238

Mode of Attendance:

On-Campus

Pre-requisites for the Module:

Students should have a basic understanding of financial markets, including the concept of bid and offer pricing of financial instruments. They should also be spending at least 15-30 minutes a day examining market rates, reading market analysis & economic forecasts for financial markets.

This information can be found in the Financial Times or online at any good finance site (FT.com, yahoofinance.com, googlefinance.com, FXStreet.com, etc.).

Module Objectives and Learning Outcomes:

This module develops the academic approach to market analysis into the real world of financial markets trading. It provides students with a comprehensive understanding of how financial markets operate in the real world and how inter-market correlations affect market prices. Students will learn about the external influences that cause the fluctuations of currencies, debt securities, stocks, shares and commodities and will have access to real-time market information on which to apply this knowledge.

The course also covers current customs, practices, regulations and ethical behaviour within global financial markets. The course is presented by two professional traders

who will share their own experiences in the market to help students derive the maximum benefit from the many sources of information currently available. Students who successfully complete the module will be able to:

- > Interpret a variety of information from different sources and assess the potential near term impacts of this information on foreign exchange rates, corporate bonds, gilts, derivative securities and shares.
- > Evaluate the performance of currencies and securities and determine whether a currency or a security is under-priced or over-priced.
- > Interact with market colleagues and competitors using the appropriate market terminology and etiquette.
- > Use modern information technology to evaluate and trade different types of securities and currencies.
- > Determine the implications of using different types of trading techniques to analyse and trade in the financial markets.

Module Content:

Topic 1

Financial Services Industry Landscape

- > Financial market structure
- > Traded markets overview
- > Correlations between different asset classes
- > Consolidation, Regulatory & Technology
- > Fundamentals V technical approach to trading and investment

Topic 2

Trading Currencies and Interest Rate Markets

- > Foreign Exchange (FX) market landscape
- > FX market participants – where and how is FX traded
- > Factors driving price action correlation to commodities
- > How FX rates affect/are affected by the global economy
- > Foreign exchange spots and forward markets

Topic 3

Technical Trading Techniques

- > How to analysis traded markets from a technical perspective



- > Identifying market sentiment & crowd behavior
- > Dow Theory
- > How to recognise areas of supply and demand
- > Identification of price patterns to generate targets

Topic 4

Advanced Technical Trading Strategies & Commodities

- > Moving Average Trading Standards
- > Momentum Indicators – Advanced warning signs
- > Volume and On Balance Volume
- > Oil, Gold and commodities

Topic 5

Capital Markets and Corporate Finance

- > Financial market structure
- > Identify the major market players and what they do
- > Mergers, acquisitions and private equity
- > Trading commodity markets, what causes volatility
- > Structured products valuation and algorithms
- > Convertible bonds and collateralized vehicles
- > Interest rate carry trade; ETF's and major market index analysis

Topic 6

Revision

- > Preparation for final exam
- > Review of key terms introduced during the course
- > Q&A Answer session

Corporate Connections:

The two lecturers for this module are both current investment professionals, each with more than 20 years' experience of working in the financial markets. Passing on their real-life experiences and knowledge of the fast-moving world of international finance is an integral part of this module.



International Dimensions:

This module will have a strong international focus and will discuss the correlation between various global markets across many geographical regions. All asset classes will be covered, from equity and bond markets to foreign exchange, commodities and metals.

Method of Teaching:

The module will be taught by lectures and by individual reading and market study. Understanding will be reinforced by the completion of a number of individual and group exercises and a mid-term coursework assignment.

Method of Assessment and Feedback:

This module will be assessed in two stages, with the Final Examination accounting for 70% of the total evaluation:

Market Analysis Assignment	30%	Mid-term market analysis coursework
Final Examination	70%	2-hour unseen, closed-book final exam

Students will be informed of the exact dates of each assessment via Blackboard and in the lectures.

Feedback will be made through feedback sheets and comments on Blackboard.

Learning Hours:

There will be a series of five 3-4 hour lectures plus practical laboratory sessions throughout the spring term, plus a revision lecture in the period leading up to the final examination.

Contact hours	24
Further Private Study	126
Total	150

Private study comprises guided reading and preparation associated with laboratory classes: laboratory practice; student self-directed learning in the subject area of the module; preparation and production of assessed coursework; examination preparation and revision.



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The following essential and recommended readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources.

Recommended Reading:

David S. Kidwell, Richard L. Peterson, David W. Blackwell, David A. Whidbee
Financial Institutions, Markets, & Money
8th Ed March 2003 Hardcover 704 pages (ISBN: 0-471-42874-4)
Part I, The Financial System; key terms pages 27, 55, 80
Part II, How interest rates are determined; key terms pages 102, 134, 161
Part III, Financial Markets; key terms pages 199, 227, 258, 292, 328, 363

Indicative Bibliography:

John J Murphy - *Technical Analysis of the Futures Markets*

Jack D. Schwager - *Getting Started in Technical Analysis*

Curtis Faith - *Way of the Turtle: The Secret Methods that Turned Ordinary People into Legendary Traders*



For further information on any of the opportunities that Aston Business School offers, please contact:

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