

COURSE TITLE	FINANCIAL RISK MANAGEMENT
COURSE CODE	05MF0202
COURSE CREDITS	4

Objective:

- 1 To understand about how to manage Financial Risk with different techniques
- 2 To impart a thorough understanding about Derivative Market.
- 3 To understand about what is the difference between Fundamental Analysis & Technical Analysis
- 4 To learn about different Technical Analytics Tools
- 5 To understand how Derivatives Contracts help to manage or hedge risk

Course Outcomes: After completion of this course, student will be able to:

- 1 Student will be introduced with risk and its various types, fostering understanding of financial risk management alongside approaches, tools, and techniques for effective risk mitigation, and installing portfolio measurement methods including Sharpe's Ratio, Treynor Ratio, and Jensen Alpha, all within the framework of the syllabus
- 2 Student will explore the derivative market, encompassing various strategies employed within it, such as hedging, speculation, and arbitrage, illustrated through case studies demonstrating their practical applications and outcomes.
- 3 Students will gain proficiency in tracing the evolution of the Indian stock market, including its historical milestones and key developments, examining equity dynamics and pre-trading psychology, delving into the fundamentals of technical analysis and its distinction from fundamental analysis, elucidating the tools of technical analysis, such as candlestick patterns and price action theory, and providing an overview of commonly used indicators for analyzing market trends and making informed trading decisions
- 4 Students will conducting an in-depth exploration of moving averages, including their various types and applications in technical analysis, analysing index movements and broader market indicators to gauge market sentiment and direction, examining the impact of inflation and interest rates on financial markets, studying trading setups and special techniques for identifying profitable trading opportunities, and elucidating the practical implementation of these concepts through case studies and real-world examples
- 5 Students will be able to learn and understand the cultural and management impediments that prevent pro-active risk communication. Provide a framework for understanding the approach to identify, analyses, manage and mitigate risks.

Pre-requisite of course:Basic Knowledge about Finance

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
4	0	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	Introduction to Financial Risk Management - Introduction about this block and Explain Risk and different types of Risk., - Explain Financial Risk Management, Approaches to Risk Management, Risk Management Process, Risk Management Tools & Techniques, - Portfolio Measurement Segment – using Sharpe’s Ratio & Treynor Ratio & Jensen Alpha,, Portfolio Measurement Technique (Cut off Rate) - VaR (Value at Risk)	15
2	Derivatives Market - Introduction about Derivative Market, - Different strategies used in Derivatives Market, - Case Study	15
3	Technical Analysis Part-1 - Equity is inevitable, Why Equity? Indian Stock Market History, Pre- trading psychology, Technical Analysis What is Technical Analysis Why it is essential?, - What is difference between Technical Analysis and Fundamental Analysis?, - Tool of Technical Analysis, Basics of Technical Analysis What is Candle stick?, - Understanding Candle sticks Types of Candle sticks and its understanding Relevance of Candle Sticks, - DOW Theory (Price Action Theory), Indicators, what are indicators?? Types of Indicators. Usage and relevance of Indicators. , Average Directional Index. Concept of Moving Average, Detailed Study of Moving Average	15
4	Technical Analysis Part-2 - Concept Relative Strength Index, Other Indicators, Ichimoku Cloud, ATR, Relative Strength, Index Analysis, - Broader Market Indicators – 1, Advanced/Decline Ratio, Volatility Index, - Broader Market Indicators – 2, Dollar Index, Market Cap to GDP, - Broader Market Indicators – 3, Crude Oil, Inflation and Interest Rates, Trading Set Ups, - Special Techniques – 1, Special Techniques - 2	15
Total Hours		60

Textbook :

- 1 Investment Analysis and Portfolio Management, Frank K. Reilly and Keith C. Brown, South-Western Cengage Learning, 2011
- 2 The Essentials of Risk Management, Michel Crouhy, Dan Galai, and Robert Mark, McGraw-Hill Education, 2014

References:

- 1 Risk Management and Financial Institutions, Risk Management and Financial Institutions, John C. Hull, Wiley, 2018
- 2 The Essentials of Risk Management, The Essentials of Risk Management, Michel Crouhy, Dan Galai, and Robert Mark, McGraw-Hill Education, 2014
- 3 Value at Risk:The New Benchmark for Managing Financial Risk, Value at Risk:The New Benchmark for Managing Financial Risk, Philippe Jorion, McGraw-Hill Education, 2006

References:

- 4 Financial Risk Management: A Practitioner's Guide to Managing Market and Credit Risk, Financial Risk Management: A Practitioner's Guide to Managing Market and Credit Risk, Steve L. Allen, Wiely, 2013

Suggested Theory Distribution:

The suggested theory distribution as per Bloom's taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking / Creative
10.00	20.00	25.00	25.00	10.00	10.00

Instructional Method:

- 1 Board and pen method
- 2 Power point presentation methods

Supplementary Resources:

- 1 <https://www.investopedia.com/>
- 2 <https://www.risk.net/>