Derivative - based Risk Management Group Project - Overview

Description: The project output should demonstrate understanding of derivative-related financial instruments (forwards, futures and options) and their use in financial management.

Objectives: To provide practical solution of a real-world investment and corporate financial management problem using derivatives.

To apply derivatives-based concepts, tools and skills in the context of a particular equity index or currency underlying risk under current market conditions.

To complete the project in a logical, clear, interesting and detailed outline/presentation form. (No oral presentation is required, just the overheads/powerpoint/web screens that would support such a presentation.)

The quiz grading weight is equal to two quizzes. Also, our last quiz during the final exam period has a 1/2 quiz weight, and will have a question related to the project. (You should not have to do any more work for that question than entailed in completing the project.)

Process: This project may be completed as group work or individually. No group may have more than four members. Groups must choose on an underlying risk to evaluate and manage. Your choices are S&P 500 equity index or British pound currency. The presentation should be in overhead-outline form. "Powerpoint"-format will be fine, and a web-based deliverable is received warmly.

During the semester, a set of two or more worksheets will be distributed to help in moving forward on your project. The project is due on your final exam (quiz) day. The project may be turned in sooner.

The initial project module materials on the course web page (in module 9) provide additional information. The materials will be updated and/or extended by the pages referenced and/or handed out in the future, see Some underlying business problem examples, and Completed Project Examples, http://faculty.msb.edu/bodurthj/teaching/projects.htm