

## Government bonds sell off on higher interest rate expectations

August 24, 2022

European and US government debt sold off on Wednesday as investors cranked up their expectations of how high central banks will raise interest rates to curb inflation.

The moves, which were particularly pronounced in UK and European markets, came on the eve of a multi-day economic symposium for policymakers in Jackson Hole, Wyoming. The event, hosted by the Kansas City arm of the US Federal Reserve, is closely watched by investors for signals from central bankers on the future direction and pace of monetary policy.

The yield on the UK's two-year gilt, which is particularly sensitive to changes in interest rate expectations, jumped 0.22 percentage points to 2.90 per cent, reflecting a significant drop in its price. [...]

UK short-term bond yields surge



Short-dated eurozone bond prices also dropped, with the yield on the two-year German Bund adding 0.08 percentage points to 0.90 per cent and Italy's equivalent debt instrument rising 0.05 percentage points to 1.87 per cent.

Investors were on Wednesday expecting the European Central Bank to implement 1 percentage point of interest rate rises by October, from a current deposit rate of zero. The ECB raised interest rates by half a percentage point in July, its first increase in more than a decade. [...]

Source: Financial Times (<https://www.ft.com/content/254415a4-510d-4884-b8ab-a7aa5cb1ccdd>)

## Master-Veranstaltungen im Wintersemester 2022/23

### ■ **Bond Markets** (4,5 ECTS) – in englischer Sprache gehalten

- Inhalt: Analyse der nationalen und internationalen Anleihemärkte im Hinblick auf Zinsstrukturkurven, Zins-, Kredit- und Liquiditätsrisiken, Geldpolitik, sowie Kreditrisikomanagement
- Prüfung: Schriftliche Prüfung

### ■ **Bond Markets – Tools & Applications** (1,5 ECTS) – in englischer Sprache gehalten

- Inhalt: Praxisprojekt → am Beispiel echter empirischer Daten sollen praktische Methoden eigenständig angewendet werden, um die Daten zielgerichtet zu analysieren.
- Prüfung: Empirische Fallstudie mit schriftlicher Ausarbeitung und Präsentation

### ■ **Bond Markets – Models & Derivatives** (3,0 ECTS) – in englischer Sprache gehalten

- Inhalt: Vertiefung der Inhalte aus „Bond Markets“ - Modellierung der Dynamik von Zinsstrukturkurven und Diskussion der Bewertung von Zins- und Kreditderivaten. Eigenständige Erarbeitung der Themenfelder seitens der Studierenden
- Prüfung: Schriftliche Ausarbeitung und mündliche Prüfung inkl. Diskussion der eigenen Arbeit

## Master-Courses in Winter Term 2022/23

### ■ **Bond Markets** (4,5 ECTS) – *taught in English*

- Content: Analysis of national and international bond markets in terms of yield curves, interest rate-, credit- and liquidity risk, monetary policy, as well as credit risk management
- Examination: Written Exam

### ■ **Bond Markets – Tools & Applications** (1,5 ECTS) – *taught in English*

- Content: Hands-on project → using empirical datasets, the students have to apply practical methods in order to analyze the data in a targeted manner
- Examination: Empirical case study with written thesis and presentation

### ■ **Bond Markets – Models & Derivatives** (3,0 ECTS) – *taught in English*

- Content: Advanced content from "Bond Markets" - modelling the dynamics of yield curves and discussing the valuation of interest rate and credit derivatives. In this course, students deal intensively with selected topics and acquire the relevant knowledge on their own.
- Examination: Written thesis and oral exam with discussion of the own work