

**Assessment in FINA 3107,
First semester, 2021-2022:**

Task: **Effects of news on the bond market**

Course: FINA 3107, Financial Institutions and Markets

Learning objective: "Develop basic strategies to gather information ethically and from diverse sources for business problem solutions"

Task description:

Imagine working at a company that has some of its capital invested in U.S. bonds. The company wants to anticipate whether bond prices will rise or fall in the coming days, in order to make financial decisions. It analyzes the effect that certain news can have in the short term on the price and yield of bonds.

1. Look for a current news (it must be later than the date of assignment of this task) related to some economic indicator (employment, economic growth, inflation, etc.). You should look for the same story in articles from two different reference sources. These must be valid and reliable as:
 - a. national newspapers (e.g. New York Times, El Nuevo Día, El País, etc.).
 - b. specialized publications in economics or finance (e.g. The Economist, Wall Street Journal, Financial Times, Expansión, etc.).
2. Analyzes the possible effect of the news on the demand and/or supply of U.S. government bonds.
3. Deliver a two-page report with the following information:
 - a. On the first page summarize the news articles
 - b. Draw (by hand or on a computer) the supply and demand chart in the U.S. bond market, so you can see which curve is moving and in which direction
 - c. Describe in a short paragraph which curve is moving, why that curve is moving and how that change will affect the price of bonds and their yield.
 - d. On the second page, present a short paragraph with your conclusions. To write your conclusion, use the following questions as a guide:
 - What do you expect to happen to the price and yield of U.S. bonds, starting with this news?
 - Assuming that current prices and yields do not yet reflect the expected effect, would you recommend the company to sell its bonds now, before that effect occurs? Why?

- Use direct citations of the articles in your report and include at the bottom of the second page a list of the two references of the selected articles. References in the text and in the final list must be used correctly, in APA Format. If you have never used APA format there are many references on the internet. Here are two, you may search for others if you prefer.

<http://www.easybib.com/reference/guide/apa/website>

<http://libraryguides.vu.edu.au/apa-referencing/getting-started-in-apa-referencing>

- Plagiarism: Make sure you do your own work. Below are some guides to avoid plagiarism. There are many more online.

http://warehouse.olc.edu/~awest/webfolder/index.php?dir=3%20Avoiding%20Plagiarism%20/ &file=Avoiding_plagiarism%20OTC%20Edu.pdf

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