Report on the Introduction to Bloomberg presentation.

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The second year MSc students were given a familiarisation class on Thursday 2 November. Sixteen students attended the class which lasted approximately 1 hour 20 minutes.

The presentation was structured to give the students the opportunity to become acquainted with the Bloomberg keyboard layout and some of the special feature keys it contains. The Bloomberg ‘Traffic Light’ System was described and used as the session progressed. Another aim of the Bloomberg session was also to link some of the material covered in lectures and workshops to associated Bloomberg screens and to interpret those screens.

Specifically equity indexes screens were accessed and students were asked to find the sectors that comprised an index followed by the identification of the constituent companies of the FTSE 100 (UK) followed by the DAX (Germany). BMW was highlighted and retained for later analysis. Attention then focussed on equity index futures. Futures quotes were accessed along with the ‘fair’ futures price screen. This fitted with the lecture and workshop on the uses to which equity futures can be put.

Students then accessed government bond markets both cash and futures. In the cash market identified a German 10-year bond, or a 5-year bond (students allowed to choose) in order to get the bond’s description and perform a yield analysis.

In the futures domain students identified the Cheapest-to-Deliver (CTD) 10-year bond to deliver into the December 2017 contract. This was a concept with which the students were familiar having covered examples in class.

Short term interest rate (STIR) screens were examined briefly before returning to the equity and bond markets.

At this point the BMW share was used to examine a variety of option strategies. A minority of students had difficulties in understanding the screen’s content. They were reminded of the second day’s class where straddles, synthetic futures, collars, back ratio spreads and butterfly strategies were covered. They were reminded that Excel software had been made available for them to gain experience in creating and understanding option strategies. The majority of those attending were able to competently create and interpret a straddle strategy.

Finally a bond was selected and students obtained the results for an asset swap (ASW) and a credit default swap (CDSW). Both of these instruments had been discussed in the class immediately preceding the Bloomberg session and students were able to identify and relate to the output on the screen.

The students were given 15/20 minutes after the initial presentation to explore the system. Many insightful questions were asked and students started to look up topics such as: interest rate swaps, foreign exchange particularly in respect of the rouble, and the Italian bond market to list a few examples.

Whilst it would be pretentious to claim that the students were fully competent users of the Bloomberg there is no doubt that they had become confident users by the end of the session. At the start of the session only two students claimed previous experience using Bloomberg by the end of the session another fourteen could make the claim.

The Bloomberg suite is a great enhancement of the University’s facilities and will add positively to the student’s experience at the University. The incorporation of the Bloomberg into teaching needs some planning. It is essential that students understand the analytics and information that is displayed on a screen and should be able to reproduce, at least, some of the calculated results.