

	<i>Contents in Detail</i>	11
	<i>Contents on the Web</i>	29
	<i>Preface</i>	33
	<i>About the Authors</i>	41
PART ONE	INTRODUCTION	43
1	Why Study Financial Markets and Institutions?	43
2	Overview of the Financial System	57
PART TWO	FUNDAMENTALS OF FINANCIAL MARKETS	78
3	What Do Interest Rates Mean and What Is Their Role in Valuation?	78
4	Why Do Interest Rates Change?	106
5	How Do Risk and Term Structure Affect Interest Rates?	129
6	Are Financial Markets Efficient?	157
PART THREE	FUNDAMENTALS OF FINANCIAL INSTITUTIONS	175
7	Why Do Financial Institutions Exist?	175
8	Why Do Financial Crises Occur and Why Are They So Damaging to the Economy?	206
PART FOUR	CENTRAL BANKING AND THE CONDUCT OF MONETARY POLICY	225
9	Central Banks and the Federal Reserve System	225
10	Conduct of Monetary Policy: Tools, Goals, Strategy, and Tactics	248
PART FIVE	FINANCIAL MARKETS	292
11	The Money Markets	292
12	The Bond Market	315
13	The Stock Market	339
14	The Mortgage Markets	360
15	The Foreign Exchange Market	381
16	The International Financial System	409
PART SIX	THE FINANCIAL INSTITUTIONS INDUSTRY	433
17	Banking and the Management of Financial Institutions	433
18	Financial Regulation	460
19	Banking Industry: Structure and Competition	490
20	The Mutual Fund Industry	525
21	Insurance Companies and Pension Funds	550
22	Investment Banks, Security Brokers and Dealers, and Venture Capital Firms	580

Contents in Brief

PART SEVEN	THE MANAGEMENT OF FINANCIAL INSTITUTIONS	604
23	Risk Management in Financial Institutions	604
24	Hedging with Financial Derivatives	625
	<i>Glossary</i>	G-1
	<i>Index</i>	I-1
CHAPTERS ON THE WEB		
25	Financial Crises in Emerging Market Economies	W-1
26	Savings Associations and Credit Unions	W-22
27	Finance Companies	W-48