



Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance)

By Damiano Brigo, Fabio Mercurio

[Download now](#)

[Read Online](#) 

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio

The 2nd edition of this successful book has several new features. The calibration discussion of the basic LIBOR market model has been enriched considerably, with an analysis of the impact of the swaptions interpolation technique and of the exogenous instantaneous correlation on the calibration outputs. A discussion of historical estimation of the instantaneous correlation matrix and of rank reduction has been added, and a LIBOR-model consistent swaption-volatility interpolation technique has been introduced.

The old sections devoted to the smile issue in the LIBOR market model have been enlarged into a new chapter. New sections on local-volatility dynamics, and on stochastic volatility models have been added, with a thorough treatment of the recently developed uncertain-volatility approach.

Examples of calibrations to real market data are now considered.

The fast-growing interest for hybrid products has led to a new chapter. A special focus here is devoted to the pricing of inflation-linked derivatives.

The three final new chapters of this second edition are devoted to credit.

Since Credit Derivatives are increasingly fundamental, and since in the reduced-form modeling framework much of the technique involved is analogous to interest-rate modeling, Credit Derivatives -- mostly Credit Default Swaps (CDS), CDS Options and Constant Maturity CDS - are discussed, building on the basic short rate-models and market models introduced earlier for the default-free market. Counterparty risk in interest rate payoff valuation is also considered,

motivated by the recent Basel II framework developments.

 [Download Interest Rate Models - Theory and Practice: With S ...pdf](#)

 [Read Online Interest Rate Models - Theory and Practice: With ...pdf](#)

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance)

By Damiano Brigo, Fabio Mercurio

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio

The 2nd edition of this successful book has several new features. The calibration discussion of the basic LIBOR market model has been enriched considerably, with an analysis of the impact of the swaptions interpolation technique and of the exogenous instantaneous correlation on the calibration outputs. A discussion of historical estimation of the instantaneous correlation matrix and of rank reduction has been added, and a LIBOR-model consistent swaption-volatility interpolation technique has been introduced.

The old sections devoted to the smile issue in the LIBOR market model have been enlarged into a new chapter. New sections on local-volatility dynamics, and on stochastic volatility models have been added, with a thorough treatment of the recently developed uncertain-volatility approach.

Examples of calibrations to real market data are now considered.

The fast-growing interest for hybrid products has led to a new chapter. A special focus here is devoted to the pricing of inflation-linked derivatives.

The three final new chapters of this second edition are devoted to credit.

Since Credit Derivatives are increasingly fundamental, and since in the reduced-form modeling framework much of the technique involved is analogous to interest-rate modeling, Credit Derivatives -- mostly Credit Default Swaps (CDS), CDS Options and Constant Maturity CDS - are discussed, building on the basic short rate-models and market models introduced earlier for the default-free market. Counterparty risk in interest rate payoff valuation is also considered, motivated by the recent Basel II framework developments.

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio **Bibliography**

- Sales Rank: #82744 in Books
- Brand: Brand: Springer
- Published on: 2006-08-02
- Original language: English
- Number of items: 1
- Dimensions: 9.21" h x 2.13" w x 6.14" l, 3.60 pounds

- Binding: Hardcover
- 982 pages

 [**Download** Interest Rate Models - Theory and Practice: With S ...pdf](#)

 [**Read Online** Interest Rate Models - Theory and Practice: With ...pdf](#)

Download and Read Free Online Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio

Editorial Review

Review

From the reviews:

SHORT BOOK REVIEWS

"The text is no doubt my favorite on the subject of interest rate modeling. It perfectly combines mathematical depth, historical perspective and practical relevance. The fact that the authors combine a strong mathematical (finance) background with expert practice knowledge (they both work in a bank) contributes hugely to its format. I also admire the style of writing: at the same time concise and pedagogically fresh. The authors' applied background allows for numerous comments on why certain models have (or have not) made it in practice. The theory is interwoven with detailed numerical examples...For those who have a sufficiently strong mathematical background, this book is a must."

From the reviews of the second edition:

"The book 'Interest Rate Models – Theory and Practice' provides a wide overview of interest rate modeling in mathematical depth. ... The authors found a good approach to present a mathematically demanding area in a very clear, understandable way. The book will most likely become ... one of the standard references in the area. ... if one were to buy only one book about interest rate models, this would be it." (David Skovmand and Michael Verhofen, *Financial Markets and Portfolio Management*, Vol. 21 (1), 2007)

"This is the book on interest rate models and should proudly stand on the bookshelf of every quantitative finance practitioner and student involved with interest rate models. If you are looking for one reference on interest rate models then look no further as this text will provide you with excellent knowledge in theory and practice. ... is simply a must for all. Especially, I would recommend this to students Overall, this is by far the best interest rate models book in the market." (Ita Cirovic Donev, *MathDL*, May, 2007)

"This is a very detailed course on interest rate models. Its main goal is to construct some kind of bridge between theory and practice in this field. From one side, the authors would like to help quantitative analysts and advanced traders handle interest-rate derivatives with a sound theoretical apparatus. ... Advanced undergraduate students, graduate students and researchers should benefit from reading this book and seeing how some sophisticated mathematics can be used in concrete financial problems." (Yuliya S. Mishura, *Zentralblatt MATH*, Vol. 1109 (11), 2007)

From the Publisher

Please note that the first edition is out of print and the second will be available in March 2006 (ISBN 3540221492)

Users Review

From reader reviews:

Donald Campbell:

With other case, little persons like to read book Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance). You can choose the best book if you'd prefer reading a book. Given that we know about how is important the book Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance). You can add know-how and of course you can around the world by just a book. Absolutely right, simply because from book you can know everything! From your country right up until foreign or abroad you may be known. About simple point until wonderful thing you may know that. In this era, we could open a book or searching by internet device. It is called e-book. You may use it when you feel uninterested to go to the library. Let's study.

Clifford Harvey:

Do you one of people who can't read pleasant if the sentence chained inside the straightway, hold on guys this specific aren't like that. This Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) book is readable by means of you who hate those straight word style. You will find the info here are arrange for enjoyable looking at experience without leaving possibly decrease the knowledge that want to give to you. The writer of Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) content conveys the thought easily to understand by many individuals. The printed and e-book are not different in the information but it just different such as it. So , do you still thinking Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) is not loveable to be your top list reading book?

Dolores Mann:

You could spend your free time to learn this book this e-book. This Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) is simple to deliver you can read it in the park your car, in the beach, train in addition to soon. If you did not have much space to bring the printed book, you can buy the e-book. It is make you simpler to read it. You can save typically the book in your smart phone. Consequently there are a lot of benefits that you will get when you buy this book.

Craig Duran:

Reading a guide make you to get more knowledge from the jawhorse. You can take knowledge and information from your book. Book is written or printed or created from each source that will filled update of news. Within this modern era like at this point, many ways to get information are available for a person. From media social like newspaper, magazines, science book, encyclopedia, reference book, fresh and comic. You can add your understanding by that book. Are you ready to spend your spare time to spread out your book? Or just searching for the Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) when you necessary it?

Download and Read Online Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio #C3A8T6GPLF

Read Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio for online ebook

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio Free PDF d0wnl0ad, audio books, books to read, good books to read, cheap books, good books, online books, books online, book reviews epub, read books online, books to read online, online library, greatbooks to read, PDF best books to read, top books to read Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio books to read online.

Online Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio ebook PDF download

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio Doc

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio MobiPocket

Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio EPub

C3A8T6OGPLF: Interest Rate Models - Theory and Practice: With Smile, Inflation and Credit (Springer Finance) By Damiano Brigo, Fabio Mercurio