FM 9561B - Fixed-Income Modelling
Outline of Lectures: 03 − 07 February 2014

For this week, we aim to cover the following theories/concepts:

1. Risk-neutral or martingale measure and risk-neutral valuation (cont'd)

2. The Martingale Representation Theorem

3. Self-financing and self-replicating strategies

4. Introduction to the pricing of default-free zero-coupon bonds

5. Numéraire processes

6. Term structure modelling and example of classical models

7. The bond price in the Vasiček model

8. Bond price solution via the PDE approach