

FM 9561B - Fixed-Income Modelling

Outline of Lectures: 10 – 14 March 2014

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

1. Fundamental theorem of asset pricing within bond valuation
2. The forward rate and the Heath-Jarrow-Morton approach
3. Characterisation of affine term structure models
4. The Monte-Carlo technique in bond pricing
5. Estimation of parameters in a term structure model