Levy Processes in Credit Risk (The Wiley Finance Series)

Wim Schoutens, Jessica Cariboni
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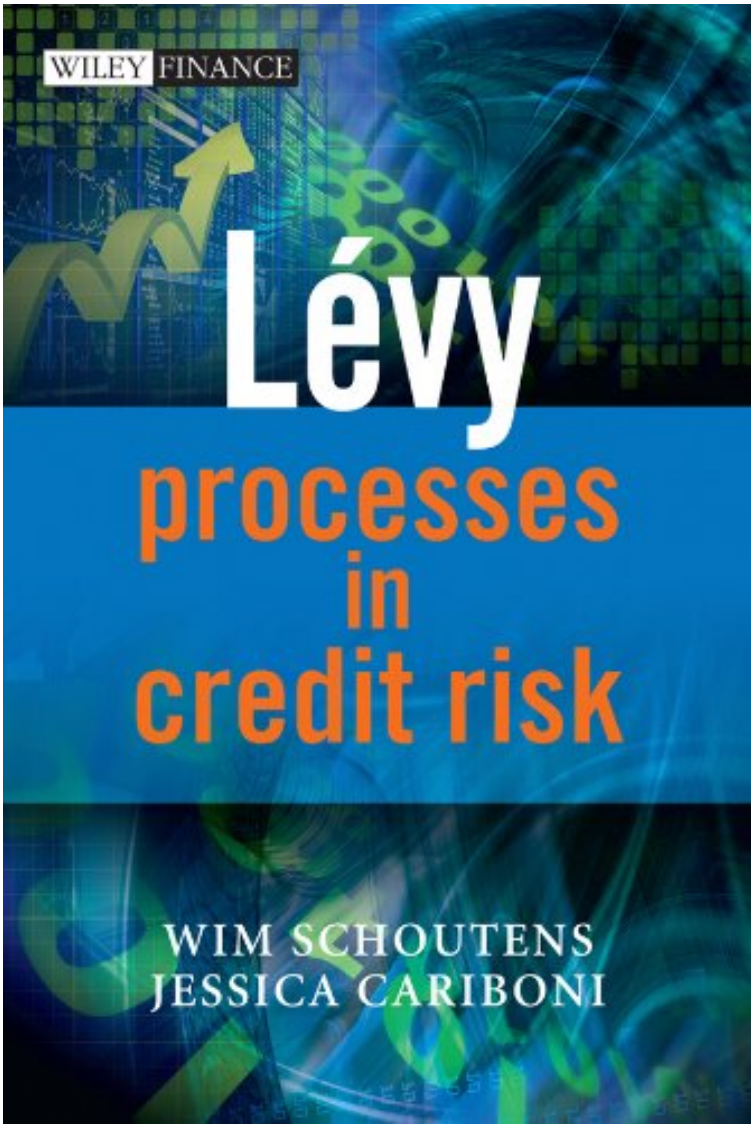

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Wim Schoutens, Jessica Cariboni : Levy Processes in Credit Risk (The Wiley Finance Series) before purchasing it in order to gage whether or not it would be worth my time, and all praised Levy Processes in Credit Risk (The Wiley Finance Series):

This book is an introductory guide to using Leacute;vy processes for credit risk modelling. It covers all types of credit derivatives: from the single name vanillas such as Credit Default Swaps (CDSs) right through to structured credit risk products such as Collateralized Debt Obligations (CDOs), Constant Proportion Portfolio Insurances (CPPIs) and

Constant Proportion Debt Obligations (CPDOs) as well as new advanced rating models for Asset Backed Securities (ABSs). Jumps and extreme events are crucial stylized features, essential in the modelling of the very volatile credit markets - the recent turmoil in the credit markets has once again illustrated the need for more refined models. Readers will learn how the classical models (driven by Brownian motions and Black-Scholes settings) can be significantly improved by using the more flexible class of Leacute;vy processes. By doing this, extreme event and jumps can be introduced into the models to give more reliable pricing and a better assessment of the risks. The book brings in high-tech financial engineering models for the detailed modelling of credit risk instruments, setting up the theoretical framework behind the application of Leacute;vy Processes to Credit Risk Modelling before moving on to the practical implementation. Complex credit derivatives structures such as CDOs, ABSs, CPPIs, CPDOs are analysed and illustrated with market data.

"This text introduces into the use of Levy processes in credit risk modeling. After a general overview of credit risk and standard credit derivatives, the authors provide a short introduction into Levy processes in general. This material is then used to study single-name credit derivatives. Following this, the authors introduce into firm-value Levy models, including the Merton model, Black-Cox model, Levy first passage model, variance gamma model and the one sided Levy default model. The problem of calibration is discussed. After that, the authors introduce intensity Levy models such as the Jarrow and Turnbull model, the Cox model and the intensity-OU model. Multivariate credit products, collateralized debt obligations and multivariate index modeling are discussed in the following. In the final part of their book, the authors study credit CPPIs and CPDOs as well as asset-backed securities." (Zentralblatt MATH, 2010)From the Inside FlapThis book is an introductory guide to using Leacute;vy processes for credit risk modelling. It covers all types of credit derivatives: from the single name vanillas such as Credit Default Swaps (CDSs) right through to structured credit risk products such as Collateralized Debt Obligations (CDOs), Constant Proportion Portfolio Insurances (CPPIs) and Constant Proportion Debt Obligations (CPDOs) as well as new advanced rating models for Asset Backed Securities (ABSs). Jumps and extreme events are crucial stylized features, essential in the modelling of the very volatile credit markets - the recent turmoil in the credit markets has once again illustrated the need for more refined models. Readers will learn how the classical models (driven by Brownian motions and Black-Scholes settings) can be significantly improved by using the more flexible class of Leacute;vy processes. By doing this, extreme event and jumps can be introduced into the models to give more reliable pricing and a better assessment of the risks. The book brings in high-tech financial engineering models for the detailed modelling of credit risk instruments, setting up the theoretical framework behind the application of Leacute;vy Processes to Credit Risk Modelling before moving on to the practical implementation. Complex credit derivatives structures such as CDOs, ABSs, CPPIs, CPDOs are analysed and illustrated with market data.From the Back Cover"Schoutens and Cariboni are two of a horrifyingly small number of authors who realize that something had to be done about credit modelling. Theirs won't be the final word on the subject but it's better than almost everything else that's been written." mdash;Paul Wilmott, wilmott.com "The book casts great light on the intricacies of structured products valuation at a time when credit jumps play a key role in the understanding of credit events." mdash;Guido Bichisao, Head of Financial Engineering and Advisory Services, European Investment Bank "Leacute;vy processes represent a quantum leap over the continuous processes that have previously been used in credit modeling." mdash;Peter Carr, Head of Quantitative Research, Bloomberg LP and Director of Master Program in Mathematical Finance, NYC "I recommend with pleasure the expert exposition of what real expertise has attained in an undoubtedly difficult yet critical arena of the financial markets. When such insight, intuition and intellectual perseverance offer leadership, it is foolhardy to look the other way. The book is must learn for all professionals." mdash;Professor Dilip Madan, University of Maryland - Robert H. Smith School of Business