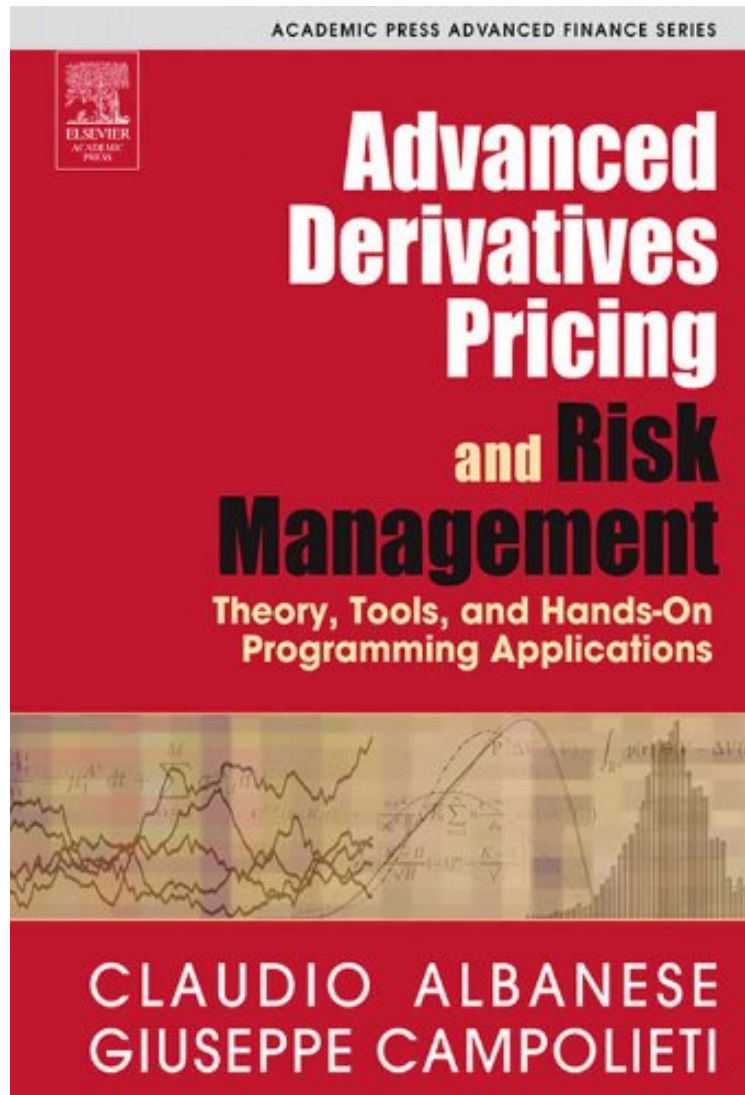


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Advanced Derivatives Pricing and Risk Management: Theory, Tools, and Hands-On Programming Applications (Academic Press Advanced Finance)

Claudio Albanese, Giuseppe Campolieti
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Claudio Albanese, Giuseppe Campolieti : Advanced Derivatives Pricing and Risk Management: Theory, Tools, and Hands-On Programming Applications (Academic Press Advanced Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Advanced Derivatives Pricing and Risk Management: Theory, Tools, and Hands-On Programming Applications (Academic Press Advanced Finance):

4 of 4 people found the following review helpful. A Must Buy For Any Quant

By Biagio Tambasco

It is definitely advanced but is not intimidating. Any great book provides the reader with a base of knowledge and then builds from there. Being somewhat familiar with Dr. Campolieti's work, I can definitely say that he is a pioneer in this field and will continue to do great things for analytical finance. It is written using very consistent notation and in a properly paced fashion. This is especially important for those that are new to quantitative finance. The theoretical component of the book provides the reader with a solid base for experimenting with the Visual Basic for Applications (VBA) projects. What I really liked about the hands-on programming component of this book is that it shows the reader that algorithms and results can be rapidly implemented using Excel as the interface and VBA for coding. This dramatically reduces learning time since most financial practitioners are already very familiar and comfortable with Excel. Readers that find programming a challenge will benefit from the numerous and well documented projects. Having worked in actuarial, risk management and trading contexts, I can honestly say that being able to deploy analytical applications on the fly is an enormous advantage. Let's not forget that the authors have bundled with this book their code libraries that can be used (perpetually) by the reader independent of the content / projects in this book. This alone is worth more than the book's sticker price. In terms of more advanced readers, the material presented in this book is not trivial. It elegantly presents difficult topics on many levels. A good understanding of linear algebra, probability, statistics and differential equations will make the material enjoyable. For those not terribly familiar with the "finance" part of mathematical finance, I highly recommend any of John Hull's derivative books as a quick first read and primer on the many financial concepts presented here.

1 of 1 people found the following review helpful. Excellent project implementations and advanced concepts

By ToughCanuck

This is a unique book which uses projects to illustrate some of the very complex ideas involved with the pricing of derivatives and the measurement of risk along with some advanced theory. The book builds up from fundamental theory which is so often taken for granted and is written in a clear style. However a sound understanding of mathematical concepts is required. This makes the book desirable as a text book. It also has more advanced concepts which over time can be adopted by practitioners to overcome the basic skewness limitations of the commonly used Black Scholes framework. Of particular interest are the projects that form the latter part of the book. The book is one of the few for example that takes the complexity of short term interest rate models and demonstrates their actual implementation. The attached implementation of these projects on CD ROM along with the reusable mathematical library presents excellent value and makes the book truly unique.

8 of 11 people found the following review helpful. Not advanced and not pedagogical.

By A Quantitative Finance student at Imperial College London.

The word advanced in the book's title is probably adopted to suit the lack of pedagogy in the language and structure. There is nothing advanced about the topics, just standard pricing and risk theory which can be learned as a sequel to Hull by any average mathematics or theoretical physics undergraduates comfortable with contour integrals and green's functions. The math needed goes no further than that: you won't need to know measure theory nor any geometry, just your good old real and complex calculus. Yet the approach used still makes it seem that you are tackling something really articulate. Quite disappointing.

Besides this, I believe one good thing about this book is the large amount of projects in its second part. Still, I believe it would have been more sensible to adopt the lingua franca of quants, i.e. C++ (although VBA is also useful to know). If you want to get to advanced topics in pricing I would follow this chain of books: -Shreve's Volume II of Stochastic Calculus for Finance, -Schouten's little book on Levy processes in Finance, -Cont's book on Financial models with jumps, -Schouten, Wilmott et al.'s Exotic Options Pricing and Advanced Levy Models. For the C++ part I think Duffy's is the best. After these be ready to tackle cutting edge research papers and practice. Of course these are only opinions, you may find it different.

Advanced Derivatives Pricing and Risk Management covers the most important and cutting-edge topics in financial derivatives pricing and risk management, striking a fine balance between theory and practice. The book contains a wide spectrum of problems, worked-out solutions, detailed methodologies, and applied mathematical techniques for which anyone planning to make a serious career in quantitative finance must master. In fact, core portions of the book's material originated and evolved after years of classroom lectures and computer laboratory courses taught in a world-renowned professional Master's program in mathematical finance. The book is designed for students in finance programs, particularly financial engineering.

- *Includes easy-to-implement VB/VBA numerical software libraries
- *Proceeds from simple to complex in approaching pricing and risk management problems
- *Provides analytical methods to derive cutting-edge pricing formulas for equity derivatives

Albanese and Campolieti carefully select the most important and relevant topics in financial derivatives pricing and risk management. Their work strikes a fine balance between theory and financial practice. A dozen carefully designed numerical projects are included that serve to introduce students to actual implementation issues in pricing and risk management. The book is succinctly written, with clear and insightful descriptions of state-of-the-art financial models. The style of presentation demonstrates the authors' unique pedagogical exposition of the quantitative and financial concepts in derivative pricing and risk management. Advanced Derivatives Pricing and Risk Management is destined to be a valuable text and reference for students and practitioners in the field of financial engineering. Yue

Kuen Kwok, Associate Professor, Department of Mathematics, Hong Kong University of Science and Technology

"The set of projects on the accompanying CDROM give students and professors the opportunity to work in a simulated environment and can be used, as is the goal here, to train students in building software modules for pricing, hedging, etc. The projects enhance the understanding of the material and extend the book's usefulness by enabling students to tackle other situations not explicitly addressed in the modules provided. VBA is easy to learn and can facilitate rapid developments of real applications. In addition, the choice of Excel as the Graphic User Interface (GUI) is very appropriate. Furthermore, the existence of a built-in visual basic editor allows users to see the code, modify it to suit different needs and to experiment with it. Hence these features facilitate student learning to produce software themselves. Eliezer Prisman, Nigel Martin Chair in Finance, Director of the Financial Engineering Collaborative Diploma, Schulich School of Business, York University, Toronto "...provides a combination of theoretical and practical tools from which any advanced undergraduate and graduate student, professional quant and researcher will benefit. It differs from existing books in quantitative finance from the ready-to-use software and accessible theoretical tools provided as a complete package. As a bonus, the book also gives a detailed exposition on cutting-edge theoretical techniques published here for the first time." - Technical Analysis of Stocks Commodities

From the Back Cover
Business/Finance
Advanced Derivatives Pricing and Risk Management
Theory, Tools, and Hands-On
Programming Applications
Claudio Albanese and Giuseppe Campolieti

"Albanese and Campolieti carefully select the most important and relevant topics in financial derivatives pricing and risk management. Their work strikes a fine balance between theory and financial practice. A dozen carefully designed numerical projects are included that serve to introduce students to actual implementation issues in pricing and risk management. The book is succinctly written, with clear and insightful descriptions of state-of-the-art financial models. The style of presentation demonstrates the authors' unique pedagogical exposition of the quantitative and financial concepts in derivative pricing and risk management. Advanced Derivatives Pricing and Risk Management is destined to be a valuable text and reference for students and practitioners in the field of financial engineering. Yue Kuen Kwok, Associate Professor, Department of Mathematics, Hong Kong University of Science and Technology

In Advanced Derivatives Pricing and Risk Management, Claudio Albanese and Giuseppe Campolieti address the core issues in derivatives pricing and risk management within the computational environment of a financial engineer. The numerical projects provide a laboratory companion for the text that gives readers an initial experience in actual quantitative implementations of pricing and risk management problems. The projects progress from simple to complex so that the exercises become more challenging and resemble realistic situations more closely. Advanced mathematical techniques for solving a wide spectrum of exotic option pricing problems in analytically closed-form under a variety of asset price dynamical models are made accessible to students, researchers and sophisticated practitioners in quantitative finance.

Claudio Albanese is Professor of Mathematical Finance, Imperial College, London, UK. Giuseppe Campolieti is Associate Professor of Mathematics, and SHARCNET Chair in Financial Mathematics, Wilfrid Laurier University, Waterloo, Ontario, Canada.

About the Author
By Claudio Albanese and Guiseppe Campolieti