

INDEX

.....

- abbreviations' list 159
- absolute risk, concepts 10–11, 50–1
- accidents 3
 - see also* operational risk across-time
 - ladder values, options 95
- administration processes, recovery amounts 125–6
- appendix 155–7
- arithmetic mean, concepts 14–16
- Asian markets 115
- asset-backed bonds, risk sources 4
- asset-backed securities, prepayment risk 6
- at-the-money options 97
- B-S *see* Black–Scholes options pricing formula
- 'back' office functions 8
- back-testing, VaR 114, 117
- bank deposits, risk sources 4
- Bank of England (*BoE*) 55–7, 110–14
- Bank for International Settlements (BIS) 111–14, 116–17
- bankruptcies 125–6
 - see also* credit risk
- banks 2–11, 46–7, 55–7, 97–8, 110–14, 147–9
 - capital adequacy regulations 46–7, 97, 110–14, 152
 - case study 147–9
 - risk management 7–9, 110–14
 - simulation preferences 98
- Barings Bank 2, 122
- Basel Capital Accord 46–7, 97, 111–12, 152
- basis points 95, 116–17
- basis risk
 - see also* market risk
 - concepts 3–4, 5, 95
 - definition 5
- Beder, T.S. 54
- binomial model, credit risk 132–3
- BIS *see* Bank for International Settlements
- Black–Scholes options pricing formula (B-S) 21, 26, 88–91, 102–4, 155–7
- Blake, David 88
- Bloomberg screens, VaR 84–6
- BoE *see* Bank of England
- bonds 4, 5, 6, 26–8, 44–5, 61–86, 92–3, 99, 121–6, 155
 - see also* fixed-income instruments
 - Bloomberg screens 84–6
 - cash flows 62–4, 70–86
 - convexity 6, 66–7, 92–3, 99
 - coupons 70–86, 121, 155–7
 - credit ratings 121–6, 132–46
 - credit risk 3–4, 5, 120–46
 - duration 6, 64–7, 155
 - issuers 121–6
 - maturity 45
 - modified duration 66–7, 157
 - prospectuses 122
 - redemption payments 70–86, 121
 - technical default 121
 - valuation 62–4
 - VaR 62, 70–86
- British Petroleum plc 122
- BT 120
- business managers, risk perspectives 9

- CADs *see* Capital Adequacy Directives
 call options
 see also options
 pricing 88–91
 Capital Adequacy Directives (CADs) 97,
 110–14
 capital adequacy regulations 46–7, 97,
 110–14, 152
 capital allocations 144–6
 caps 52
 case study 147–9
 cash flows
 future cash flows 62–4, 70–86
 VaR mapping 44–6
 catastrophic outcomes, credit risk
 measures 131, 139
 CDSs *see* credit default swaps
 Central Limit Theorem, concepts 17–18
 centralised databases, VaR methodology
 32–3
 Charisma model, Chase Manhattan
 53–4
 Chase Manhattan, Charisma model
 53–4
 commercial banks 2–11
 commercial paper (CP) 5, 121–2
 commodity risk 113
 competitive advantages 8
 concentration, credit risk 129–46
 confidence intervals, concepts 18–19,
 30–2, 33–9, 46–7, 56, 82, 105, 115,
 117
 convexity 6, 66–7, 92–3, 99
 corporate bonds
 see also bonds
 credit ratings 121–6
 risk sources 4
 correlations
 see also variance/covariance ...
 concepts 14, 30–2, 33–4, 41–6,
 49–52, 58, 73, 76–86, 106, 113,
 134–7, 146
 CreditMetrics 134–7
 CreditRisk+ 138–42
 Monte Carlo simulation 106
 VaR 14, 30–2, 33–4, 35, 41–6, 49–52,
 58, 73, 76–86, 106, 134–7
 costs, credit ratings 123
 counterparty risk
 see also credit risk
 concepts 5
 coupons, bonds 70–86, 121, 155–7
 CP *see* commercial paper
 Credit01 measure, CDSs 129
 credit analysts 122
 credit default risk, concepts 120–1,
 126–9
 credit default swaps (CDSs) 126–9
 credit derivatives 120, 126–9
 credit events 128–31, 133–42
 credit limit systems 142–6
 credit rating agencies 121–6, 137–8
 credit ratings
 changes 123–6, 132–46
 concepts 121–6, 132–46
 costs 123
 defaults 123–5, 138–42
 downgrades/upgrades 124–5, 132–46
 purposes 121–2
 transition matrices 123–5
 credit risk
 see also risk
 binomial model 132–3
 concentration 129–46
 concepts 3–4, 5, 120–46
 credit derivatives 120, 126–9
 CreditManager 136–7
 CreditMetrics 131–7
 CreditRisk+ model 131, 137–42
 definition 3, 5
 expected losses 144–6
 exposure profiles 133–7, 142, 143–4
 limit systems 142–6
 market risk 130, 144–6
 maturity factors 121–2
 modelling 129–46
 name recognition 122
 portfolio approach 129–31
 quantification approaches 132–46
 RAROC 132
 recovery amounts 125–6, 144–6
 types 3–4, 120–1
 VaR uses 9, 128–46
 credit spread risk, concepts 120–1
 Credit Suisse First Boston (CSFB)
 application software 140–1
 CreditRisk+ model 131, 137–42
 PrimeClear 98
 PrimeRisk 54
 credit swaps *see* credit default swaps
 credit VaR 129–46
 CreditManager 136–7

- CreditMetrics
 concepts 131–7
 steps 133–4
 time horizon 133–4
- CreditRisk⁺ model, CSFB 131, 137–42
- CSFB *see* Credit Suisse First Boston
- daily earnings at risk (DEaR) 51–2
- databases, VaR methodology 32–3
- DEaR *see* daily earnings at risk
- debt ‘moratorium’ 5
- debt securities *see* bonds
- decay factors, concepts 83–4
- default, credit risk 120–46
- default swaps *see* credit default swaps
- delta 26, 33, 48, 53, 88–92, 97, 99, 155
- derivatives
see also forwards ...; futures ...;
 options; swaps
 concepts 3, 5, 7, 21, 26, 48–9, 52–4,
 67–86, 88–99, 102–7, 110–14, 120,
 137–42, 147–9
 credit derivatives 120
 FRAs 67–86
 liquidity risk 3
- discounted present values, concepts
 62–4, 70–2, 102
- dispersion
see also standard deviation
 concepts 21–4
- distribution of losses, credit risk
 measures 131, 139–41, 145–6
- diversification uses 9, 26–8, 43–4,
 70–86, 129–31
- Dow Jones 137
- downgrades, credit ratings 124–5,
 132–46
- drift, concepts 102–4
- duration
 concepts 6, 64–7, 155
 definition 64
 interest rate risk 64–7
- emerging markets 115, 120, 145, 147,
 148
- EMU 120
- equally weighted moving averages 50
- equities, risk sources 4, 5, 113
- ethics 3
see also operational risk
- Eurobonds 70–2
- European options 89, 102–7
see also options
- European Union (EU) 110–14
- Excel 20, 24–5, 26–7, 62–3, 69, 89,
 92–3, 98, 104, 140–1
- exercises 149–53
- exotic options 110–14
see also options
- expected losses 144–6
- exponentially weighted moving averages
 50, 54, 83
- exposure profiles, credit risk 133–7, 142,
 143–4
- fair prices
see also valuation
 bonds 62–4
- ‘fatter tails’ 24–5, 44, 49–50, 54, 57,
 81–2
see also leptokurtosis
- Financial Analysts Journal* (Beder) 54
- financial instruments, VaR mapping 38,
 44–6, 49, 59–60
- Financial Market Analysis* (Blake) 88
- Financial Services Authority (FSA) 112
- Fitch 122–3
- fixed-income instruments
see also bonds
 concepts 61–86, 121–6
 credit risk 3–4, 5, 120–46
 market risk 62–86
 VaR 62, 70–86
- floors 52
- force majeure* risk
see also credit risk
 concepts 3
- foreign exchange (FX) risk
see also market risk
 concepts 3–4, 49, 110–14, 118
 definition 4
 types 4
- forward contracts, risk sources 4
- forward rate agreements (FRAs)
 concepts 4, 67–86
 risk sources 4
 three-sixes FRAs 67–70, 72–3
 VaR 72–3
- FRAs *see* forward rate agreements

- fraud 3
 see also operational risk
 'front' office functions 8
 FSA *see* Financial Services Authority
 FTSE 100 82
 future cash flows 62–4, 70–86
 futures contracts
 concepts 4–5, 78–81
 risk sources 4
 VaR 78–81
Futures, Options and Swaps (Kolb) 88
 FX *see* foreign exchange ...
- gamma 48, 92–3, 97, 99, 155
 generalised autoregressive conditional
 heteroscedasticity (GARCH) 34
 gilt bond futures contracts 78–81
 global scenarios, stress-testing 118
 government bonds
 see also bonds
 credit ratings 121–6
 risk sources 4, 5
 risk-free aspects 121
 the Greeks 26, 33, 48, 53, 88–95, 155
 grid points, mapping procedures 44–6
- hedging 5, 9, 67, 92–5, 145
 high yield (junk) sector 120
 historic volatility
 see also volatility
 concepts 21, 22–4, 34, 40–1, 51, 54, 91
 historical simulation VaR calculation
 method 34–5, 36–7, 48–9, 52–3,
 55–60, 82, 98
 horizon concepts *see* time horizon
 hybrid structures 144–5
- implied volatility
 see also volatility
 concepts 21, 24, 51, 91, 118
In Search of the Men Who Fell to Earth
 (Smith) 1
 in-the-money options 26, 97
 institutional investors 122
 interest rate caps/floors 52
 interest rate risk
 see also market risk
 concepts 3–4, 64–7, 110–14
 definition 4
 duration 64–7
- interest rate swaps
 risk sources 4
 VaR 73–7
 internal models approach, CAD II
 111–12
 internal rate of return (IRR) 62–4
 Internet 30
 investment banks 2–11
 investors, credit risk 120–46
 issuer risk *see* credit risk
 issuers, bonds 121–6
- JP Morgan 30, 38, 43, 49, 72, 98, 131–2,
 136–7, 152
 jump risk 8, 95, 148–9
 junk sector *see* high yield ...
- kappa *see* vega
 Kolb, Robert 88
 kurtosis 24–5, 44, 49–50, 54, 57, 81–2
- lambda 94
 law of large numbers *see* Central Limit
 Theorem
 leptokurtosis, concepts 24–5, 44, 49–50,
 54, 57, 81–2
 letters of credit 137–42
 LIBOR *see* London Interbank Offered
 Rate
 LIFFE 149
 liquidations 125–6
 see also credit risk
 liquidity risk
 see also risk
 concepts 3, 5, 32, 145–6
 definition 3, 5
 loans, seniority 126
 local scenarios, stress-testing 118
 log-normal distribution, concepts
 17–18, 37, 90–1, 104
 London Interbank Offered Rate (LIBOR)
 74, 120, 122, 129
 long positions 55, 74, 78–82
 Long Term Capital Management 145
 long-dated debt securities, credit risk
 121–3
 losses
 distribution of losses 131, 139–41,
 145–6
 expected losses 144–6

- Macaulay's duration *see* duration
 mapping procedures
 grid points 44–6
 VaR 33, 38, 44–6, 59–60
 marginal risk
 see also credit risk
 concepts 3, 143–4
 mark-to-market values 129–33
 market crashes 96–7, 115, 139, 145
 market risk
 see also basis ...; foreign exchange ...;
 interest rate ...; risk
 Basel Capital Accord 46–7, 97,
 111–12, 152
 case study 147–9
 concepts 3–5, 9, 30–60, 110–14, 130,
 144–6, 147–9
 credit risk 130, 144–6
 definitions 3, 50–1, 130
 estimation techniques 6–7, 9, 30–60
 fixed-income instruments 62–86
 forms 3–5
 regulatory issues 46–7, 97, 110–14,
 116–17, 152
 VaR uses 9, 30–60
 matrices
 multiplication rules 41–2
 variance/covariance VaR calculation
 method 39–44, 57–60, 70–7
 maturity factors, credit risk 121–2
 maturity ladder values, options 95
 maturity points *see* grid points
 mean, concepts 14–16, 21–5, 97–8,
 145–6
 measurement tools
 see also value-at-risk
 risk 6–11, 30, 94–9, 102–18, 126–46
 medium-term notes 121
 methodology, VaR 32–5
 Mexican peso crisis 115, 117
 Microsoft 122
 'middle' office functions 7–8
 MIT 52
 model risk, concepts 6
 modern portfolio theory 49–52
 modified duration, concepts 66–7, 157
 Monte Carlo simulation
 concepts 35, 37, 49, 55, 98, 102–7,
 115–16, 145–6
 correlations 106
 definition 102
 normal distribution 104
 options 102–7
 stress-testing 115–16
 VaR calculation 35, 37, 49, 55, 98, 102,
 105–7, 145–6
 Moody's 122–6, 137
 mortgage-backed securities, prepayment
 risk 6
 moving averages 50, 54, 83
 multiplication rules, matrices 41–2

 name recognition, credit risk 122
 no-default, credit risk 132, 142
 normal distribution
 concepts 10–11, 16–19, 21–6, 32,
 35–6, 38, 44, 49–52, 79–82, 88–91,
 96, 145–6
 Monte Carlo simulation 104
 uses 21–4, 49–52, 88–91, 145–6
 VaR 24–6, 32, 35–6, 38, 44, 49–52,
 79–82, 96, 145–6

 October 1987 crash 115
 offer documents, bonds 122
 one-sided confidence interval, concepts
 19, 49
 operational risk
 see also risk
 concepts 3, 32
 options
 across-time ladder values 95
 Black–Scholes options pricing formula
 21, 26, 88–91, 102–4, 155–7
 concepts 5, 7, 21, 26, 48–9, 52–4,
 88–99, 102–7, 110–14, 155–7
 delta 26, 33, 48, 53, 88–92, 97, 99, 155
 gamma 48, 92–3, 97, 99, 155
 the Greeks 26, 33, 48, 53, 88–95, 155
 maturity ladder values 95
 Monte Carlo simulation 102–7
 risk measurement 94–9, 102–7
 'smiles' 26
 spot ladder values 94–5
 theta 94, 97
 types 88–9, 110
 valuation 21, 26, 88–99, 102–7,
 110–14, 155–7
 VaR 95–9, 105–7
 vega 93–4, 97, 99
 volatility risk 5

- out-of-the-money options 26, 97, 102–3
 over-the-counter transactions (OTC),
 concepts 6
 over-time volatility 83
- par yield curves 35–6
 parametric method *see* variance/
 covariance VaR calculation method
 performance risk, concepts 4, 6
 portfolio theory 49–52
 portfolios 7, 9, 20–1, 26–8, 35–7,
 38–44, 70–86, 97–9, 117–18,
 129–31, 132–46
 credit risk 129–31
 diversification 9, 26–8, 43–4, 70–86,
 129–31
 risk 49–52, 97–9, 117–18, 129–31,
 132–46
 valuations 35–7
 variance 38–9, 49–52, 153
 predicted values, volatility 21–4
 preference shares 126
 premiums, risk 20, 120–1
 prepayment risk, concepts 4, 6
 present value of a basis point (PVBP) 95,
 129
 present values, concepts 62–4, 70–2
 pricing
 see also valuation
 options 21, 26, 88–99, 102–7, 110–14,
 155–7
 PrimeClear, CSFB 98
 PrimeRisk, CSFB 54
 probability distributions
 see also normal ...
 concepts 10–11, 16–19, 21–6, 31–2,
 44
 leptokurtosis 24–5, 44, 49–50, 54, 57,
 81–2
 profit and loss reports (P&L) 8, 117–18
 prospectuses, bonds 122
 PVAR screens, Bloomberg screens 84–6
 PVBP *see* present value of a basis point
- Rabobank 123
 random number generators 104–7
 RAROC *see* risk-adjusted return on
 capital
 rating agencies *see* credit rating agencies
- recovery amounts, credit risk 125–6,
 144–6
 redemption payments, bonds 70–86, 121
 regulatory issues 46–7, 97, 110–14,
 116–17, 152
 reinvestment risk, concepts 4, 5
 repos, risk sources 4
 returns
 concepts 10–11, 16–18, 39–44,
 49–52, 79–82, 90–1, 144–6
 risk 10–11, 19–21, 144–6
 Sharpe ratio 10
 Van ratio 10–11
 Reuters 137
 rho 94
 risk
 see also credit risk; *individual risk*
 types; market risk; value-at-risk
 CADs 97, 110–14
 CDSs 128–9
 characteristics 3–7
 concepts 1–11, 97, 110–14, 142–6
 definitions 2–3, 50–1
 diversification 9, 26–8, 43–4, 70–86,
 129–31
 estimation techniques 6–7, 9, 30–60
 fixed-income instruments 62–86
 measurement tools 6–11, 30, 94–9,
 102–18, 126–46
 mitigation actions 142–6
 options 94–9
 portfolios 49–52, 97–9, 117–18,
 129–31, 132–46
 premiums 20, 120–1
 returns 10–11, 19–21, 144–6
 Sharpe ratio 10
 sources 2–7, 50–1, 95, 113–14,
 120–1, 144–6
 stakeholder perspectives 9
 standard deviation 9–11, 19–24,
 49–52, 83, 90–1, 145–6
 time horizon 2–3, 5, 31–2, 51, 88–91,
 102–7, 124–5, 130–1, 133–4
 types 3–7, 50–1, 95, 113–14, 120–1,
 144–6
 Van ratio 10–11
 risk management
 banks 7–9, 110–14
 concepts 2–3, 7–11, 32, 36, 110–18,
 120, 126–46, 149
 credit derivatives 120, 126–9

- credit risk 120–46
 functions 7–9, 142–6
 risk mitigation 142–6
 tools 2–3, 8–9, 110–18, 126–46
 value-added function 2
- risk-adjusted return on capital (RAROC)
 132
- risk-free rate of return 10, 88–91
- RiskMetrics 30, 35, 38, 41–5, 48–52,
 57–9, 72, 75–7, 81, 150–2
 assumptions 49, 52–3
 concepts 48–52, 57–9, 72, 75–7, 81
 core concepts 52
 critique 52
- S&P 500 55
see also Standard & Poor's
- scenario analysis
 concepts 6–7, 53, 96–7, 114–15,
 117–18, 131
 global/local scenarios 118
- seniority, debt 126
- SFA *see* Financial Services Authority
- shareholders, risk perspectives 9
- Sharpe ratio, concepts 10
- Shell 120
- short positions 74
- short-dated debt securities, credit risk
 121–3
- simulation techniques
 concepts 6–7, 34–7, 48–9, 52–3,
 55–60, 82, 98, 102–7, 115–16,
 145–6
 historical simulation VaR calculation
 method 34–7, 48–9, 52–3, 55–60,
 98
 Monte Carlo simulation 35, 37, 49, 55,
 98, 102–7, 115–16, 145–6
 stress-testing 115–18
 uses 6–7, 34–7, 48–9, 52–3, 55–60,
 82, 145–6
- 'smiles', options 26
- Smith, Andrew 1
- sovereign risk
see also credit risk
 concepts 3–4, 5
- specific risk, concepts 113–14
- spot ladder values, options 94–5
- Spread01 measure, CDSs 129
- 'square root of time' rule 40–1
- stakeholders, risk perspectives 9
- Standard & Poor's 55, 122–6, 137
- standard deviation
 concepts 9–11, 14, 19–24, 33–4,
 38–44, 49–52, 80–1, 83, 90–1, 126,
 140–1, 145–6
 definition 14–15
 uses 9–10, 20–4, 33–4, 38–9, 80–1,
 83, 90–1, 140–1, 145–6
 volatility 9–11, 19–24, 49–52, 83,
 90–1, 145–6
- statistical tools, uses 6–11, 14–19, 38–9
- 'stop loss' limits 8
- stress-testing
 concepts 96–7, 114–18
 Monte Carlo simulation 115–16
 procedures 117–18
 VaR 117
- strips 55
- swap curves 33
- swaps 4, 33, 73–7, 110–14, 116–17,
 126–9
see also interest rate swaps
- syndicated loans 120
- system failures 3
see also operational risk
- Taylor's expansion 155–7
- technical default, bonds 121
- term structure of interest rates 35–6,
 70–2
- testing
 back-testing 114, 117
 stress-testing 96–7, 114–18
 VaR models 55–7, 114–15
- theta 94, 97
- three-sixes (3v6) FRAs 67–70, 72–3
- time horizon
 CreditMetrics 133–4
 risk concepts 2–3, 5, 31–2, 51, 88–91,
 102–7, 124–5, 130–1, 133–4
- total return swaps (TRSs) 126
- transaction risk
see also foreign exchange (FX) risk
 concepts 4
- transition matrices, credit ratings 123–5
- translation risk
see also foreign exchange (FX) risk
 concepts 4
- TRSs *see* total return swaps
- two-sided confidence interval, concepts
 19

- uncertainty
see also risk
 concepts 2–3
- underlying assets, options 88–99, 102–7
- unequal weightings, variance/covariance
 VaR calculation method 34, 41–6,
 50, 54, 56–60, 76–7
- upgrades, credit ratings 124–5, 132–46
- valuation
 bonds 62–4
 options 21, 26, 88–99, 102–7, 110–14,
 155–7
 portfolios 35–7
- value-added function, risk management
 2
- value-at-risk (VaR)
 assumptions 11, 17, 31–4, 38, 44, 49,
 52–3, 81–2, 96–7
 back-testing 114, 117
 Bank of England comparisons 55–7
 Bloomberg screens 84–6
 bonds 62, 70–86
 calculations 31–2, 35–60
 case study 147–9
 comparison between methods 47–54
 concepts 2, 8–9, 11, 14, 17, 30–60, 62,
 70–86, 95–9, 105–7, 114–15,
 128–46, 147–9, 155
 confidence intervals 30–2, 33–9,
 46–7, 56, 82, 105, 115, 117
 correlations 14, 30–2, 33–4, 35, 41–6,
 49–52, 58, 73, 76–86, 106, 134–7,
 146
 credit risk 9, 128–46
 CreditMetrics 131–7
 critique 11, 17, 31–4, 38, 43–4, 47–54
 decay factors 83–4
 definition 2, 14, 30, 32
 fixed-income instruments 62, 70–86
 FRAs 72–3
 futures contracts 78–81
 historical background 30
 historical simulation calculation
 method 34–5, 36–7, 48–9, 52–3,
 55–60, 82, 98
 interest rate swaps 73–7
 mapping procedures 33, 38, 44–6,
 59–60
 methodology 32–5
- Monte Carlo simulation calculation
 method 35, 37, 49, 55, 98, 102,
 105–7, 145–6
- normal distribution 24–6, 32, 35–6,
 38, 44, 49–52, 79–82, 96, 145–6
- options 95–9, 105–7
- regulatory issues 110–14, 152
- restrictions 32
- RiskMetrics 30, 35, 38, 41–5, 48–52,
 57–9, 72, 75–7, 81, 150–2
- steps 31–2, 35–44
- stress-testing 117
- testing 55–7, 114–15
- uses 2, 8–9, 30, 54–60
- variance/covariance calculation method
 33–4, 37–44, 54, 56–7, 59–60,
 70–7, 78–81, 102, 105–6
- volatility measure 14, 30–60, 76–86,
 106–7, 145–6
- Van ratio, concepts 10–11
- vanilla options *see* options
- VaR *see* value-at-risk
- variance
see also standard deviation
 concepts 14–16, 33–4, 37–44, 49–52,
 54, 56–7, 59–60, 70–7, 78–81,
 97–9, 102, 105–6
 definition 15
 portfolios 38–9, 49–52, 153
- variance/covariance VaR calculation
 method
see also correlations
 advantages 43–4, 59
 concepts 33–4, 37–44, 54, 56–7,
 59–60, 70–7, 78–81, 102, 105–6
 critique 43–4, 59, 102
 drawbacks 44
 matrix calculations 39–44, 57–60,
 70–7
- vega 93–4, 97, 99
- volatility
 concepts 9–11, 14–15, 19–26, 30–60,
 76–86, 88–91, 102–7, 132–46
 credit risk 132–46
 decay factors 83–4
 definition 19–21, 90
 options pricing 88–91, 102–7
 over time 83
 predicted values 21–4
 RAROC 132

-
- standard deviation 9–11, 19–24, 49–52, 83, 90–1, 145–6
 - types 21, 40, 91
 - uses 21, 22–4, 34, 40–1, 76–86, 132–46
 - VaR measure 14, 30–60, 76–86, 106–7, 145–6
 - vega 93–4, 97, 99
 - volatility risk
 - see also* market risk
 - concepts 5, 9–11, 99
 - weightings, variance/covariance VaR
 - calculation method 34, 41–6, 56–60, 76–7, 78–81
 - yield curves 4, 8, 35–6, 66–7, 95, 112–13, 116–17, 129, 135–6, 148–9, 157
 - jump risk 8, 95, 148–9
 - modified duration 66–7, 157
 - stress-testing 116–17
 - zero-coupon yield curves 35–6, 135–6
 - yield to maturity (YTM), concepts 62–5, 155–7
 - yields 4, 8, 35–6, 49–52, 66–7, 95, 112–13, 116–17, 121, 129, 135–6, 148–9, 157
 - YTM *see* yield to maturity
 - zero-coupon bonds 4, 35–6, 38, 65–7, 70–2
 - duration 65–7
 - risk sources 4
 - zero-coupon yield curves 35–6, 135–6

Other titles by the author

.....

Corporate Bond Markets: Instruments and Applications,
John Wiley & Sons, 2005.

The Money Markets Handbook: A Practitioner's Guide,
John Wiley & Sons, 2005.

*Structured Credit Products: Credit Derivatives and Synthetic
Securitisation*, John Wiley & Sons, 2004.

Advanced Fixed Income Analysis, Elsevier, 2004.

Handbook of European Fixed Income Securities (editor, with
Frank Fabozzi), John Wiley & Sons, 2004.

Analysing and Interpreting the Yield Curve, John Wiley & Sons,
2004.

The Gilt-Edged Market, Butterworth-Heinemann, 2003.

Derivative Instruments (with Brian Eales), Butterworth-
Heinemann, 2003.

The Repo Handbook, Butterworth-Heinemann, 2002.

Capital Market Instruments: Analysis and Valuation, FT Prentice
Hall, 2001.

Bond Market Securities, FT Prentice Hall, 2001.

The Bond and Money Markets: Strategy, Trading, Analysis,
Butterworth-Heinemann, 2001.