Yield Curve Modeling and Forecasting—Francis X. Diebold 2013 Understanding the dynamic evolution of the yield curve is critical to many financial tasks, including pricing financial assets and their derivatives, managing financial risk, allocating portfolios, structuring fiscal debt, conducting monetary policy, and valuing capital goods. Unfortunately, most yield curve models tend to be theoretically rigorous but empirically disappointing, or empirically successful but theoretically lacking. In this book, Francis Diebold and Glenn Rudebusch propose two extensions of the classic yield curve model of Nelson and Siegel that are both theoretically rigorous and empirically successful. The first extension is the dynamic Nelson-Siegel model (DNS), while the second takes this dynamic version and makes it arbitrage-free (AFNS). Diebold and Rudebusch show how these two models are just slightly different implementations of a single unified approach to dynamic yield curve modeling and forecasting. They emphasize both descriptive and efficient-markets aspects, they pay special attention to the links between the yield curve and macroeconomic fundamentals, and they show why DNS and AFNS are likely to remain of lasting appeal even as alternative arbitrage-free models are developed. Based on the Econometric and Tinbergen Institutes Lectures, Yield Curve Modeling and Forecasting contains essential tools with enhanced utility for academics, central banks, governments, and industry.

Global Yield Curve Dynamics and Interactions—Francis X. Diebold 2007 The popular Nelson-Siegel (1987) yield curve is routinely fit to cross sections of intra-country bond yields, and Diebold and Li (2006) have recently proposed a dynamized version. In this paper we extend Diebold-Li to a global context, modeling a potentially large set of country yield curves in a framework that allows for both global and country-specific factors. In an empirical analysis of term structures of government bond yields for the Germany, Japan, the U.K. and the U.S., we find that global yield factors do indeed exist and are economically important, generally explaining significant fractions of country yield curve dynamics, with interesting differences across countries.

Forecasting the Term Structure of Government Bond Yields—Francis X. Diebold 2003 Despite powerful advances in yield curve modeling in the last twenty years, comparatively little attention has been paid to the key practical problem of forecasting the yield curve. In this paper we do so. We use neither the no-arbitrage approach, which focuses on accurately fitting the cross section of interest rates at any given time but neglects time-series dynamics, nor the equilibrium approach, which focuses on time-series dynamics (primarily those of the instantaneous rate) but pays comparatively little attention to fitting the entire cross section at any given time and has been shown to forecast poorly. Instead, we use variations on the Nelson-Siegel exponential components framework to model the entire yield curve, period-by-period, as a three dimensional parameter evolving dynamically. We show that the three time-varying parameters may be interpreted as factors corresponding to level, slope and curvature, and that they may be estimated with high efficiency. We propose and estimate autoregressive models for the factors, and we show that our models are consistent with a variety of stylized facts regarding the yield curve. We use our models to produce term-structure forecasts at both short and long horizons encouraging results. In particular, our forecasts appear much more accurate at long horizons than various standard benchmark forecasts.

The Macroeconomy and the Yield Curve—Francis X. Diebold 2003

Bond Pricing and Yield Curve Modeling—Riccardo Rebonato 2018-06-07 In this book, well-known expert Riccardo Rebonato provides the theoretical foundations (no-arbitrage, convexity, expectations, risk premia) needed for the affine modeling of the government bond markets. He presents and critically discusses the wealth of empirical findings that have appeared in the literature of the last decade, and introduces the 'structural' models that are used by central banks, institutional investors, sovereign wealth funds, academics, and advanced practitioners to model the yield curve, to answer policy questions, to estimate the magnitude of the risk premium, to gauge market expectations, and to assess investment opportunities. Rebonato weaves precise theory with up-to-date empirical evidence to build, with the minimum mathematical sophistication required for the task, a critical understanding of what drives the government bond market.

The Macroeconomy and the Yield Curve: a Nonstructural Analysis—Francis X. Diebold 2003

Forecasting the Term Structure of Government Bond Yields—Francis X. Diebold 2005

Business Cycles—Francis X. Diebold 2020-10-06 This is the most sophisticated and up-to-date econometric analysis of business cycles now available. Francis Diebold and Glenn Rudebusch have long been acknowledged as leading experts on business cycles. And here they present a highly integrative collection of their most important essays on the subject, along with a detailed introduction that draws together the book's principal themes and findings. Diebold and Rudebusch use the latest quantitative methods to address five principal questions about the measurement, modeling, and forecasting of business cycles. They ask whether business cycles have become more moderate in the postwar period, concluding that recessions have, in fact, been shorter and shallower. They consider whether economic expansions and contractions tend to die of "old age." Contrary to popular wisdom, they find little evidence that expansions become more fragile the longer they last, although they do find that contractions are increasingly likely to end as they age. The authors discuss the defining characteristics of business cycles, focusing on how economic variables move together and on the timing of the slow alternation between expansions and contractions. They explore the difficulties of distinguishing between long-term trends in the economy and cyclical fluctuations. And they examine how business cycles can be forecast, looking in particular at how to predict turning points in cycles, rather than merely the level of future economic activity. They show here that the index of leading economic indicators is a poor predictor of future economic activity, and consider what we can learn from other indicators, such as financial variables. Throughout, the authors make use of a variety of advanced econometric techniques, including nonparametric analysis, fractional integration, and regime-switching models. Business Cycles is crucial reading for policymakers, bankers, and business executives.
The Known, the Unknown, and the Unknowable in Financial Risk Management
Francis X. Diebold 2010-05-09 A clear understanding of what we know, don’t know, and can’t know should guide any reasonable approach to managing financial risk, yet the widest most used measure in finance today—Value at Risk, or VaR—reduces these risks to a single number, creating a false sense of security among risk managers, executives, and regulators. This book introduces a more realistic and holistic framework called Ku²—the K known, the u unknowable, and the n uncalculated. The K enables one to conceptualize and develop new and creative strategies for managing them. Bringing together contributions by leaders in finance and economics, this book pushes toward robustifying policies, portfolios, contracts, and organizations to a wide variety of Ku² risks. Along the way, the strengths and limitations of “quantitative” risk management are revealed. In addition to the editors, the contributors are Ashok Bardhan, Dan Borge, Charles N. Bralver, Ricardo Colacito, Robert H. Edelstein, Robert F. Engle, Charles A. E. Goodhart, Clive W. J. Granger, Paul R. Kleindorfer, Donald L. Kohn, Howard Kunreuther, Andrew Kurtz, Robert H. Litzenberger, Benoit B. Mandelbrot, David M. Mustard, Alex Muehmann, Mark V. Pauly, Til Schuermer, Kenneth E. Scott, Nassim Nicholas Taleb, and Richard J. Zeckhauser. Introduces a new risk-management paradigm Features contributions by leaders in finance and economics Demonstrates how “killer risks” are often more economic than statistical, and crucially linked to incentives Shows how to invest and design policies amid financial uncertainty

The Affine Arbitrage-free Class of Nelson-Siegel Term Structure Models
Jens H. E. Christensen 2007 We derive the class of arbitrage-free affine dynamic term structure models that approximate the widely-used Nelson-Siegel yield-curve specification. Our theoretical analysis relates this new class of models to the canonical representation of the three-factor arbitrage-free affine model. Our empirical analysis shows that imposing the Nelson-Siegel structure on this canonical representation greatly improves its empirical tractability. Furthermore, we find that improvements in predictive performance are achieved from the imposition of absence of arbitrage.

Globalization, the Business Cycle, and Macroeconomic Monitoring
Mr. Marco Terrones 2011-02-01 We propose and implement a framework for characterizing and monitoring the global business cycle. Our framework utilizes high-frequency data, allows us to account for a potentially large amount of missing observations, and is designed to facilitate the updating of global activity estimates as data are released and revisions become available. We apply the framework to the G-7 countries and study various aspects of national and global business cycles, obtaining three main results. First, our measure of the global business cycle, the common G-7 real activity factor, explains a significant amount of cross-country variation and tracks the major global cyclical events of the past forty years. Second, the common G-7 factor and the idiosyncratic country factors play different roles at different times in shaping national economic activity. Finally, the degree of G-7 business cycle synchronization among country factors has changed over time.

High-Frequency Financial Econometrics
Yacine Aït-Sahalia 2014-07-21 High-frequency trading is an algorithm-based computerized trading practice that allows firms to trade stocks in millisecond. Over the last fifteen years, the use of statistical and econometric methods for analyzing high-frequency financial data has grown exponentially. This growth has been driven by the increasing availability of such data, the technological advancements that make high-frequency trading strategies possible, and the need of practitioners to analyze these data. This comprehensive book introduces readers to these emerging methods and tools of analysis. Yacine Aït-Sahalia and Jean Jacod cover the mathematical foundations of stochastic processes, describe the primary characteristics of high-frequency financial data, and present the asymptotic concepts that their analysis relies on. Aït-Sahalia and Jacod also deal with estimation of the volatility portion of the model, including methods that are robust to market microstructure noise, and address estimation and testing questions involving the jump part of the model. As they demonstrate, the practical importance and relevance of jumps in financial data are universally recognized, but only recently have econometric methods become available to rigorously analyze jump processes. Aït-Sahalia and Jacod approach high-frequency econometrics with a finance perspective, long rates are risk-adjusted averages of expected future short rates. Thus, as illustrated by them, the short-term interest rate is a policy instrument under the direct control of the central bank. From a finance perspective, long rates is a combination of the relationship between two prominent diffusion, interest-rate and equity/FX models. The book is split into four parts. Part I deals with a Black world without smiles, sets out the author’s ‘philosophical’ approach and covers deterministic volatility. Part II looks at smiles in equity and FX worlds. It begins with a review of relevant empirical information about smiles, and provides coverage of local-stochastic-volatility, general-stochastic-volatility, jump-diffusion and Variance-Gamma processes. Part III concludes with an important chapter that discusses if and to what extent one can dispense with an explicit specification of a model, and can directly prescribe the dynamics of the smile surface. Part III focusses on interest rates when the volatility is deterministic. Part IV extends this setting in order to account for smiles in a financially motivated and computationally tractable manner. In this final part the author deals with CEV processes, with diffusive stochastic volatility and with Markov-chain processes. Praise for the First Edition: “In this book, Dr Rebonato brings his penetrating eye to bear on option pricing and hedging... The book is a must-read for those who already know the basics of options and are looking for an edge in applying the more sophisticated approaches that have recently been developed.” —Professor Ian Cooper, London Business School “Volatility and correlation are at the very core of all option pricing and hedging.” —Anthony Neuberger, London Business School

Volatility and Correlation
Riccardo Rebonato 2005-07-08 In Volatility and Correlation 2nd edition: The Perfect Hedger and the Fox, Rebonato looks at derivatives pricing from the angle of volatility and correlation. With both practical and theoretical applications, this is a thorough update of the highly successful Volatility & Correlation – with over 80% new or fully reworked material and is a must have both for practitioners and for students. The new and updated material includes a critical examination of the ‘perfect-replication’ approach to derivatives pricing, with special attention given to exotic options, a thorough analysis of the role of quadratic variation in derivatives pricing and hedging; a discussion of the informational efficiency of markets in commonly-used calibration and hedging practices. Treatment of new models including Variance Gamma, displaced diffusion, stochastic volatility for interest-rate smiles and equity/FX options. The book is split into four parts. Part I deals with a Black world without smiles, sets out the author’s ‘philosophical’ approach and covers deterministic volatility. Part II looks at smiles in equity and FX worlds. It begins with a review of relevant empirical information about smiles, and provides coverage of local-stochastic-volatility, general-stochastic-volatility, jump-diffusion and Variance-Gamma processes. Part III concludes with an important chapter that discusses if and to what extent one can dispense with an explicit specification of a model, and can directly prescribe the dynamics of the smile surface. Part III focusses on interest rates when the volatility is deterministic. Part IV extends this setting in order to account for smiles in a financially motivated and computationally tractable manner. In this final part the author deals with CEV processes, with diffusive stochastic volatility and with Markov-chain processes. Praise for the First Edition: “In this book, Dr Rebonato brings his penetrating eye to bear on option pricing and hedging... The book is a must-read for those who already know the basics of options and are looking for an edge in applying the more sophisticated approaches that have recently been developed.” —Professor Ian Cooper, London Business School “Volatility and correlation are at the very core of all option pricing and hedging.” —Anthony Neuberger, London Business School

Financial Econometrics
Yiu-Kuen Tso 2019-10-14 Financial econometrics has developed into a very fruitful and vibrant research area in the last two decades. The availability of good data promotes research in this area, especially aided by online data and high-frequency data. These two characteristics of financial data also create challenges for researchers that are different from classical macro-econometric and micro-econometric problems. This Special Issue is dedicated to research topics that are relevant for analyzing financial data. We have gathered six articles under this theme.

Modeling Bond Yields in Finance and Macroeconomics
Francis X. Diebold 2005 “From a macroeconomic perspective, the short-term interest rate is a policy instrument under the direct control of the central bank. From a finance perspective, long rates are risk-adjusted averages of expected future short rates. Thus, as illustrated by much recent research, a joint macro-finance modeling strategy will provide the most comprehensive understanding of the term structure of interest rates. We discuss various questions that arise in this research, and we also present a non-arbitrage model of the relationship between term premia and macroeconomic factors. Part II looks at smiles in equity and FX worlds. It begins with a review of relevant empirical information about smiles, and provides coverage of local-stochastic-volatility, general-stochastic-volatility, jump-diffusion and Variance-Gamma processes. Part III concludes with an important chapter that discusses if and to what extent one can dispense with an explicit specification of a model, and can directly prescribe the dynamics of the smile surface. Part III focusses on interest rates when the volatility is deterministic. Part IV extends this setting in order to account for smiles in a financially motivated and computationally tractable manner. In this final part the author deals with CEV processes, with diffusive stochastic volatility and with Markov-chain processes. Praise for the First Edition: “In this book, Dr Rebonato brings his penetrating eye to bear on option pricing and hedging... The book is a must-read for those who already know the basics of options and are looking for an edge in applying the more sophisticated approaches that have recently been developed.” —Professor Ian Cooper, London Business School “Volatility and correlation are at the very core of all option pricing and hedging.” —Anthony Neuberger, London Business School

Understanding Chinese Bond Yields and their Role in Monetary Policy
Mr. Nuno Cassola 2011-09-01 China’s financial prices are informative enough for the PBC to introduce a monetary policy framework centered around interest rates. While bond yields are not fully efficient/reflecting regulation, liquidity, and segmentation?we find they contain considerable information about the state of the economy as well as evidence of an emerging transmission channel: changes in PBC rates influence the structure of Treasury, financial, and
corporate bond yield curves, which are then associated with changes in growth and inflation. Corporate spreads are also a leading indicator of growth and inflation. While further liberalization will strengthen both efficiency and transmission, several necessary elements to move towards indirect monetary policy are already in place.

Financial and Macroeconomic Connectedness—Francis X. Diebold 2015-02-03 Connections among different asset classes, portfolios, and the stocks of individual institutions are critical in examining financial markets. Interest in financial markets implies interest in underlying macroeconomic fundamentals. In financial and macroeconomic Connectedness, Francis Diebold and Kamil Yilmaz propose a simple framework for defining, measuring, and monitoring connectedness, which is central to finance and macroeconomics. These measures of connectedness are theoretically rigorous yet empirically relevant. The approach to connectedness proposed by the authors is intimately related to the familiar econometric notion of variance decomposition. The full set of variance decompositions from vector auto-regressions produces the core of the ‘connectedness table.’ The connectedness table makes it clear how one can make the most disaggregated pair-wise directional connectedness measures and aggregate them in various ways to obtain total connectedness measures. The authors also show that variance decompositions define weighted, directed networks, so that these proposed connectedness measures are intimately related to key measures of connectedness used in the network literature. After describing their methods in the first part of the book, the authors proceed to characterize daily return and volatility connectedness across major asset (stock, bond, foreign exchange and commodity) markets as well as the financial institutions within the U.S. and across countries since late 1990s. These specific measures of volatility-connectedness show that stock markets played a critical role in spreading the volatility shocks from the U.S. to other countries. Furthermore, while the return connectedness across stock markets increased gradually over time the volatility connectedness measures were subject to significant jumps during major crisis events. This book examines not only financial connectedness, but also real fundamental connectedness. In particular, the authors show that global business cycle connectedness is economically significant and time-varying, that the U.S. has disproportionately high connectedness to others, and that pairwise country connectedness is inversely related to bilateral trade surpluses.

AI and Financial Markets—Shigeyuki Hamori 2020-07-01 Artificial intelligence (AI) is regarded as the science and technology for producing an intelligent machine, particularly, an intelligent computer program. Machine learning is an approach to realizing AI comprising a collection of statistical algorithms, of which deep learning is one such example. Due to the rapid development of computer technology, AI has been actively explored for a variety of academic and practical purposes in the context of financial markets. This book focuses on the broad topic of “AI and Financial Markets”, and includes novel research associated with this topic. The book includes contributions on the application of machine learning, agent-based artificial market simulation, and other related skills to the analysis of various aspects of financial markets.

The Making of National Economic Forecasts—Lawrence Robert Klein 2009-01-01 In this valuable volume, Nobel Economic Prize winners together with a group of scholars present forecasting models for a number of economies. The variety of the models and the structural differences among them are especially interesting. Readers interested in forecasting methodologies will find much of value in this volume. Highly recommended. I. Walter, Choice This important book, prepared under the direction of Nobel Laureate Lawrence R. Klein, shows how economic forecasts are made. It explains how modern developments in information technology have made it possible to forecast frequently at least monthly but also weekly or bi-weekly depending upon the perceived needs of market. Interest in forecasting continues also on the possibility that forecasting methods can be extended to many additional areas of economic and social concern. Chapter 4 introduces expected return and risk as central concepts in finance theory using fixed income instruments as examples, the chapter illustrates how risk measures such as standard deviation, Modified duration, VaR, and expected shortfall can be calculated empirically and in closed form. Chapter 5 introduces econometric tools: principle component analysis is presented and used as a prelude to yield-curve factor models. The book focuses on forecasts in a way to add time-series dynamics to the evolution of yield curves over time, time series models such as Vector Autoregression and regime-switching are also presented. Supported by a website with online resources - www.kennyholm.com where all Matlab programs referred to in the text can be downloaded. The site also contains lecture slides and answers to end of chapter exercises.

Successful Investing Is a Process—Jacques Lussier 2013-01-28 A process-driven approach to investment management that lets you achieve the same high gains as the most successful portfolio managers, but at half the cost. What do you pay for when you hire a portfolio manager? Is it his or her unique experience and expertise, a set of professional skills possessed by only a few? The truth, according to industry insider Jacques Lussier, is that, despite their often grandiose claims, most successful investment managers, themselves, can’t properly explain their successes. In this book Lussier argues convincingly that most of the gains achieved by professional portfolio managers can be accounted for not by special knowledge or arcane analytical methodologies, but proper portfolio management processes whether they are aware of this or not. More importantly, Lussier lays out a formal process-oriented approach proven to consistently garner most of the excess gains generated by traditional analysis-intensive approaches, but at a fraction of the cost since it could be fully implemented internally. Profit from more than a half-century’s theoretical and empirical literature, as well as the author’s own experiences as a top investment strategist Learn an approach, combining several formal management processes, that simplifies portfolio management and makes it underlying qualities more transparent, while lowering costs significantly Discover proven methods for exploiting the inefficiencies of traditional benchmarks, as well as the behavioral biases of investors and corporate management, for consistently high returns Learn to use highly-efficient portfolio management and rebalancing methodologies and an approach to diversification that yields returns far greater than traditional investment programs.

The Estimation of Macroeconomic Disequilibrium Models with Regime Classification Information—Glenn D. Rudebusch 2012-12-06

The Inglorious Years—Daniel Cohen 2021-05-18 “Suspicion and distrust in the workplace, people protesting all over the world, the younger generation imprisoned in a sort of perpetual, virtual present... These are the consequences of the collapse of industrial society and the consequent disappearance of jobs and lowering of wages for the vast majority. But is the new digital society any better? Or is it simply transforming us all into sequences of information that can be manipulated by software into anything from anywhere in the globe? Has yesterday’s production line been replaced by the dictatorship of algorithms? Are social networks a way of formatting minds? In an astounding return to the past, the questions of the ancient world are resurfacing at the heart of the new economy. Cohen argues that our new interconnectedness, which once heralded the decline of inequality and a people-led recalibration of the ethics of capitalism, has not fulfilled its promise. The revolution of 1968, a time when people imagined a future of technological liberation and unfettered personal development, has been replaced by the rise of populist is but one manifestation of the profound disappointment felt by many with a post-industrial society which has left them feeling marginalised and deprived of the possibility of a better life. What does the new digital society hold in store for us and how can we regain control of our lives?”—

by francis x diebold - yield curve modeling and forecasting the dynamic Nelson-Siegel approach to the econometric and financial hardcover

www.kennyholm.com where all Matlab programs referred to in the text can be downloaded. The site also contains lecture slides and answers to end of chapter exercises.
Riskfree rate dynamics - 2008

Business Cycles, Indicators, and Forecasting-James H. Stock 2008-04-15 The inability of forecasters to predict accurately the 1990-1991 recession emphasizes the need for better ways for charting the course of the economy. In this volume, leading economists examine forecasting techniques developed over the past ten years, compare their performance to traditional econometric models, and discuss new methods for forecasting and time series analysis.

Time Series Econometrics-Pierre Perron 2019-04-18 Volume 1 covers statistical methods related to unit roots, trend breaks and their interplay. Testing for unit roots has been a topic of wide interest and the author was at the forefront of this research. The book covers important topics such as the Phillips-Perron unit root test and theoretical analyses about their properties, how this and other tests could be improved, and ingredients needed to achieve better tests and the proposal of a new class of tests. Also included are theoretical studies related to time series models with unit roots and the effect of span versus sampling interval on the power of the tests. Moreover, this book deals with the issue of trend breaks and their effect on unit root tests. This research agenda fostered by the author showed that trend breaks and unit roots can easily be confused. Hence, the need for new testing procedures, which are covered. Volume 2 is about statistical methods related to structural change in time series models. The approach adopted is off-line whereby one wants to test for structural change using a historical dataset and perform hypothesis testing. A distinctive feature is the allowance for multiple structural changes. The methods discussed have, and continue to be, applied in a variety of fields including economics, finance, life science, physics and climate change. The articles included address issues of estimation, testing and/or inference in a variety of models: short-memory regresors and errors, trends with integrated and/or stationary errors, autoregressions, cointegrated models, multivariate systems of equations, endogenous regresors, long-memory series, among others. Other issues covered include the problems of non-monotonic power and the pitfalls of adopting a local asymptotic framework. Empirical analyses are provided for the US real interest rate, the US GDP, the volatility of asset returns and climate change.

Handbook of Economic Forecasting-Graham Elliott 2013-10-24 The highly prized ability to make financial plans with some certainty about the future comes from the core fields of economics. In recent years the availability of more data, analytical tools of greater precision, and ex post studies of business decisions have increased demand for information about economic forecasting. Volumes 2A and 2B, which follows Nobel laureate Clive Granger's Volume 1 (2006), concentrate on two major subjects. Volume 2A covers innovations in methodologies, specifically macroforecasting and forecasting financial variables. Volume 2B investigates commercial applications, with sections on forecasters' objectives and methodologies. Experts provide surveys of a large range of literature scattered across applied and theoretical statistics journals as well as econometrics and empirical applications. The Handbook of Economic Forecasting, Volumes 2A and 2B provide a unique compilation of chapters giving a coherent overview of forecasting theory and applications in one place and with up-to-date accounts of all major conceptual issues. Focusses on innovation in economic forecasting via industry applications Presents coherent summaries of subjects in economic forecasting that stretch from methodologies to applications Makes details about economic forecasting accessible to scholars in fields outside economics government debt, municipal bonds, the markets for corporate bonds, and developments in securitized debt markets along with derivatives and private debt markets. The third section focuses on models of yield curves, interest rate risk, and identifying opportunities for arbitrage. The next two sections focus on bond and securitized products, from sovereign debt and mutual funds focused on bonds to how securitization has increased liquidity through such innovations as mortgage and asset-backed securities, as well as collateralized debt-, bond-, and loan obligations. Authors next discuss various methods of valuation of bonds and securities, including the use of options and derivatives. The volume concludes with discussions of how debt can play a role in financial strategies and portfolio creation. Readers interested in a broad survey will benefit as will those looking for more in-depth presentations of specific areas within this field of study. In summary, the book provides a fresh look at this intriguing and dynamic but often complex subject.

Economic Forecasting-Graham Elliott 2016-04-05 Economic forecasting involves choosing simple yet robust models to best approximate highly complex and evolving data-generating processes. This poses unique challenges for researchers in a host of practical forecasting situations, from forecasting budget deficits and assessing financial risk to predicting inflation and stock market returns. Economic Forecasting presents a comprehensive, unified approach to assessing the costs and benefits of different methods currently available to forecasters. This text approaches forecasting problems from the perspective of decision theory and estimation, and demonstrates the profound implications of this approach for how we understand variable selection, estimation, and combination methods for forecasting models, and how we evaluate the resulting forecasts. Both Bayesian and non-Bayesian methods are covered in depth, as are a range of cutting-edge techniques for producing point, interval, and density forecasts. The book features detailed presentations and empirical examples of a range of forecasting methods and shows how to generate forecasts in the presence of large-dimensional sets of predictor variables. The authors pay special attention to how estimation error, model uncertainty, and model instability affect forecasting performance. Presents a comprehensive and integrated approach to assessing the strengths and weaknesses of different forecasting methods Approaches forecasting from a decision theoretic and estimation perspective Covers Bayesian modeling, including methods for generating density forecasts Discusses model selection methods as well as forecast combinations Covers a large range of nonlinear prediction models, including regime switching models, threshold autoregressions, and models with time-varying volatility Features numerous empirical examples Examines the latest advances in forecast evaluation Essential for practitioners and students alike

Debt Markets and Investments-H. Kent Baker 2019-08-08 Debt Markets and Investments provides an overview of the dynamic world of markets, products, valuation, and analysis of fixed income and related securities. Experts in the field, practitioners and academicians, offer both diverse and in-depth insights into basic concepts and their application to increasingly intricate and real-world situations. This volume spans the entire spectrum from theoretical to practical, while attempting to offer a useful balance of detailed and user-friendly coverage. The volume begins with the basics of debt markets and investments, including basic bond terminology and market sectors. Among the topics covered are the relationship between fixed income and other asset classes as well as the differences in fundamentals. Particular emphasis is given to interest rate risk as well as credit risks as well as those associated with inflation, liquidity, reinvestment, and ESG. Authors then turn to market sectors, including

The Republic of Beliefs-Kaushik Basu 2020-12-08 ["This book] argues that the traditional economic analysis of the law has significant flaws and has failed to answer certain critical questions satisfactorily. Why are good laws drafted but never implemented? When laws are enforced, is it a failure of the law or the enforcers? And, most important, considering that laws are simply words on paper, why are they effective? Basu offers a provocative alternative to how the relationship between economics and real-world law enforcement should be understood. Basu summarizes standard, neoclassical law and economics before looking at the weaknesses underlying the discipline. Bringing modern game theory to bear, he develops a 'focal point' approach, modeling not just the self-interested actions of the citizens who must follow laws but also the functions of the state: the politicians, judges, and bureaucrats enforcing them. He demonstrates the connections between social norms and the law and shows how well conceived ideas can change and benefit human behavior. For example, bribe givers and takers will collude when they are treated equally under the law. And in food support programs, vouchers should be given directly to the poor to prevent shop owners from selling subsidized rations on the open market. Basu provides a new paradigm for the ways that law and economics interact: a framework applicable to both less developed countries and the developed world."--Jacket.

The New Palgrave Dictionary of Money and Finance-John Eatwell 1992-10-14 The first reference work ever to be awarded the Eccles Prize for Excellence in Economic Writing from Columbia Business School. Continuing in the tradition of The New Palgrave, this 3-volume set provides an unparalleled guide to modern money, banking and finance. In over 1,000 substantial essays by leading academic and professional authorities, it provides the most comprehensive analysis available of contemporary theory and the fast-evolving global monetary and financial framework. In its scope and depth of coverage, it is indispensable for the academic and practitioner alike.
Alternative Assets and Cryptocurrencies
Christian Hafner 2019-07-26
Alternative assets such as fine art, wine, or diamonds have become popular investment vehicles in the aftermath of the global financial crisis. Correlation with classical financial markets is typically low, such that diversification benefits arise for portfolio allocation and risk management. Cryptocurrencies share many alternative asset features, but are hampered by high volatility, sluggish commercial acceptance, and regulatory uncertainties. This collection of papers addresses alternative assets and cryptocurrencies from economic, financial, statistical, and technical points of view. It gives an overview of their current state and explores their properties and prospects using innovative approaches and methodologies.

Risk Management for Central Bank Foreign Reserves
European Central Bank 2004

Handbook of Volatility Models and Their Applications
Luc Bauwens 2012-03-22
A complete guide to the theory and practice of volatility models in financial engineering, Volatility has become a hot topic in this era of instant communications, spawning a great deal of research in empirical finance and time series econometrics. Providing an overview of the most recent advances, Handbook of Volatility Models and Their Applications explores key concepts and topics essential for modeling the volatility of financial time series, both univariate and multivariate, parametric and non-parametric, high-frequency and low-frequency. Featuring contributions from international experts in the field, the book features numerous examples and applications from real-world projects and cutting-edge research, showing step by step how to use various methods accurately and efficiently when assessing volatility rates. Following a comprehensive introduction to the topic, readers are provided with three distinct sections that unify the statistical and practical aspects of volatility. The first part deals with heteroskedasticity and Stochastic Volatility, the second part considers ARCH and stochastic volatility models, and the third part presents alternative approaches, such as multiplicative error models, nonparametric and semiparametric models, and copula-based models of (co)volatilities. Realized Volatility explores issues of the measurement of volatility by realized variances and covariances, guiding readers on how to successfully model and forecast these measures. The handbook covers Volatility Models and Their Applications in an essential reference for academics and practitioners in finance, business, and econometrics who work with volatility models in their everyday work. The book also serves as a supplement for courses on risk management and volatility at the upper-undergraduate and graduate levels.

Papers and Proceedings of the .. Annual Meeting of the American Economic Association
American Economic Association 2005

The Oxford Handbook of the Economics of Central Banking
David G. Mayes 2019-02-15
The economic influence of central banks has received ever more attention given their centrality during the financial crises that led to the Great Recession, strains in the Eurozone, and challenges to the Euro. The Oxford Handbook of the Economics of Central Banking reflects the state of the art in the theory and practice and covers a wide range of topics that will provide insight to students, scholars, and practitioners. As an up to date reference of the Economics of Central Banking, this Oxford Handbook covers a wide range of essential issues. The handbook involves tradeoffs that inevitably had to be made in the process given the vast footprint that constitutes international finance. No single book can cover everything. This book, however, tries to maintain a balance between the micro and macro aspects of international finance. Although each chapter is self-contained, the chapters form a logical whole that follows a logical sequence. The book is organized into five broad categories of interest: (1) exchange rates and risk management, (2) international financial markets and institutions, (3) international investing, (4) international financial management, and (5) special topics. The chapters cover market integration, financial crisis, and the links between financial markets and development in some detail as they relate to these areas. In each instance, the contributors to this book discuss developments in the field to date and explain the importance of each area to finance as a field of study. Consequently, the strategic focus of the book is both broad and narrow, depending on the reader's needs. The entire book provides a broad picture of the current state of international finance, but a reader with more focused interests will find individual chapters illuminating on specific topics.

Financial Econometric Modeling
Stan Hurn 2020-02
"An introduction to the field of financial econometrics, focusing on providing an introduction for undergraduate and postgraduate students whose math skills may not be at the most advanced level, but who need this material to pursue careers in research and the financial industry"--

Fixed Income Securities
Pietro Veronesi 2010-01-12
Providing a description of the forces that affect the valuation, risk and return of fixed income securities, this text outlines the importance of parameter data and the role of financial models. The text is presented in five parts: (1) risk and return of fixed income securities, (2) market analysis and research topics including mean, volatility, and skewness spillovers in equity markets, (3) other models and methods, (4) correlation with classical financial markets, and (5) technical points of view. The book also serves as a supplement for courses on risk management and volatility at the upper-undergraduate and graduate levels.

International Finance
H. Kent Baker 2013-01-17
Understanding the current state of affairs and tools available in the study of international finance is increasingly important as few areas in finance can be divorced completely from international issues. International Finance reflects the new diversity of interest in international finance by bringing together a set of chapters that summarizes and synthesizes developments to date in the many and varied areas that are now viewed as having international content. The book attempts to differentiate between what is known, what is believed, and what is still being debated about international finance. The survey nature of this book involves tradeoffs that inevitably had to be made in the process given the vast footprint that constitutes international finance. No single book can cover everything. This book, however, tries to maintain a balance between the micro and macro aspects of international finance. Although each chapter is self-contained, the chapters form a logical whole that follows a logical sequence. The book is organized into five broad categories of interest: (1) exchange rates and risk management, (2) international financial markets and institutions, (3) international investing, (4) international financial management, and (5) special topics. The chapters cover market integration, financial crisis, and the links between financial markets and development in some detail as they relate to these areas. In each instance, the contributors to this book discuss developments in the field to date and explain the importance of each area to finance as a field of study. Consequently, the strategic focus of the book is both broad and narrow, depending on the reader's needs. The entire book provides a broad picture of the current state of international finance, but a reader with more focused interests will find individual chapters illuminating on specific topics.