Modelling Single-name and Multi-name Credit Derivatives (The Wiley Finance Series)

Dominic O'Kane
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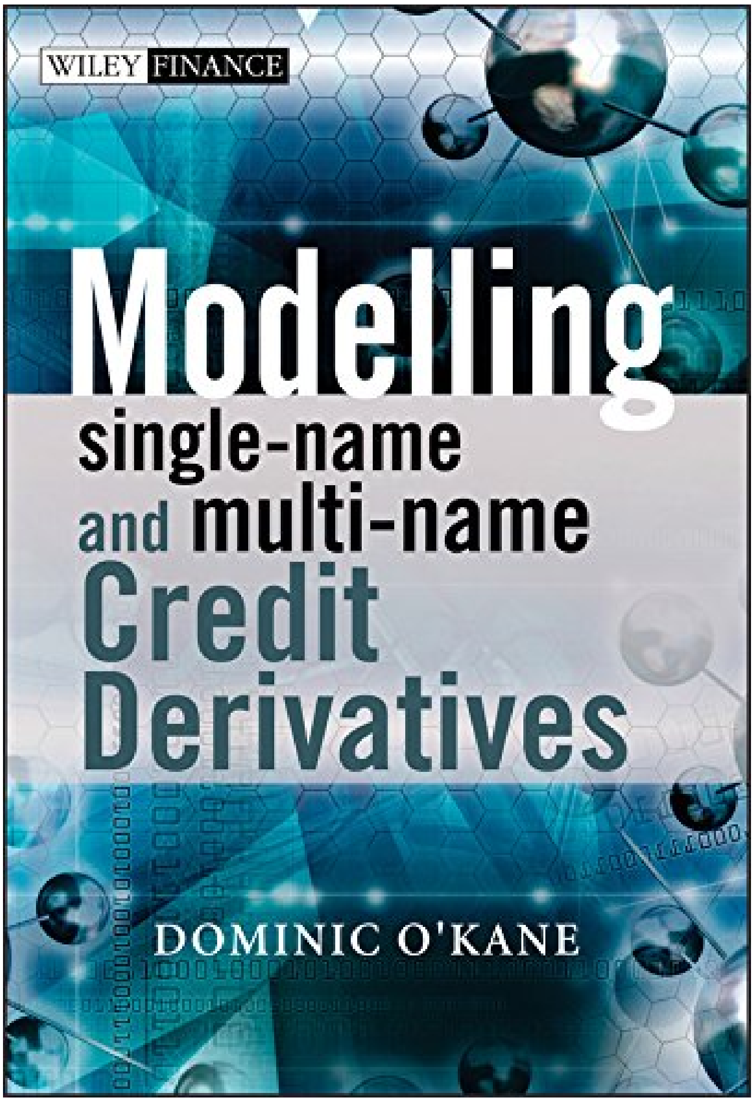

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Dominic O'Kane : Modelling Single-name and Multi-name Credit Derivatives (The Wiley Finance Series) before purchasing it in order to gage whether or not it would be worth my time, and all praised Modelling Single-name and Multi-name Credit Derivatives (The Wiley Finance Series):

5 of 5 people found the following review helpful. Review of O'Kane's Modeling Credit DerivativesBy T. K. HinThe author's(O'Kane) exposition of the subject matter is lucid and very well structured.There is a good balance between theory and the practical aspects in the subject matter.Usually, there is a divergence between theory and practice, but O'Kane addresses these divergences well i.e. MTM,risk management hedging of CDS contracts (and its

variations)O'Kane successully simplifies the complex into the simple with clear, concise language in a structured, logical manner without bombarding the reader with complicated mathematical proof/ambiguous logical arguments i.e. why a one-factor latent variable model is insufficient to model the correlation structure of an n-name portfolio etc..I believe the dilligent reader can eventually develop his/her own intuition and can understand the logic behind the structure of the equationsBefore graduating to the current literature of credit derivatives, this book provides a very strong foundation to build upon.Personally, I prefer O'Kane's pedagogical style/treatment of the subject matter (credit derivatives) over Hull/White's treatment in their classic "Options, Futures and Other Derivatives"This book has given me a better, clearer and more structured understanding of credit derivatives in general.Hopefully O'Kane can write a book along similar lines for the other asset classes ie interest rate/fx.4 of 4 people found the following review helpful. The best all around book on credit derivatives so farBy A. VorobyevThe book strikes a perfect balance between theory and practice, and is the most comprehensive guide of the field written so far. Highly recommend to anyone who wants to get understanding of the credit products for trading or modeling.1 of 3 people found the following review helpful. Part 1 is very goodBy Jinping ShiPart I is very good. All the materials are carefully selected and presented. Part II seems a bit ad-hoc.

Modelling Single-name and Multi-name Credit Derivatives presents an up-to-date, comprehensive, accessible and practical guide to the pricing and risk-management of credit derivatives. It is both a detailed introduction to credit derivative modelling and a reference for those who are already practitioners. This book is up-to-date as it covers many of the important developments which have occurred in the credit derivatives market in the past 4-5 years. These include the arrival of the CDS portfolio indices and all of the products based on these indices. In terms of models, this book covers the challenge of modelling single-tranche CDOs in the presence of the correlation skew, as well as the pricing and risk of more recent products such as constant maturity CDS, portfolio swaptions, CDO squareds, credit CPPI and credit CPDOs.

From the Inside Flapldquo;This book provides a unique, in-depth and comprehensive analysis of the modelling issues faced by credit modellers in the credit derivatives market.rdquo; mdash;Frank J. Fabozzi, PhD, CFA, Professor in the Practice of Finance, Yale School of Management Dominic O'Kane's many years of practical experience in credit derivative markets are evident everywhere in this well-rounded, lucid, and informative book. The author does an admirable job of covering both basic and advanced topics, throughout emphasizing substance over technicalities. The product coverage of the text is extensive, with virtually all practically relevant credit derivatives carefully described and analyzed. Both beginners and seasoned pros can learn from Orsquo;Kanersquo;s insights and his book deserves a wide readership. Highly recommended.rdquo; mdash;Leif Andersen, Head of Quantitative Research, Banc of America SecuritiesFrom the Back CoverModelling Single-name and Multi-name Credit Derivatives presents an up-to-date, comprehensive, accessible and practical guide to the pricing and risk-management of credit derivatives. It is both a detailed introduction to credit derivative modelling and a reference for those who are already practitioners. This book is up-to-date as it covers many of the important developments which have occurred in the credit derivatives market in the past 4-5 years. These include the arrival of the CDS portfolio indices and all of the products based on these indices. In terms of models, this book covers the challenge of modelling single-tranche CDOs in the presence of the correlation skew, as well as the pricing and risk of more recent products such as constant maturity CDS, portfolio swaptions, CDO squareds, credit CPPI and credit CPDOs. Divided into two parts, part one of this book covers single-name credit derivatives. Reflecting its importance as the building block for most other credit derivatives, the mechanics of the credit default swap (CDS) are covered in considerable detail. A chapter is then devoted to the risk-management of CDS. The pricing and risk-management of forward starting CDS, the option on a CDS and constant maturity CDS are then covered. Part two of the book covers multi-name products and begins with the CDS index. The mechanics and pricing of the CDS index are set out in detail. A chapter on the pricing of options on the CDS index follows. Much of part two of the book is then devoted to the pricing and risk-management of single tranche CDOs. After discussing the Gaussian copula model and the numerical challenge of building the portfolio loss distribution, several chapters are devoted to the subject of modelling the correlation skew. This includes a detailed discussion of base correlation, copula-based skew models and dynamic correlation modelling. Practical and accessible, Modelling Single-name and Multi-name Credit Derivatives does not assume any previous knowledge of credit derivatives. Products are explained in detail as are the requirements of any pricing model. While the book is undoubtedly mathematical, the emphasis is on building intuition, especially regarding the risk sensitivities of the product. Issues such as model requirements, model calibration and stability are addressed. Attention is paid to the need for optimising the computationally efficiency of the implementation, and detailed algorithms are presented which are simple for the reader to convert into their preferred programming language.About the AuthorDominic O'Kane is an affiliated Professor of Finance at the French business school EDHEC which is based in Nice, France. Until May 2006, Dominic O'Kane was a managing director and ran the European Fixed Income Quantitative Research group at Lehman Brothers, the US investment bank. Dominic spent seven of his nine years at Lehman Brothers working as a quant for the credit derivatives trading desk.