1. Record Nr. UNINA9910141249603321

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Titolo	Financial engineering and arbitrage in the financial markets / / Robert Dubil
Pubbl/distr/stampa	Chichester, West Sussex, UK ; ; Hoboken, NJ, : John Wiley, 2011
ISBN	9786613298898 9781283298896 1283298899 9781118467343 1118467345 9781119950622 1119950627
Edizione	[2nd edition.]
Descrizione fisica	1 online resource (xii, 367 pages)
Collana	Wiley finance
Disciplina	332/.041
Soggetti	Financial engineering Arbitrage Capital market Investments - Mathematics
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references and index.
Nota di contenuto	Financial Engineering and Arbitragein the Financial Markets; Contents; Introduction; 1 Purpose and Structure of Financial Markets; 1.1 Overview of Financial Markets; 1.2 Risk Sharing; 1.3 Transactional Structure of Financial Markets; 1.4 Arbitrage: Pure Versus Relative Value; 1.5 Financial Institutions: Transforming Intermediaries vs Broker-Dealers; 1.6 Primary (Issuance) and Secondary (Resale) Markets; 1.7 Market Players: Hedgers vs Speculators; 1.8 Preview of the Book; PART I RELATIVE VALUE BUILDING BLOCKS; 2 Spot Markets; 2.1 Bonds and Annual Bond Math; 2.1.1 Zero-Coupon Bond 2.1.2 Coupon Bond 2.1.3 Amortizing Bond; 2.1.4 Floating Rate Bond; 2.2 Intra-Year Compounding and Day-Count; 2.2.1 Intra-Year Compounding; 2.2.2 Day-Count; 2.2.3 Accrued Interest; 2.3 Term Structure of Interest Rates and the Discount Factor Bootstrap; 2.3.1 Term Structure; 2.3.2 Discount Factor Bootstrap; 2.3.3 Valuation of an

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Sommario/riassunto

A whole is worth the sum of its parts. Even the most complex structured bond, credit arbitrage strategy or hedge trade can be broken down into its component parts, and if we understand the elemental components, we can then value the whole as the sum of its parts. We can quantify the risk that is hedged and the risk that is left as the residual exposure. If we learn to view all financial trades and securities as engineered packages of building blocks, then we can analyze in which structures some parts may be cheap and some may be rich.