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Nota di bibliografia	Includes bibliographical references and index.
Nota di contenuto	chapter 1. Building blocks and stochastic differential equation models -- chapter 2. Ito's Lemma -- chapter 3. Stochastic differential equations -- chapter 4. The factor model approach to arbitrage pricing -- chapter 5. Constructing a factor model pricing framework -- chapter 6. Equity derivatives -- chapter 7. Interest rate and credit derivatives -- chapter 8. Hedging -- chapter 9. Computation of solutions -- chapter 10. The road to risk neutrality.
Sommario/riassunto	Written in a highly accessible style, A Factor Model Approach to Derivative Pricing lays a clear and structured foundation for the pricing of derivative securities based upon simple factor model related absence of arbitrage ideas. This unique and unifying approach provides for a broad treatment of topics and models, including equity, interest-rate, and credit derivatives, as well as hedging and tree-based computational methods, but without reliance on the heavy prerequisites that often accompany such topics. Key features A single fundamental absence of arbitrage relationship based on factor models is used to motivate all the results in the book A structured three-step procedure is used to guide the derivation of absence of arbitrage

equations and illuminate core underlying concepts. Brownian motion and Poisson process driven models are treated together, allowing for a broad and cohesive presentation of topics. The final chapter provides a new approach to risk neutral pricing that introduces the topic as a seamless and natural extension of the factor model approach. Whether being used as text for an intermediate level course in derivatives, or by researchers and practitioners who are seeking a better understanding of the fundamental ideas that underlie derivative pricing, readers will appreciate the book's ability to unify many disparate topics and models under a single conceptual theme. James A Primbs is an Associate Professor of Finance at the Mihaylo College of Business and Economics at California State University, Fullerton.
