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Autore	Meissner Gunter
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Nota di contenuto	Correlation Risk Modeling and Management: An Applied Guide Including the Basel III Correlation Framework-with Interactive Correlation Models in Excel®/VBA; Contents; Preface; Acknowledgments; About the Author; Chapter 1: Some Correlation Basics: Properties, Motivation, Terminology; 1.1 What Are Financial Correlations?; 1.2 What Is Financial Correlation Risk?; 1.3 Motivation: Correlations and Correlation Risk Are Everywhere in Finance; 1.3.1 Investments and Correlation; 1.3.2 Trading and Correlation; 1.3.3 Risk Management and Correlation 1.3.4 The Global Financial Crisis of 2007 to 2009 and Correlation 1.3.5 Regulation and Correlation; 1.4 How Does Correlation Risk Fit into the Broader Picture of Risks in Finance?; 1.4.1 Correlation Risk and Market Risk; 1.4.2 Correlation Risk and Credit Risk; 1.4.3 Correlation Risk and Systemic Risk; 1.4.4 Correlation Risk and Concentration Risk; 1.5 A Word on Terminology; 1.6 Summary; Appendix 1A: Dependence and Correlation; Dependence; Correlation; Independence and Uncorrelatedness; Appendix 1B: On Percentage and Logarithmic Changes; Practice Questions and Problems

References and Suggested Readings
Chapter 2: Empirical Properties of Correlation: How Do Correlations Behave in the Real World?; 2.1 How Do Equity Correlations Behave in a Recession, Normal Economic Period, or Strong Expansion?; 2.2 Do Equity Correlations Exhibit Mean Reversion?; 2.2.1 How Can We Quantify Mean Reversion?; 2.3 Do Equity Correlations Exhibit Autocorrelation?; 2.4 How Are Equity Correlations Distributed?; 2.5 Is Equity Correlation Volatility an Indicator for Future Recessions?; 2.6 Properties of Bond Correlations and Default Probability Correlations; 2.7 Summary

Practice Questions and Problems
References and Suggested Readings;
Chapter 3: Statistical Correlation Models-Can We Apply Them to Finance?; 3.1 A Word on Financial Models; 3.1.1 The Financial Model Itself; 3.1.2 The Calibration of the Model; 3.1.3 Mindfulness about Models; 3.2 Statistical Correlation Measures; 3.2.1 The Pearson Correlation Approach and Its Limitations for Finance; 3.2.2 Spearman's Rank Correlation; 3.2.3 Kendall's T; 3.3 Should We Apply Spearman's Rank Correlation and Kendall's T in Finance?; 3.4 Summary; Practice Questions and Problems; References and Suggested Readings

Chapter 4: Financial Correlation Modeling-Bottom-Up Approaches
4.1 Correlating Brownian Motions (Heston 1993); 4.1.1 Applications of the Heston Model; 4.2 The Binomial Correlation Measure; 4.2.1 Application of the Binomial Correlation Measure; 4.3 Copula Correlations; 4.3.1 The Gaussian Copula; 4.3.2 Simulating the Correlated Default Time for Multiple Assets; 4.3.3 Finding the Correlated Default Time in a Continuous Time Framework Using Survival Probabilities; 4.3.4 Copula Applications; 4.3.5 Limitations of the Gaussian Copula; 4.4 Contagion Correlation Models; 4.5 Summary
Appendix 4A: Cholesky Decomposition

Sommario/riassunto

A thorough guide to correlation risk and its growing importance in global financial markets. Ideal for anyone studying for CFA, PRMIA, CAIA, or other certifications, *Correlation Risk Modeling and Management* is the first rigorous guide to the topic of correlation risk. A relatively overlooked type of risk until it caused major unexpected losses during the financial crisis of 2007 through 2009, correlation risk has become a major focus of the risk management departments in major financial institutions, particularly since Basel III specifically addressed correlation risk with new r
