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5.13.3 Spread Options

Sommario/riassunto

The latest tools and techniques for pricing and risk management. This book introduces readers to the use of copula functions to represent the dynamics of financial assets and risk factors, integrated temporal and cross-section applications. The first part of the book will briefly introduce the standard the theory of copula functions, before examining the link between copulas and Markov processes. It will then introduce new techniques to design Markov processes that are suited to represent the dynamics of market risk factors and their co-movement, providing techniques to both e