1. Record Nr. UNINA9910829949003321

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| Titolo | Market consistency [[electronic resource] ] : model calibration in imperfect markets / / Malcolm H.D. Kemp |
| Pubbl/distr/stampa | Chichester, U.K., : Wiley, c2009 |
| ISBN | 0-470-68489-5<br>1-119-20718-5<br>1-283-23938-8<br>9786613239389<br>0-470-68279-5 |
| Descrizione fisica | 1 online resource (378 p.) |
| Collana | Wiley finance |
| Disciplina | 332.0415<br>332/.0415 |
| Soggetti | Capital market<br>Banks and banking<br>Risk management |
| 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 | Market Consistency; Contents; Preface; Acknowledgements; Abbreviations; Notation; 1 Introduction; 1.1 Market consistency; 1.2 The primacy of the 'market'; 1.3 Calibrating to the 'market'; 1.4 Structure of the book; 1.5 Terminology; 2 When is and when isn't Market Consistency Appropriate?; 2.1 Introduction; 2.2 Drawing lessons from the characteristics of money itself; 2.2.1 The concept of 'value'; 2.2.2 The time value of money; 2.2.3 Axioms of additivity, scalability and uniqueness; 2.2.4 Market consistent valuations<br>2.2.5 Should financial practitioners always use market consistent valuations?2.2.6 Equity between parties; 2.2.7 Embedded values and franchise values; 2.2.8 Solvency calculations; 2.2.9 Pension fund valuations; 2.2.10 Bid-offer spreads; 2.3 Regulatory drivers favouring market consistent valuations; 2.4 Underlying theoretical attractions of market consistent valuations; 2.5 Reasons why some people reject market consistency; 2.6 Market making versus position taking; 2.7 Contracts that include discretionary elements; 2.8 Valuation and |

regulation; 2.9 Marking-to-market versus marking-to-model
2.10 Rational behaviour?3 Different Meanings given to 'Market Consistent Valuations'; 3.1 Introduction; 3.2 The underlying purpose of a valuation; 3.3 The importance of the 'marginal' trade; 3.4 Different definitions used by different standards setters; 3.4.1 Introduction; 3.4.2 US accounting - FAS 157; 3.4.3 Guidance on how to interpret FAS, IAS, IFRS, etc.; 3.4.4 EU insurance regulation - 'Solvency II'; 3.4.5 Market consistent embedded values; 3.4.6 UK pension fund accounting and solvency computation; 3.5 Interpretations used by other commentators; 3.5.1 Introduction
3.5.2 Contrasting 'market consistent' values with 'real world' values3.5.3 Stressing the aim of avoiding subjectivity where possible; 3.5.4 Extending 'market consistency' to other activities; 3.5.5 Application only if obvious market observables exist; 3.5.6 Hedgeable liabilities; 3.5.7 Fair valuation in an asset management context; 4 Derivative Pricing Theory; 4.1 Introduction; 4.2 The principle of no arbitrage; 4.2.1 No arbitrage; 4.2.2 Valuation of symmetric derivatives; 4.2.3 Valuation of asymmetric derivatives; 4.2.4 Valuation of path dependent derivatives
4.5.5 Interpretation in the context of Modern Portfolio Theory

Sommario/riassunto

Achieving market consistency can be challenging, even for the most established finance practitioners. In Market Consistency: Model Calibration in Imperfect Markets, leading expert Malcolm Kemp shows readers how they can best incorporate market consistency across all disciplines. Building on the author's experience as a practitioner, writer and speaker on the topic, the book explores how risk management and related disciplines might develop as fair valuation principles become more entrenched in finance and regulatory practice. This is the only text that clearly illustrates how to calib