UNIVERSITY OF COPENHAGEN
FACULTY OF SCIENCE

Master thesis in Mathematics-Economics

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Swaptions pricing

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Abstract

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In this thesis we will investigate swaptions pricing.

2 Swaptions as a missing link in asset allocation

Look at pdf form Noamura

3 Mathematics of pricing swaptions

Look at Swaption pricing and isolating volatility exposure.

To understand why swaption contracts are priced a certain way, it's important to grasp the basics of what affects their value. This chapter simplifies these concepts by explaining interest rates, bonds, swaps, and options, and then shows how they come together to determine the price of a swaption.

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Look at Broekmans

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References

[1] Armstrong, M.A. Basic Topology. England: Editorial Board, 2000.