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Principal Component Analysis PCA

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Description:
Factor Loadings for US Interest rates (PCA analysis)

This spreadsheet implements PCA class module which can be used in the following way to do PCA on a time series data:

Dim pcaObj As New PCA
pcaObj.LoadTimeSeries diffMat 'diffMat is input time series
'pcaObj.eigenVectorsMat_ is sorted Eigen Vectors matrix
'pcaObj.eigenValuesVec_ is sorted Eigen Values vector

PCA class is based on Jacobi eigenvalue algorithm as described in **Wikepedia**

Market data was obtained for 3m to 30y interest rates using the following steps:

1.Goto **Federal reserve page**
2.Press "Go To Download" button
3.Press "Download File" button
4.Copy data from FRB_H15.csv file and paste data range into "rates" sheet

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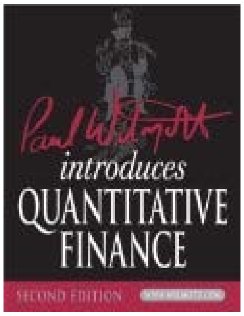

I would give it 3.749 rating !!!

Paul Wilmott Introduces Quantitative Finance by Paul Wilmott

I have gone through this book to try to get a better understanding of derivative pricing. Math is kept easy but often the author leaves out steps in his reasoning. In fact, I have find Hull's book more explanatory and easy to follow on topics like stochastic processes and the creation of Ito's lemma than Wilmott's. This is disappointing as Hull gets pretty detailed in his explanations. I am not an **more...**