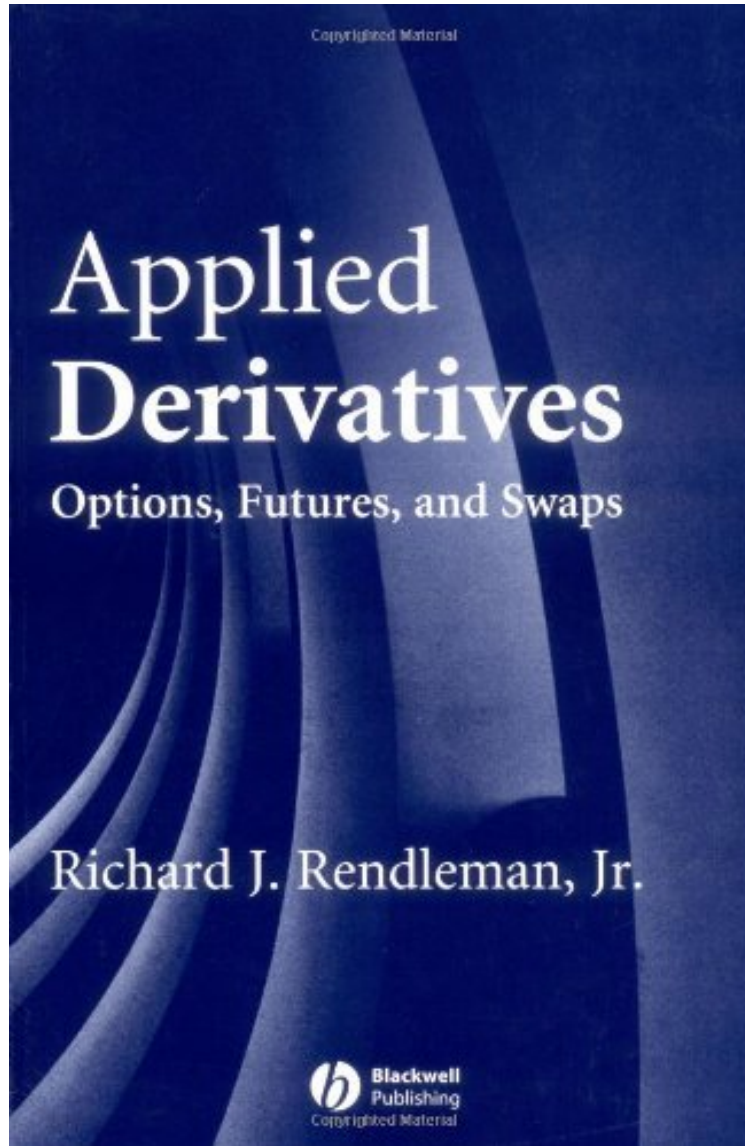


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Applied Derivatives: Options, Futures, and Swaps

Richard Rendleman

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Richard Rendleman : Applied Derivatives: Options, Futures, and Swaps before purchasing it in order to gage whether or not it would be worth my time, and all praised Applied Derivatives: Options, Futures, and Swaps:

2 of 3 people found the following review helpful. An MBA's guide to OptionsBy Ganesh V JoisThis is a very well written book from an MBA's perspective. In other words, the emphasis is more on intuition rather than the underlying mathematics of option pricing. The book in fact starts with the Binomial Tree approach to option pricing - a method that is much more intuitive and powerful compared to Black-Scholes. The author walks you through certain arbitrage relationships before developing the binomial tree approach. Black-Scholes is introduced once you have obtained a

thorough understanding of the binomial tree approach. There is a decent treatment of Forwards, Futures and Swaps and a very elegant proof for how CAPM weaves into option pricing. I strongly recommend the book to anyone starting out in option pricing. Once you have developed sufficient competence with trees and formulae, you can move to Hull's book which is much more technical but provides robust treatment of exotic options.

Applied Derivatives provides a detailed, yet relatively non-technical, treatment of the conceptual foundations of derivative securities markets' pricing and investment principles. This book draws from the most fundamental concepts of pricing for options, futures, and swaps to provide insight into the potential risks and returns from conventional option investing. Applied Derivatives is supported by the website www.rendleman.com/book which contains course software referenced in the text and additional questions and problems as they become available.

"Rendleman provides the very best combination of theoretical grounding, applications, and intuition for serious practitioners of modern financial technology. The knowledge in this text is essential for success in today's sophisticated financial environment and forthcoming product innovations. I strongly recommend Applied Derivatives for anyone who is interested in pursuing a career in financial risk management." Stanley J. Kon, Smith Breeden Associates, Inc. "Rendleman has written an excellent text. The concepts are clearly presented in a systematic way, often using novel approaches that are communicated without the need of advanced mathematics. The reader will come away, not only with a firm practical understanding of derivative markets, but also with a solid grounding in the theory which will be extremely helpful in keeping up with ongoing developments in this rapidly evolving field." Peter Ritchken, Weatherhead School of Management "For teachers, traders, and risk managers interested in intuition and applications, Rendleman's book Applied Derivatives is an excellent choice." Robert Geske, UCLA

From the Back Cover Applied Derivatives provides a detailed, yet relatively non-technical, treatment of the conceptual foundations for derivative securities markets pricing and investment principles. This book draws from the most fundamental concepts of pricing for options, futures, and swaps to provide insight into the potential risks and returns from conventional option investing. This book combines traditional topics in pricing theory with nontraditional topics that the author has researched throughout his career. Topics include, but are not limited to: a CAPM-based derivation of the binomial model which shows no strategies involving fairly-priced options can simultaneously reduce risk and increase return the effects of volatility misestimation in synthetic option replication the use of linear programming in options arbitrage and replication the formation of optimal portfolios consisting of stock, options, and safe assets pricing options when the source of risk is a potential change in interest rates, unit and tailed-based futures hedging interest rate immunization using swaps. Applied Derivatives is supported by the website <http://www.rendleman.com/book> which contains course software referenced in the text and additional questions and problems as they become available.

About the Author Richard J. Rendleman, Jr. is Professor of Finance at the University of North Carolina at Chapel Hill. He is considered one of the premier researchers in the field of option pricing. He helped develop implied volatility and the binomial option pricing model, both of which are two of the most widely used tools for evaluating option prices today.