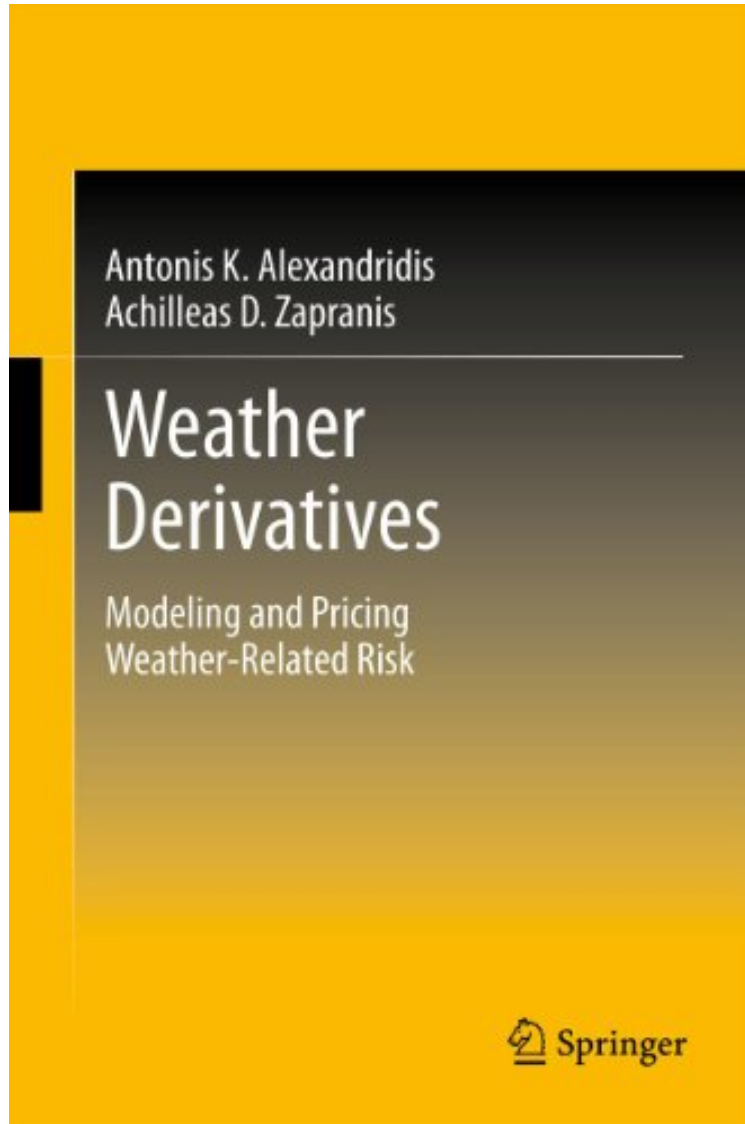


Weather Derivatives: Modeling and Pricing Weather-Related Risk

Antonis Alexandridis K., Achilleas D. Zapranis
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Antonis Alexandridis K., Achilleas D. Zapranis : Weather Derivatives: Modeling and Pricing Weather-Related Risk before purchasing it in order to gauge whether or not it would be worth my time, and all praised Weather Derivatives: Modeling and Pricing Weather-Related Risk:

0 of 0 people found the following review helpful. An introduction to the themeBy Bernd KotzThe book shows the difference to value a derivative in a new field. Weather derivatives are traded between banks, energy, insurance and agriculture companies. The common underlying is not traded on an exchange or stored. Because of that, you cannot apply the normal valuation theory for derivatives. The book begins with the market participants and market structure. The incomplete has developed many valuation principles. The authors show the different valuation methods in the

literature. The weather data must be developed in a market index. It is a big issue. The most of the parts of the book are to develop a reliable basis for the weather data in the different cities. This is the big advantage of the book. It develops a basis in the data and the valuation in wavelet networks. He is the algorithm how fit the data best. The valuation is based on Brownian motion or Levy noise process. The pricing of derivatives like temperature, precipitation, wind and snowfall.

?Weather derivatives are financial instruments that can be used by organizations or individuals as part of a risk management strategy to minimize risk associated with adverse or unexpected weather conditions. Just as traditional contingent claims, a weather derivative has an underlying measure, such as: rainfall, wind, snow or temperature. Nearly \$1 trillion of the U.S. economy is directly exposed to weather-related risk. More precisely, almost 30% of the U.S. economy and 70% of U.S. companies are affected by weather. The purpose of this monograph is to conduct an in-depth analysis of financial products that are traded in the weather market. Presenting a pricing and modeling approach for weather derivatives written on various underlying weather variables will help students, researchers, and industry professionals accurately price weather derivatives, and will provide strategies for effectively hedging against weather-related risk. This book will link the mathematical aspects of the modeling procedure of weather variables to the financial markets and the pricing of weather derivatives. Very little has been published in the area of weather risk, and this volume will appeal to graduate-level students and researchers studying financial mathematics, risk management, or energy finance, in addition to investors and professionals within the financial services industry. ?

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