

Fitting Term Structure of Interest Rates with Cubic Spline Function Based on Least Absolute Deviations Regression

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The Shanghai stock exchange term structure of interest rate is fitted with cubic spline function based on least absolute deviations regression(LAD).And this method is compared with the least square regression in the literature.The out of sample forecasting results show that the model based on the robust LAD improves the pricing precise of the bonds.



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