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On the pricing of GDP-linked financial products

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Abstract

This paper discusses the pricing of GDP-linked financial products. GDP-linked bonds for instance are bonds which pay a coupon tied to the changes of GDP (Gross Domestic Product) ... onomic rise leads to ... are able to translate ... es in the issuing ... st the backgro... d Arge... stics of GDP-linked ... nked bonds and Euro... choles type environ...

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Notes

[1] Further details on these interviews and a more detailed discussion on suitable characteristics can be found in Schröder et al. (2004).

[2] Both examinations are conducted using data from the interest rate and bond database of the Chair of Finance at the University of Mannheim. A detailed description of the analysis of performance and cash flow sensitivities of GDP-linked bonds in general, as well as of a quantitative in-depth comparison between the prices of straight bonds and the derived prices of GDP-linked bonds can be found in Schröder et al. (2004).