



Quantitative Finance >

Volume 8, 2008 - [Issue 4](#)

153 | 18 | 0
Views | CrossRef citations to date | Altmetric

Research Papers

New and robust drift approximations for the LIBOR market model

Mark Joshi & Alan Stacey

Pages 427-434 | Received 07 Feb 2006, Accepted 17 May 2007, Published online: 12 Jun 2008

Cite this article <https://doi.org/10.1080/14697680701458000>

Sample our
Economics, Finance,
Business & Industry Journals
>> **Sign in here** to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

We present four new methods for approximating the drift in the LIBOR market model when performing very long steps. These are compared with a variety of existing methods, including PPR, Glasserman-Zhao and predictor-corrector. We find that two of them, which use correlation adjustments to better approximate the drift, are more effective than existing methods.

Keywords:

Financial mathematics

Financial modelling

Financial simulation

Financial engineering

Derivatives pricing

Derivative pricing models

Related Research Data

[Martingale Methods in Financial Modelling](#)

Source: Unknown Repository

[Interest Rate Models Theory and Practice](#)

Source: Unknown Repository

[Brownian Motion and Stochastic Calculus](#)

Source: Unknown Repository

[Continuous-time term structure models: Forward measure approach](#)

Source: Finance and Stochastics

[Risk-Managing Bermudan Swaptions in a LIBOR Model](#)

Source: The Journal of Derivatives

[The Market Model of Interest Rate Dynamics](#)

Source: Mathematical Finance

[LIBOR and swap market models and measures](#)

Source: Finance and Stochastics

[Arbitrage-free discretization of lognormal forward Libor and swap rate models](#)

Related research

People also read

Recommended articles

Cited by
18

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

Help and information

Help and contact
Newsroom
All journals
Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



Copyright © 2025 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 **Taylor & Francis Group**
an informa business

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG