







Q

Home ► All Journals ► Economics, Finance & Business ► Quantitative Finance ► List of Issues ► Volume 8, Issue 4 ► New and robust drift approximations for

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

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

Sample our
Economics, Finance,
Business & Industry Journals

>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article





66 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

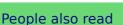
Source: Mathematical Finance

LIBOR and swap market models and measures

Source: Finance and Stochastics

Arbitrage-free discretization of lognormal forward Libor and swap rate models

Related research 1



Recommended articles

Cited by

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











Accessibility



Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions



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