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# New and robust drift approximations for the LIBOR market model

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## 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](#)  
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