

## Textbook checklist

**Title:** Interest Rate Modelling

**Authors:** Lixin Wu

**Edition:** First???

**Publisher:** Chapman & Hall/CRC Financial Mathematics Series

**Price:** ???

**ISBN:** 978-1-4200-9056-7

Initially, this book appears to be a comprehensive introduction to interest rate modelling. However as the necessary underlying techniques of stochastic calculus and martingales have to be explained, the author also covers arbitrage pricing theory of lognormally distributed assets in both continuous and discrete time, including options and Black Scholes. Hence it might provide additional background reading for CT8 and ST6 of the Institute of Actuaries professional exams. After an introduction to interest rates and bonds, the text introduces the cornerstone Heath-Jarrow-Morton model, followed by short-rate models and lattice implementation, the LIBOR market model and its calibration, volatility correlation adjustments and affine term-structure models.

**Aimed at:** Final year undergraduates or (postgraduates, with a strong mathematical background, studying financial subjects for an academic or professional qualification.

**Presentation – layout and clarity:**

Clearly laid out in a mathematical martingale approach, with exercises at the end of each chapter,

**Would you recommend it?**

Yes, as one of a suite of background texts.

148 words (excluding section headings).