Credit Derivatives and und Credit Risk

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Summary:

First different risky assets with varying characteristics are presented, which include the common credit derivatives. In addition, we decribe the markets for these derivatives. In the next section we give the basics for the pricing of the credit derivatives - a review, including new aspects. Using the Black-Scholes-approach and applying the no-arbitrage arguments we model the failure of credit derivatives. The next section is devoted to the evaluation of portfolios, which also includes the standard ones and describes the interplay of the assets in a particular portfolios. Finally, we use the first three sections to price the presented products and calibrate the approaches and models according to the given market prices.

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