

# Derivatives

*Markets, Valuation, and  
Risk Management*

ROBERT E. WHALEY



WILEY

John Wiley & Sons, Inc.

# Contents

<b>Preface</b>	<b>ix</b>
<b>Acknowledgments</b>	<b>xxv</b>
<b>About the Author</b>	<b>xxvii</b>

## **PART ONE**

---

<b>Derivative Markets</b>	<b>1</b>
<b>CHAPTER 1</b>	
<b>Derivative Contracts and Markets</b>	<b>3</b>

## **PART TWO**

---

<b>Fundamentals of Valuation</b>	<b>49</b>
<b>CHAPTER 2</b>	
<b>Assumptions and Interest Rate Mechanics</b>	<b>51</b>
<b>CHAPTER 3</b>	
<b>Relation between Return and Risk</b>	<b>89</b>

## **PART THREE**

---

<b>Forwards/Futures/Swap Valuation</b>	<b>119</b>
<b>CHAPTER 4</b>	
<b>No-Arbitrage Price Relations: Forwards, Futures, Swaps</b>	<b>121</b>
<b>CHAPTER 5</b>	
<b>Risk Management Strategies: Futures</b>	<b>143</b>

---

**PART FOUR**

---

<b>Option Valuation</b>	<b>173</b>
<b>CHAPTER 6</b> No-Arbitrage Price Relations: Options	<b>175</b>
<b>CHAPTER 7</b> Valuing Standard Options Analytically	<b>201</b>
<b>CHAPTER 8</b> Valuing Nonstandard Options Analytically	<b>261</b>
<b>CHAPTER 9</b> Valuing Options Numerically	<b>303</b>
<b>CHAPTER 10</b> Risk Management Strategies: Options	<b>347</b>

---

**PART FIVE**

---

<b>Stock Derivatives</b>	<b>381</b>
<b>CHAPTER 11</b> Stock Products	<b>383</b>
<b>CHAPTER 12</b> Corporate Securities	<b>419</b>
<b>CHAPTER 13</b> Compensation Agreements	<b>451</b>

---

**PART SIX**

---

<b>Stock Index Derivatives</b>	<b>467</b>
<b>CHAPTER 14</b> Stock Index Products: Futures and Options	<b>469</b>
<b>CHAPTER 15</b> Stock Index Products: Strategy Based	<b>517</b>

---

**PART SEVEN****Currency Derivatives 563****CHAPTER 16****Currency Products 565**

---

**PART EIGHT****Interest Rate Derivatives 601****CHAPTER 17****Interest Rate Products: Futures and Options 603****CHAPTER 18****Interest Rate Products: Swaps 637****CHAPTER 19****Credit Products 679****CHAPTER 20****Valuing Interest Rate Products Numerically 705**

---

**PART NINE****Commodity Derivatives 729****CHAPTER 21****Commodity Products 731**

---

**PART TEN****Lessons Learned 771****CHAPTER 22****Key Lessons 773**

---

**APPENDICES****A. Elementary Statistics 779****B. Regression Analysis 821****C. Statistical Tables 861****D. Glossary 869**

<b>ABOUT THE CD-ROM</b>	<b>893</b>
<b>INDEX</b>	<b>897</b>