Options on Foreign Exchange (Wiley Finance)

David F. DeRosa
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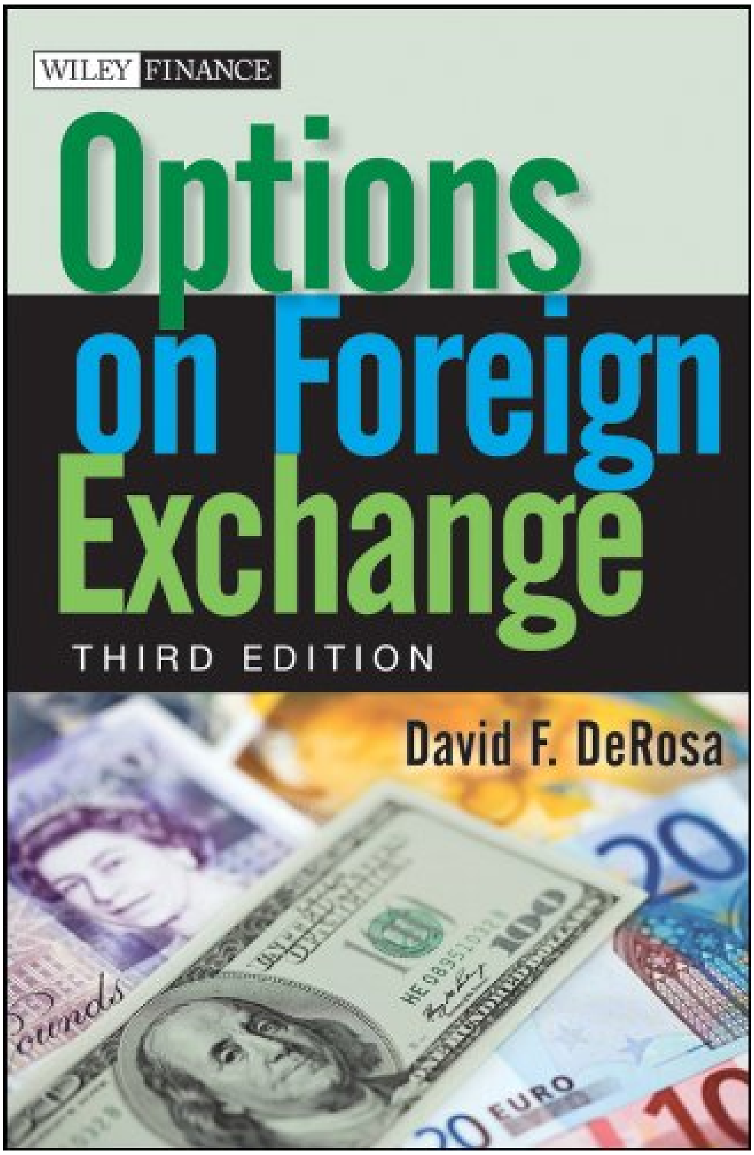

David F. DeRosa : Options on Foreign Exchange (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Options on Foreign Exchange (Wiley Finance):

A comprehensive guide to the world's largest financial market Foreign exchange is the world's largest financial market and continues to grow at a rapid pace. As economies intertwine and currencies fluctuate there is hardly a corporate entity that doesn't need to use options on foreign exchange to hedge risk or increase returns. Moreover, currency options, both vanilla and exotic, are part of standard toolkit of professional portfolio managers and hedge funds. Written by a practitioner with real-world experience in this field, the Third Edition of Options on Foreign Exchange opens with a substantive discussion of the spot and forward foreign exchange market and the mechanics of trading currency options. The Black-Scholes-Merton option-pricing model as applied to currency options is also covered, along with an examination of currency futures options. Throughout the book, author David DeRosa addresses the essential elements of this discipline and prepares you for the various challenges you could face. Updates new developments in the foreign exchange markets, particularly regarding the volatility surface Includes expanded coverage of the currency crises and capital controls, electronic trading, forward contracts, exotic options, and more Employs real-world terminology so you can a firm understanding of this dynamic marketplace The only way to truly succeed in today's foreign exchange market is by becoming more familiar with currency options. The Third Edition of Options on Foreign Exchange will help you achieve this goal and put you in better position to make more profitable decisions in this arena.

From the Inside FlapThe foreign exchange market is the largest of all of the financial markets. By one estimate over $4 trillion changed hands a day in 2010. Parallel to trading in spot and forward foreign exchange is the currency options marketmdash;by itself, a colossal market. In addition to standard "vanilla" options, there are exotic options. Most are barrier options but others, such as Asian, compound, basket, and quantos options on currencies also exist. Yet despite all of this, the currency options market remains relatively unknown, professional foreign exchange traders being an exception.This book details research concerning derivatives on foreign exchange, focusing initially on a breakthrough adaptation of the Black-Scholes formula for standard currrency options. Additionally, models that grew out of Black-Scholes exist for many common exotic options. Currency options, like equity options, experience volatility smiles and skews. This has led to the development of new families of options models, some with jump process features and others with stochastic volatility and local volatility components.The foreign exchange options market is more than a market for puts and calls on dollars, euros, pounds, and yen (to name a few of the large currencies). The currencies of emerging markets also have options. And these can be markedly different from the cases of the big currencies. Meantime, the market has a mind of its own. Specifically, the period 2007ndash;2008 presented some market experiences that are memorable if not bizarre.Options on Foreign Exchange, Third Edition brings all of this together in an organized and coherent presentation.From the Back CoverPraise for Options on Foreign Exchange, 3rd Edition"Dr. DeRosa's book provides an excellent introduction to the complicated field of forex options, appropriate for both practitioners and quants, broad enough to cover everything important about markets and deep enough to explain the latest theories."mdash;Emanuel Derman, author of My Life as a Quant"DeRosa presents technical material with a minimum of technical fuss. Filtered through his scholarship and practical trading experience, up-to-date topics such as exotic options, forward volatilities, and the volatility smile become accessible. The book will be extremely useful to asset managers and risk managers."mdash;Allan M. Malz, Markets Group, Federal Reserve Bank of New YorkSimilar to past editions, this new Third Edition contains strong sections on spot and forward foreign exchange, interest parity, and foreign exchange futures. There are thorough presentations on the theoretical foundations and practical uses of the core Black-Scholes-Merton model for currency options. Mixed throughout the book are applications of binomial and trinomial models as well as new sections on numerical methods. American exercise options and currency futures options are also treated.About the AuthorDAVID F. DeROSA is the founder and President of DeRosa Research. He is also an Adjunct Associate Professor of Finance at the Fu Foundation School of Engineering and Applied Science at Columbia University where he teaches courses in derivatives pricing models and foreign exchange. His bachelor's and PhD (finance and economics) are from the University of Chicago. Dr. DeRosa has worked at a variety of Wall Street investment firms, banks, and hedge funds. He sits on the boards of directors of six major hedge fund groups.