

Emerging Derivative Markets In Asia World Bank

Asia Pacific Derivative Markets Springer

Risk Management consists of 8 Parts and 18 Chapters covering risk management, market risk methodologies (including VAR and stress testing), credit risk in derivative transactions, other derivatives trading risks (liquidity risk, model risk and operational risk), organizational aspects of risk management and operational aspects of derivative trading. The volume also covers documentation/legal aspects of derivative transactions (including ISDA documentary framework), accounting treatment (including FASB 133 and IAS 39 issues), taxation aspects and regulatory aspects of derivative trading affecting banks and securities dealers (including the Basel framework for capital to be held against credit and market risk). RISK MANAGEMENT PRINCIPLES. 17. Framework For Risk Management. MARKET RISK. 18. Market Risk Measurement. 19. Stress Testing. 20. Portfolio Valuation/Mark-To-Market. CREDIT RISK. 21. Derivative Credit Risk: Measurement. 22. Derivative Credit Exposure: Management & Credit Enhancement. 23. Derivative Product Companies. OTHER RISKS. 24. Liquidity Risk. 25. Model Risk. 26. Operational Risk. ORGANISATION OF RISK MANAGEMENT. 27. Risk Management Function. 28. Risk Adjusted Performance Management. OPERATIONAL ASPECTS. 29. Operational, Systems & Technology Issues. 30. Legal Issues and Documentation. 31. Accounting Issues. 32. Taxation Aspects of Swaps and Financial Derivatives. REGULATORY ASPECTS OF DERIVATIVES. 33. Credit Risk: Regulatory Framework. Appendix: Basle II. 34. Market Risk: Regulatory Framework. Appendix: Basle 1996. Weather derivatives (WD) are different from most financial derivatives because the underlying weather cannot be traded and therefore cannot be replicated by other financial instruments. The market price of risk (MPR) is an important parameter of the associated equivalent martingale measures used to price and hedge weather futures/options in the market. The majority of papers so far have priced non-tradable assets assuming zero MPR, but this assumption underestimates WD prices. We study the MPR structure as a time dependent object with concentration on emerging markets in Asia. We find that Asian Temperatures (Tokyo, Osaka, Beijing, Teipei) are normal in the sense that the driving stochastics are close to a Wiener Process. The regression residuals of the temperature show a clear seasonal variation and the volatility term structure of CAT temperature futures presents a modified Samuelson effect. In order to achieve normality in standardized residuals, the seasonal variation is calibrated with a combination of a fourier truncated series with a GARCH model and with a local linear regression. By calibrating model prices, we implied the MPR from Cumulative total of 24-hour average temperature futures (C24AT) for Japanese Cities, or by knowing the formal dependence of MPR on seasonal variation, we price derivatives for Kaohsiung, where weather derivative market does not exist. The findings support theoretical results of reverse relation between MPR and seasonal variation of temperature process. -- Weather derivatives ; continuous autoregressive model ; CAT ; CDD ; HDD ; risk premium China's economy, which continues to grow rapidly, is having an ever greater impact on the rest of the world. This impact is likely to be felt increasingly in the financial sector where China's foreign currency reserves, fuelled by the huge trade surplus, are a very significant factor in world financial markets. This book, based on extensive original research by a range of leading experts, examines many key aspects of current reforms in China's financial sector and China's increasing integration into the international economy. Subjects covered amongst many others include: the derivatives market in China; stock market liberalisation; the internationalization of accounting standards in China; the impact of international foreign direct investment by Chinese firms; and a discussion of the likely long-term economic effects of the Beijing

Olympic Games.

After a predicting a global credit crisis in the first edition, in this new edition of *New Monetarism*, one year of the global credit crunch is reviewed and what will happen now.

From the bestselling author of *F.I.A.S.C.O.*, a riveting chronicle of the rise of dangerous financial instruments and the growing crisis in American business. One by one, major corporations such as Enron, Global Crossing, and Worldcom imploded all around us, prey to a greed-driven culture and dubious or illegal corporate finance and accounting. In a compelling and disturbing narrative, Frank Partnoy's *Infectious Greed* brings to bear all of his skills and experience as a securities attorney, financial analyst, law professor, and bestselling author to tell the story of the rise of the trading instruments and corporate financial structures that imperil the economic health of the country. Starting in the mid-1980s with the introduction of the first proto-derivatives, and taking us through such high-profile disasters as Barings Bank and Long Term Capital Management, Partnoy traces a seamless progression to today's dangerous manipulations. He documents how each new level of financial risk and complexity obscured the sickness of the company in question, and required ever more ingenious deceptions. It's an alarming story, but Partnoy offers a clear vision of how we can step back from the precipice.

Asia's financial systems proved resilient to the shocks from the global financial crisis, and growth since then has been strong. But new challenges have emerged in the region's economies, including demographics and aging, the need to diversify from bank-dominated systems, urbanization and infrastructure, and the rebalancing of economic activity. This book takes stock of the challenges facing the region today and how economic systems in Asia's advanced and emerging market economies compare with the rest of the world.

Provides a comprehensive survey of the East Asian bond markets, identifies best practices for fostering their development, and presents a broad agenda for further reforms. East Asia's spectacular economic performance over the past several decades has been marked by macroeconomic stability, consistent growth, low inflation, the lowering of trade barriers, and an overall improvement in living standards. The region now has a well developed banking system and boasts four of the top 20 stock markets in the world. Its bond markets, however, are relatively small and at an early stage of development. This report provides a comprehensive survey of the East Asian bond markets, identifies best practices for fostering their development, and presents a broad agenda of reforms for their further development. The report, which is based on studies of bond markets in China, Hong Kong, Indonesia, the Republic of Korea, Malaysia, the Philippines, Singapore, and Thailand, finds great diversity among those markets. It was presented at the Emerging Asian Bond Market Conference, co-sponsored by the World Bank and the Hong Kong Monetary Authority and held in Hong Kong, June 26-27, 1995. It is believed that with the proper institutional prerequisites in place, the markets will grow very rapidly and become a leading source of financing for the region. "The [study] and this conference mark the World Bank's increasing support and participation in the development of bond markets in the region." --Joseph Yam, Chief Executive, Hong Kong Monetary Authority

Swaps/ Financial Derivatives - Third Edition is a unique, authoritative and comprehensive reference work for practitioners on derivatives. It brings together all aspects of derivative instruments within a cohesive and integrated framework covering: Derivative instruments including exchange-traded markets and over-the-counter markets Pricing, valuation and trading/hedging of

derivatives. Management of market, credit and other risk associated with derivatives trading. Documentation, accounting, taxation and regulatory aspects of derivatives. Applications of derivatives. Derivative structures including synthetic asset structures using derivatives, exotic options, interest rate/ currency, equity, commodity (energy, metals and agricultural), credit and new derivative markets (insurance, weather, inflation/ macro-economic indicators, property and emissions) Key Features of Swaps/ Financial Derivatives include: Unparalleled up-to-date coverage of derivative markets in all asset classes. Written by experienced practitioner. Practical approach using actual transactions that are analysed to illustrate the structure, application, pricing, hedging and risk management of individual instruments. Four volumes; 4,500 pages; Hundreds of Exhibits and diagrams Detailed Index and extensive references

Covers the financial derivative markets of Japan, Australia, Singapore, Hong Kong and New Zealand. Discusses the emerging markets in Malaysia, Taiwan, Korea, the Philippines, Thailand, China and Indonesia.

This publication offers a unique snapshot of how corporate governance is being enforced in Asia.

This volume of "International Finance Review" focuses on the Asia-Pacific financial markets. A total of 22 original papers, not published elsewhere, have been selected from a competitive field. These papers utilize a variety of methods, including theoretical, empirical and qualitative to highlight a range of issues across the region. Several papers offer combinations of these different categories and among the empirical papers, there are a wide variety of datasets analyzed. While China does play a significant part in the analysis of five of the papers in this volume (this is to be expected given its importance in the region), a host of other countries are also considered. This ensures the volume is truly international in its scope. These papers each serve to contribute to the knowledge on a particular issue related to the financial markets within this region and for this volume, three main issues have been identified: integration, innovation and challenges. Articles are contributed by experts in their fields. It is truly international in scope.

In the wake of the 2008 global financial crisis, the regulation of the world's enormous derivatives markets assumed center stage on the international public policy agenda. Critics argued that loose regulation had contributed to the momentous crisis, but lasting reform has been difficult to implement since. Despite the global importance of derivatives markets, they remain mysterious and obscure to many. In *Governing the World's Biggest Market*, Eric Helleiner, Stefano Pagliari, and Irene Spagna have gathered an international cast of contributors to rectify this relative neglect. They examine how G20 governments have developed a coordinated international agenda to enhance control over these markets, which had been allowed to grow largely unchecked before the crisis. In analyzing this reform agenda, they advance three core arguments: first, the agenda to rein in these enormous markets has many limitations; second, the reform process has been plagued by delays, inconsistencies, and tensions that fragment the governance of these markets; and third, the politics driving the reforms have been extremely complicated. An authoritative overview of how this vast system is governed, *Governing the World's Biggest Market* looks at how the goals, limitations, and outcomes of post-crisis initiatives to regulate these markets have been influenced by a complex combination of

transnational, inter-state, and domestic political dynamics. Moreover, this volume emphasizes how crucial regulatory reform is to stabilizing the global economy long-term.

Learn to apply the strategies used in East Asia's phenomenal economic expansion The phenomenal economic growth of many countries in East Asia has no historic parallel. *Globalization and East Asia: Opportunities and Challenges* examines different aspects of the economic performance of the region over the past three decades, with a focus on what it takes to replicate the experience elsewhere. Nineteen of the finest presentations from the 12th International Conference of the International Trade and Finance Association in Bangkok, Thailand, have been carefully selected and revised by their expert authors, providing powerful, practical economic development approaches that can be used to develop other economies. This comprehensive volume presents an insightful four-part view of the intricate economic workings of East Asia. The first part introduces the distinctive qualities of the policies that sparked economic growth and development. Part two provides comparative studies of different countries and industries in the region and an in-depth study of the East Asian area over the past fifty years. Part three presents sector specific studies within several countries, focusing on international finance. The fourth part spotlights important industry-specific elements and explores the future of globalization in relation to its effects on East Asia. Each chapter is extensively referenced, and several use tables and charts to clearly reinforce crucial points. *Globalization and East Asia* includes topics such as: the characteristics of East Asian economic growth—and how other areas will benefit the rapid economic growth of the region since the end of World War II an evaluation of efficiency and leveraging of assets comparing the United States and the Four Dragon (FD) industries structural weaknesses within Asian countries trade flows between the United States and Thailand— a bilateral study the progress of APEC's environmental cooperation financial resource flows during the 1990s Malaysian financial markets and the Asian financial crisis China's economic transition and exchange rate policies the use of dual production theory as a model in the world economy Thailand's telecommunications sector—and how it provides illustration for other sector specific industries in developing countries development of bilateral trade negotiations between the United States and Vietnam the status of United States apparel imports *Globalization and East Asia* is important, insightful reading for researchers, scholars, and professionals specializing in regional economics and economic development.

The rapid spread and far-reaching impact of the global financial crisis have highlighted the need for strengthening financial systems in advanced economies and emerging markets. Emerging markets face particular challenges in developing their nascent financial systems and making them resilient to domestic and external shocks. Financial reforms are critical to these economies as they pursue programs of high and sustainable growth. In this timely volume Masahiro Kawai, Eswar Prasad, and their contributors offer a systematic overview of recent developments in—and the latest thinking about—regulatory frameworks in both advanced countries and emerging markets. Their analyses and observations clearly point out the challenges to improving regulation, efficiency of markets, and access to the financial system. Policymakers and financial managers in emerging markets are struggling to learn from the crisis and will need to grapple with some key questions as they restructure and reform their financial markets:

- What lessons does the global financial crisis of 2007–09 offer for the establishment of efficient and flexible regulatory structures?
- How can policymakers develop broader financial markets while managing the associated risks?

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• How—or should—they make the formal financial system more accessible to more people? • How might they best contend with multinational financial institutions? This book is an important step in getting a better grasp of these issues and making progress toward solutions that strike a balance between promoting financial market development and efficiency on the one hand, and ensuring financial stability on the other. Provides a comprehensive survey of recent developments in international financial markets, including developments in emerging capital markets, bond markets, major currency markets, and derivative markets. The report focuses on efforts by the major industrial countries to strengthen the management of financial risk and prudential oversight over the international banking system. It also critically evaluates existing mechanisms for international cooperation of financial supervision and regulation and proposes the development of international banking standards.

Emerging and frontier financial markets in the Asia-Pacific region have experienced significant changes in recent years in areas affecting regulation, market participants, and products. This collection presents perspectives from authors in local markets who provide their analysis of the history, current development, and future outlook for 11 countries: Bangladesh, Cambodia, India, Indonesia, Malaysia, Mongolia, Pakistan, the Philippines, Sri Lanka, Thailand, and Vietnam. The brief should be particularly valuable for prospective investors interested in learning about regulatory developments, market structure, and financial history in the region.

Since late 2002 there have been many disputes and discussions around the world on whether or not the Chinese yuan (CNY), or renminbi (RMB), should be revalued. Based on various arguments and discussions, the CNY has been expected to be revalued worldwide, as evidenced by the significant premiums for the CNY non-deliverable forwards in the offshore marketplace. With the CNY revaluation perspectives, hundreds of billions of US dollars have been invested in various types of CNY-related derivatives products. The purpose of this book is not to tell the reader whether the RMB should be revalued, or by how much it should be revalued, as these questions are the work of economists. Instead, as a derivatives specialist with more than ten years' experience in the international financial market and with working experience in China in the past few years, the author presents trading of CNY-related derivatives products in the offshore marketplace. The book is organized into five parts. The first part familiarizes readers with the Chinese economy in transition and the Chinese financial market, so that they can make their own judgment as to whether or not the CNY should be revalued. Part II presents major foreign exchange derivatives trading in organized exchanges and the over-the-counter marketplace around the world. Part III reviews what foreign exchange products were involved both before and during the Asian financial crisis, because many of them were used to speculate or hedge against devaluations of the Asian currencies. Part IV studies various CNY-related derivatives products and embedded derivatives products. Finally, Part V examines the possible impacts of these derivatives products on the CNY exchange rate, based on the experiences of other currencies such as the Korean won and the New Taiwan dollar.

This second edition, now featuring new material, focuses on the valuation principles that are common to most derivative securities. A wide range of financial derivatives commonly traded in the equity and fixed income markets are analysed, emphasising aspects of pricing, hedging and practical usage. This second edition features additional emphasis on the discussion of Ito calculus and Girsanov's Theorem, and the risk-neutral measure and equivalent martingale pricing approach. A new chapter on credit risk models and pricing of credit derivatives has been added. Up-to-date research results are provided by many useful exercises.

FINANCIAL ENGINEERING The Robert W. Kolb Series in Finance is an unparalleled source of information dedicated to the most important issues in modern finance. Each book focuses on a specific topic in the field of finance and contains contributed chapters from both respected

academics and experienced financial professionals. As part of the Robert W. Kolb Series in Finance, Financial Engineering aims to provide a comprehensive understanding of this important discipline by examining its fundamentals, the newest financial products, and disseminating cutting-edge research. A contributed volume of distinguished practitioners and academics, Financial Engineering details the different participants, developments, and products of various markets—from fixed income, equity, and derivatives to foreign exchange. Also included within these pages are comprehensive case studies that reveal the various issues associated with financial engineering. Through them, you'll gain instant insights from the stories of Countrywide (mortgages), Société Générale and Barings (derivatives), the Allstate Corporation (fixed income), AIG, and many others. There is also a companion website with details from the editors' survey of financial engineering programs around the globe, as well as a glossary of key terms from the book. Financial engineering is an evolving field in constant revision. Success, innovation, and profitability in such a dynamic area require being at the forefront of research as new products and models are introduced and implemented. If you want to enhance your understanding of this discipline, take the time to learn from the experts gathered here.

This March 2002 issue of the Global Financial Stability Report highlights that financial markets ended the year 2001 on a positive note. Equity markets recovered and rallied noticeably from their lows of late September. In bond markets, yield spreads of corporate and high-yielding bonds, particularly emerging market bonds, narrowed against the U.S. Treasury. At the same time, the U.S. Treasury yield curve steepened, and the U.S. dollar has strengthened. Financial markets thus anticipate, and have priced in, a recovery in economic activity and corporate earnings during 2002.

While most books on derivatives discuss how they work, this book looks at the contributions of derivatives to overall economic well-being. It examines both the beneficial and adverse effects of derivatives trading from the perspectives of economic theory, empirical evidence and recent economic history. Aiming to present the concepts in a fair, non-ideological, non-mathematical and simple manner, and with the authors' own synthesis, it draws on economic insights from relevant work in other disciplines, particularly sociology and law. The book also presents some new theoretical ideas and recommendations towards a pragmatic and practical approach for policy-makers. The ultimate objective is to provide a basic conceptual framework which will help its readers form a judgement on whether, when and how derivatives are beneficial or harmful to the economy.

Structured Products Volume 2 consists of 5 Parts and 21 Chapters covering equity derivatives (including equity swaps/options, convertible securities and equity linked notes), commodity derivatives (including energy, metal and agricultural derivatives), credit derivatives (including credit linked notes/collateralised debt obligations ("CDOs")), new derivative markets (including inflation linked derivatives and notes, insurance derivatives, weather derivatives, property, bandwidth/telephone minutes, macro-economic index and emission/environmental derivatives) and tax based applications of derivatives. It also covers the structure and evolution of derivative markets including electronic trading markets and the origins, evolution and prospects for derivative markets.

EQUITY LINKED STRUCTURES 1 Equity Derivatives - Equity Futures; Equity Options/Warrants & Equity Swaps 2 Convertible Securities 3 Structured Convertible Securities 4 Equity Linked Notes 5 Equity Derivatives - Investor Applications 6 Equity Capital Management - Corporate Finance Applications of Equity Derivatives COMMODITY LINKED STRUCTURES 7 Commodity Derivatives - Commodity Futures/Options, Commodity Swaps and Commodity Linked Notes 8 Commodity Derivatives - Energy (Oil, Natural

Gas and Electricity) Markets 9 Commodity Derivatives - Metal Markets 10 Commodity Derivatives - Agricultural and Other Markets CREDIT DERIVATIVES 11 Credit Derivative Products 12 Credit Linked Notes/Collateralised Debt Obligations 13 Credit Derivatives/Default Risk - Pricing and Modelling 14 Credit Derivatives - Applications/Markets NEW MARKETS 15 Inflation Indexed Notes and Derivatives 16 Alternative Risk Transfer/Insurance Derivatives 17 Weather Derivatives 18 New Markets - Property; Bandwidth; Macro-Economic and Environmental Derivatives 19 Tax and Structured Derivatives Transactions EVOLUTION OF DERIVATIVES MARKETS 20 Electronic Markets and Derivatives Trading 21 Financial Derivatives - Evolution and Prospects Credit Derivatives Trading & Management of Credit & Default Risk Written by some of the industry's leading names, Credit Derivatives - Trading & Management of Credit and Default Risk provides a comprehensive overview of this increasingly important financial instrument. Credit Derivatives promise to revolutionise the management of credit risk in banking and capital markets. Credit Derivatives will be essential for commercial and investment banks as well as brokers active in credit derivative products; liability and investment managers who utilise or are looking at utilising credit derivatives; consultants, IT firms and accountants active in advising traders or users of these instruments; and, regulatory agencies. It can also be used in practical in-house training programmes as well as in post-graduate programmes such as MBA or Applied Finance courses in credit risk management, either as the primary text or supplementary reading. Credit Derivatives is edited by the author of Swaps & Financial Derivatives, Satyajit Das, who is also the major contributor to the book. There are additional specialist chapters by practitioners drawn from industry leaders including: Citibank Limited Clifford Chance JP Morgan KMV Corporation Moody's Investors Service Price Waterhouse "In a rapidly developing area of finance, where knowledge and information are jealously guarded, this book offers a means of 'getting up to speed' on a topic that may well fundamentally alter the way the banking and investment community handles credit risk." - Mark Schneider, Head of New Markets Société Générale Australia Limited "In his usual style, Das has produced...one of the most extensive discussions of credit derivatives...A must have reference for students and market practitioners alike." - Quentin K. Hills, Head, Derivatives Marketing - Asia Citibank, N.A. "...too often this kind of 'real world' material does not get included in derivatives books...This has the right combination of basic explanation and technical material." - Nick Reed, Director, RVC Associates "...a comprehensive collection of material on...this relatively new field of banking practice." - Ralph Yiehmin Liu, Managing Director, Advanced Risk Management Solutions Pte Ltd

As risk-taking is an essential part of the banking industry, banks must practise efficient risk management to ensure survival in uncertain financial climates. Banking operations are specifically affected by fluctuations in interest rates which cause financial imbalance; thus banks are now required to put in place an effective management structure that incorporates risk management efficiency measures that help mitigate the wide range of risks they face. In this book, the authors have developed a new modelling approach to determine banks' financial risk management by offering detailed insights into the integrated approach of dollar-offset ratio and Data Envelopment Analysis (DEA), based on derivatives usage. It further analyses the efficiency measurement under stochastic DEA approaches, namely (i) Bootstrap DEA (BDEA), (ii) Sensitivity Analysis and (iii) Chance-Constrained DEA

(CCDEA). As demonstrated in the modelling exercise, this integrated approach can be applied to other cases that require risk management efficiency measurement strategies. Additionally, this is the first book to comprehensively review the derivative markets of both the developed and developing countries in the Asia-Pacific region, by examining the differences of risk management efficiency of the banking institutions in these countries. Based on this measurement approach, strategies are provided for banks to improve their strategic risk management practices, as well as to reduce the impacts from external risks, such as changes in interest rates and exchange rates. Furthermore, this book will help banks to keep abreast of recent developments in the field of efficiency studies in management accounting, specifically in relation to hedge accounting, used by banks in the Asia-Pacific region.

This paper examines a range of issues relating to bond markets in the ASEAN5 (Indonesia, Malaysia, Philippines, Singapore and Thailand) - physical infrastructure including trading, clearing and settlement; regulation, supervision and legal underpinnings; and derivatives markets - and finds that the frameworks compare well with other Emerging Markets, following a decade of reform. A number of areas where further enhancements could be made are highlighted. The paper also examines the interrelationship between central bank management of short-term interest rates and domestic currency liquidity, and development of the wider money and bond markets; and suggests some lessons from the recent crisis in developed country financial markets which may be important for the future development of the ASEAN5 markets.

Erik Banks, responsible for global risk management at Merrill Lynch in Hong Kong, has written another text on the derivatives field covering innovation in these instruments in Asia Pacific. The text acts as a detailed reference on the nature of these markets and the prospects for the Asian derivative markets, both listed and OTC. He also includes an analysis of the Australian, New Zealand and Japanese markets to fit the emerging markets into context.

The paper makes an assessment of the progress made in developing local debt markets in emerging Asia. Market development has been limited by hurdles confronting borrowers and lenders, current and potential liquidity providers, and insufficient support from government policies and regulations. Besides fostering a credit culture to deepen local debt markets, the issue of critical size can be addressed through an integrated regional market for local currency bonds that provides greater scale, efficiency, and access. With rapid economic growth in Asia, a key challenge is to generate financial assets that can provide the underlying collateral for expanding fixed-income markets, and hence domestic and regional investment opportunities.

NOMINATED AND SHORT LISTED FOR THE SURVEILLANCE STUDIES BOOK PRIZE 2011! This theoretically informed research explores what the development and transformation of air travel has meant for societies and individuals. Brings together a number of interdisciplinary approaches towards the aeroplane and its relation to society Presents an original theory that our societies are aerial societies, or 'aerealities', and shows how we are both enabled and threatened by aerial mobility Features a series of detailed international case studies which map the history of aviation over the past century – from the promises of early flight, to World War II bombing campaigns, and to the rise of international terrorism today Demonstrates the transformational

capacity of air transport to shape societies, bodies and individual identities Offers startling historical evidence and bold new ideas about how the social and material spaces of the aeroplane are considered in the modern era

Asian equity markets have grown significantly in size since the early 1990s, driven by strong international investor inflows, growing regional financial integration, capital account liberalization, and structural improvements to markets. The development of equity markets provides a more diversified set of channels for financial intermediation to support growth, thus bolstering medium-term financial stability. At the same time, as highlighted by the May-June 2006 market corrections, the increasing role of stock markets potentially changes the nature of macroeconomic and financial stability risks, as well as the policy requirements for dealing with these risks

Risk control and derivative pricing have become of major concern to financial institutions. The need for adequate statistical tools to measure and anticipate the amplitude of the potential moves of financial markets is clearly expressed, in particular for derivative markets. Classical theories, however, are based on simplified assumptions and lead to a systematic (and sometimes dramatic) underestimation of real risks. Theory of Financial Risk and Derivative Pricing summarises recent theoretical developments, some of which were inspired by statistical physics. Starting from the detailed analysis of market data, one can take into account more faithfully the real behaviour of financial markets (in particular the 'rare events') for asset allocation, derivative pricing and hedging, and risk control.

Contains original papers that examine various issues concerning the role, the structure and functioning of credit, currency and derivatives instruments and markets as they relate to financial crises. This title stresses the importance of the inter-linkages of these instruments and markets in promoting or hindering financial stability or crises.

The investor community is constantly looking for new sources of investment opportunity in the form of current income and capital gains. Much of the focus by fund managers, institutional investors and retail investors is currently on the global emerging markets of Asia where over \$1 trillion of infrastructure and development projects will have to be funded over the next decade. In recent months, more institutions have been focusing on the fixed income markets, where returns have been impressive. The text from credit risk authority Erik Banks provides a detailed review of the emerging Asian fixed income markets and their primary instruments, along with a discussion of market participants, market mechanics and associated hedging and financing instruments. In postcrisis Asia, the development of domestic bond markets is increasingly seen as one of the key requirements to strengthen the financial sectors of East Asian countries and to reduce their vulnerabilities to future financial crises. There is a great diversity in terms of the level of bond market development across East Asian countries. Judged by several indicators of bond market development, Hong Kong, China and Singapore are ahead of other countries, followed by a second tier consisting of Korea; Malaysia; and Taipei,China and a third tier consisting of People's Republic of China, Philippines, and Thailand. Indonesia's bond market is perhaps the most nascent among East Asian bond markets. Initiatives to develop bond markets in East Asia should focus on: (i) sustaining a stable macroeconomic environment with low inflation and stable interest rates, (ii) developing a healthy

government bond market that would serve as a benchmark for the corporate bond market, (iii) completing the postcrisis agenda of banking sector restructuring, (iv) improving corporate governance, (v) strengthening the regulatory framework for bond market, (vi) rationalizing tax treatment of bonds, (vii) broadening the investor base, and (viii) promoting the growth of regional bond market centers. Since at present there is a great diversity in the levels of bond market development across countries, significant country-specific deciphering of these requirements will be needed for developing country strategies for bond market development.

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