



The Inflation Conference: Modelling, Trading, Pricing, Hedging & Funding

London: 25th / 26th / 27th April 2012

WBS Training are pleased to announce that in London on 25th, 26th & 27th April 2012, we are hosting The Inflation Conference.

Delegates will be able to hop around the two streams and attend our highly popular format of 1 hour and 2 hour presentations.

Early Bird Discounts: 15% Before 17th February 2012 / 10% Before 16th March 2012

THE INFLATION CONFERENCE PRESENTER LIST

Xavier Charvet

(Quantitative Analyst, Bank of America Merrill Lynch)

Dan Haehnel

(Trader, Inflation Exotics Société Générale Corporate and Investment Banking)

Jonathan Levy

(Inflation Exotic Trader, Société Générale Corporate and Investment Banking)

Dariusz Mirfendereski

(Inflation Market Expert, with over 15 years trading experience at Barclays Capital and UBS)

Chia Tan

(Director, DB Analytics, Deutsche Bank)

Yann Ticot

(Quantitative Analyst, Bank of America Merrill Lynch)

Manlio Trovato

(Head of Rates & Inflation Quantitative Research, Lloyds Banking Group)

PRE-CONFERENCE WORKSHOP DAY

Wednesday 25th April

Seven Things You Thought You Knew About the Inflation Market

by Dariush Mirfendereski: Inflation Market Expert, with over 15 years trading experience at Barclays Capital and UBS

- The detachment of inflation swaps from bonds post-Lehman
- The detachment of bond breakevens in the Eurozone across different sovereign issuer curves
- The less obvious impacts of QE
- Multiple prices for Linker ASWs: the issue of using different funding curves
- The (many) missing terms in the Fisher equation
- Hedgeable & unhedgeable options
- The ever-stretched vol skews and smiles

Day schedule: 09:00 – 17:00

Break: 10:30 – 10:45

Lunch: 12:30 – 13:30

Break : 15:15 – 15:30

Presenter:

Dariush Mirfendereski was a Managing Director and Head of Inflation Linked Trading at UBS Investment Bank in London for over 7 years until July 2011. Previously he was head of inflation derivatives trading in London for Barclays Capital. He has been trading inflation-indexed products since 1998. In addition to his trading role at UBS, Dariush has been involved in pitching and winning multiple new inflation mandates for UBS from the Republic of Italy, the prestigious 50-year Index-Linked Gilt from the UK Debt Management Office, the longest bond on the French OATei curve, the longest bond on the Aussie linker curve as well as numerous non- sovereign mandates in the UK and Eurozone.

Dariush is the co-author of: “Inflation-Indexed Securities: Bonds, Swaps, and Other Derivatives 2nd Ed.” published by Wiley Finance in Jan 2004. He has co-authored the inflation derivatives chapters in the book: “Inflation Linked Products” published by Risk Books in Nov 2005 and in “Investing in Inflation” published by IFR in 2009.

Dariush has been an invited presenter, panelist, and instructor at practically every industry-wide conference and workshop of note since 2003. He is routinely quoted in the financial press on the topic of inflation-indexed products and is widely recognized as a leading expert and practitioner in this field.

Dariush received his first class BSc and MSc/DIC degrees from UCL and Imperial College, University of London and a PhD in Engineering from the University of California at Berkeley.

INFLATION CONFERENCE DAY 1

Thursday 26th April
Modelling, Trading, Pricing & Hedging

08:15 – 09:00

Registration

09:00 – 11:00

Insights into the Latest Models for Inflation Derivatives – Coherence and Implied Dynamics
by Chia Tan, Deutsche Bank

- Vanilla Inflation Volatility Surface: We examine the volatility skew for zero coupon and year on year caps in some of the major markets (e.g. GBP, EUR and USD) from the perspective of the underlying economics. We consider the modelling implications (e.g. what sort of model parameters are needed), as well as the implications if we seek to explain these vols via a coherent framework (e.g. implied mean reversion or a 2-factor model)
- Major Term Structure Models: We shall explore the 3 main classes of inflation models: i.e. the FX analogy (due to Jarrow-Yildirim), the inflation rate model and the market model (Belgrade and Benhamou) for inflation. We examine the implications in terms of observability of parameters (e.g. what is the real rate), the ease of pricing and calibration (e.g. how many factors is the model Markovian in, existence of closed form solutions) and more generally pose the question of what we really seek from an inflation model. This we do from the perspective of hedging considerations, as well as an examination of the unhedgeables that nevertheless are important.
- Product Case Studies

1. Skew-Sensitive – Limited Price Index: We consider the LPI which is extremely important in the UK market by relating it to the relevant pension legislation. We thereby motivate the consideration of a market for long-dated flow exotics which mandates a simple quasi-analytic model capable of capturing pronounced skew over long expiries. We consider the lack of sensitivity of the LPI to the mechanism which generates skew and thereby justify the use of an approach that incorporates skew as giving the “correct” price for the LPI.

2. YoY vs ZC – Accumulators: We consider here products with payoffs dependant on past coupons. Whereas it is often adequate to consider either zero coupon or year on year vols, in this case it is necessary to consider both due to the sensitivities of the products.

3. Inflation or Nominal vs Real – Real Rate Products: Here we illustrate the effect of modelling for products which are based on the “real” rate (i.e. difference between nominal and inflation). Whilst we have earlier laid out the 3 main classes of inflation term structure models, we now illustrate in a practical way why looking at the real rate could be insightful

11:00 – 11:30

Break

11:30 – 12:30

Pricing of Limited Price Index (LPIs)
by Yann Ticot, Merrill Lynch

- Importance of this payoff on the UK inflation market
- How standard inflation models struggle to match market LPI prices
- How to price LPIs consistently with the inflation skew using a copula approach

12:30 – 13:45

Lunch

13:45 – 15:45

Presenter to be confirmed

Latest Trading Techniques

15:45 – 16:00

Break

16:00 – 17:00

Pricing of Inflation Caps and Floors

by Yann Ticot & Xavier Charvet, Bank of America Merrill Lynch

- Skew and smile in the inflation market
- Current inflation models used
- Application of the Normal Inverse Gaussian distribution to fit the smile

17:10 – 18:00

Interest Rate Panel

Panelists and topics to be confirmed.

18:00

Cocktail Reception

INFLATION CONFERENCE DAY 2

Friday 27th April
Modelling, Pricing, Hedging & Funding

08:15 – 09:00
Registration

09:00 – 11:00
The New Face of Inflation Option Market
by Dan Haehnel & Jonathan Levy, Société Générale Corporate and Investment Banking

- Parameterization of the smile (local approach versus stochastic approach and their limit)
- Application to valuation of embedded floor on ILB
- Dynamic of the smiles – Overview of EUR, GBP, USD and the consistency of the parameters
- Impact of the discount curve on inflation volatility – Different aspect of the forward premium

11:00 – 11:30
Break

11:30 – 12:30
A Quadratic Gaussian Year-on-Year Inflation Model
by Manlio Trovato, Lloyds Banking Group

- Multi factor quadratic gaussian modelling framework for nominal and inflation rates
- Three factor model reduction and stochastic volatility-like parameterisation
- Calibration to year-on-year smile and numerical results
- Pricing collateralised inflation deals

12:30 – 13:30
Lunch

13:30 – 15:30
Inflation, Funding, and Credit Risks: Cross-Correlations and Impact on Pricing and Hedging Inflation-Indexed Swaps
by Dariush Mirfendereski, Inflation Market Expert

- Collateral, CSA, and appropriate discount curves
- ILB Asset Swaps as the ‘glue’ that holds the inflation market together
- ILB Asset Swaps and funding risk
- ILB Asset Swaps and credit risk
- Inflation risk and link to funding and credit risk
- Cross-correlation of Inflation, Funding, and Credit Risks
- Impacts on Pricing and Hedging

15:30 – 15:45
Break

15:45 – 16:45
Presenter to be confirmed

- Regulation: Impact on Inflation Markets

End of Conference

Conference Fee Structure

	Early Bird Discount: 15% Before 17th February	Early Bird Discount: 10% Before 16th March	Regular Event Fee
<input type="checkbox"/> Conference + Workshop (£300 Discount):	£2213.15 + UK VAT	£2308.10 + UK VAT	£2498.00 + UK VAT
<input type="checkbox"/> Conference Only:	£1614.15 + UK VAT	£1709.10 + UK VAT	£1899.00 + UK VAT
<input type="checkbox"/> Workshop Only (No Discount):	£899.00 + UK VAT	£899.00 + UK VAT	£899.00 + UK VAT

70% Academic Discount (FULL-TIME Students Only)

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To register, please fax the completed booking form to:

+44 (0)1273 201 360

Flight details:

All delegates flying into London on the morning of the event are reminded that they should arrive 30 minutes before the workshop starts for registration. The hotels West End location is approximately 1 hour from all 3 main London airports, Heathrow, Gatwick and City. Returning flights should equally allow for the events finishing time.

Sponsorship:

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Prior to the two week deadline, cancellations are subject to a fee of 25% of the overall course cost.

Discount Structure:

The discount is available on any day permutation, and can be combined across delegates within the same company (only at the time of booking and not retrospectively).

Registration:

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