

Corrections for
The Price of Fixed Income Market Volatility
Springer Verlag: Springer Finance Series, New York (2015)

Antonio Mele
USI Lugano, Swiss Finance Institute and CEPR

Yoshiki Obayashi
Applied Academics LLC

January 20, 2021

This document contains a list of minor corrections and typos regarding this book. If you find other issues that are still not listed in this document, please send an email to the first author (antonio.mele@usi.ch), and we shall update this document accordingly. Thank you.

- page (v)

Currently: ... despite its role

Change to: ... despite their role

- page 11, Section 1.3.2.1: Rescaling

Replace e^{rT} with e^{-rT}

- page 21, Eq. (2.11)

Change the R.H.S. of Eq. (2.11) from $= X_t \sqrt{\frac{e^{\|\sigma_{bs}\|(T-t)} - 1}{T-t}}$ to $= X_t \sqrt{\frac{e^{\|\sigma_{bs}\|^2(T-t)} - 1}{T-t}}$

- page 44, Table 2.1

The atm strike is not 0.305, but **2.305**

- page 217

Currently: Naturally, $CDX_t(M) = C_t$

Change to: Naturally, $CDX_t(M)$ is the coupon C_t at t that makes $DSX_t^L(t, T) = 0$

- page 217, Eq. (5.8)

Currently: ... through the Radon-Nikodym derivative:

$$\left. \frac{dQ_{sc}}{dQ} \right|_{\mathbb{F}_T^r} = e^{-\int_{\tau}^T r_u du} \frac{\mathcal{N}_T v_{1T}}{\mathcal{N}_{\tau} v_{1\tau}}, \quad (5.8)$$

where \mathbb{F}_T^r denotes the information set at time T , which includes the path of the short-term rate only.

Change to: ... through the Radon-Nikodym derivative:

$$\left. \frac{dQ_{sc}}{dQ} \right|_{\mathbb{F}_T} = e^{-\int_{\tau}^T r_u du} \frac{\mathcal{N}_T v_{1T}}{\mathcal{N}_{\tau} v_{1\tau}}, \quad (5.8)$$

where \mathbb{F}_T denotes the information set at time T .

- page 219, paragraph following Definition 5.1

Currently: ... is unknown at time T

Change to: ... is unknown at time t

- page 219. Definition 5.2

Currently: “that makes $\text{Var-Swap}_M(t, T)$ in Eq. (5.13) equal to zero”

Change to: “that makes the current value of $\text{Var-Swap}_M(t, T)$ in Eq. (5.13) equal to zero”

- page 219, Definition 5.3

Currently: “which makes $\text{Var-Swap}_M^*(t, T)$ in Eq. (5.14) equal to zero”

Change to: “which makes the current value of $\text{Var-Swap}_M^*(t, T)$ in Eq. (5.14) equal to zero”

- page 228, right after Eq. (5.31)

Currently: ... and CDX and K are expressed in percentage terms

Change to: ... and CDX and K are annualized and expressed in basis points