FACULTÉ DE DROIT, D'ÉCONOMIE ET DE FINANCE

Date of the event:

On Thursday 24th June 2010
From 01:00 PM to 2:00 PM

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before June 21st, 2010
- At the following address : lsf-events@uni.lu

Information:

Ms Caroline Herfroy
Tel : +352 46 66 44 6335

http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops

UNIVERSITÉ DU LUXEMBOURG

FACULTÉ DE DROIT, D'ÉCONOMIE ET DE FINANCE

LUXEMBOURG SCHOOL OF FINANCE

The LSF is pleased to invite you to the following lunch seminar:

A Structural Model for Pricing Defaultable Sovereign Bonds and the Greek Crises

By Markus Rudolf
WHU – Vallendar

UNIVERSITÉ DU LUXEMBOURG

Thursday 24th June 2010
from 01:00 PM to 2:00 PM

The **L**uxembourg **S**chool of **F**inance

Is pleased to invite you to the

LSF Seminar

A Structural Model for Pricing Defaultable Sovereign Bonds and the Greek Crises

By Markus Rudolf

Structural credit risk models for companies provide the base methodology for different credit risk rating models. The distance to default and probability of default concepts appear in all structural rating models. A distance to default concept as it is applied in the case of company credit risk cannot be used for sovereign risk due to the fact that countries decide themselves about bankruptcy. The literature reports three concepts for determining sovereign credit risks: (i) macroeconomic models, (ii) econometric models, and (iii) signaling models. This paper uses three signaling models in a general first passage- time framework for sovereign credit risk. The models are introduced and the applied to a unique dataset of vulnerable sovereign bonds of 20 emerging countries between January 1993 and December 2004. Moreover, for illustrative purposes, the model is applied to Greek government bonds but also to government bonds of countries outside the EMU.

UNIVERSITÉ DU LUXEMBOURG

LUXEMBOURG SCHOOL OF FINANCE