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Rene Carmona* (rcarmona@princeton.edu), Department of Operations Research, & Financial Engineering, Princeton University, Princeton, NJ 08544. *Infinite dimensional stochastic analysis and interest rate models.*

Using the Musiela parametrization of the term structure of interest rate, the standard factor models for the forward rates appear naturally as solutions of stochastic partial differential equations of the Ornstein Uhlenbeck type. After reviewing these facts, and recasting the theory in the framework of Gross' abstract Wiener spaces, we shall address some of the criticisms of the HJM models, especially the nature of the portfolios used to hedge derivatives. (Received October 06, 2000)