JUPITER PRIME

Consulting • Training • Advisory

جوبيتر برايم للاستشارات والتدريب

COURSE BROCHURE

Mathematics for Pricing and Risk Models Training Course

13 – 17 September 2027
Barcelona

Mathematics for Pricing and Risk Models Training Course

Ref: 2694_102801 **Date:** 13 – 17 September 2027 **Location:** Barcelona **Fees:** 5600 GBP

Mathematics for pricing and risk models is a 1-week training course for finance staff moving into quantitative roles, built around a model derivation file that traces each formula from assumption to number. Pricing desks, risk teams and model validators now expect colleagues to read the mathematics behind a model, question it and explain it to decision makers. Jupiter Prime Training offers mathematics for pricing and risk models for analysts seeking firm footing.

Why Mathematics for Pricing and Risk Models Matters Now

Three forces shape the subject today. Model risk oversight asks every bank and insurer to show that the people who use a model can explain its assumptions. Pricing has moved from closed formulas towards simulation, which hides errors inside code. And hiring managers increasingly fill quantitative posts from within finance rather than from science faculties. An organisation whose staff handle the mathematics well spots a mispriced trade or a weak capital estimate early; one that does not inherits silent errors, poor hedges and auditor questions.

Who Gains Most from Mathematics for Pricing and Risk Models

- Analysts valuing bonds, swaps and options on a desk
- Staff estimating market and credit risk figures
- Reviewers checking model assumptions and outputs
- Finance and actuarial staff forecasting losses and reserves
- Colleagues translating model logic into production code

A risk or treasury unit that sends several analysts together gains most, leaving with a shared notation for checking derivations.

Mathematics for Pricing and Risk Models Capabilities

The outcomes move from reading a formula to building, approximating and defending it.

- Apply derivatives, integrals and series expansions to price sensitivities — hedging decisions on the desk
- Calculate expected values, variances and correlations from probability distributions — loss and exposure estimates
- Test statistical assumptions behind a model using estimation and hypothesis checks — model reviewers and validators
- Build simple random processes for interest rates and asset prices — scenario design for risk committees
- Specify numerical methods such as finite differences, root finding and simulation — technology teams coding the model
- Communicate the limits of a model's mathematics in plain language — senior managers approving its use

Key Mathematics for Pricing and Risk Models Terms

- Partial derivative — the rate at which a price changes when one input moves while every other input stays fixed.
- Probability distribution — every outcome a random quantity can take and how likely each is.
- Expectation under a pricing measure — the weighted average of future payoffs, using probabilities that make discounted prices fair.
- Stochastic process — a sequence of random values indexed by time, used to describe how prices or rates evolve.
- Discretisation error — the gap between an exact answer and a stepwise numerical approximation.
- Maximum likelihood estimation — choosing model parameters that make the observed market or loss data most probable.

Mathematics for Pricing and Risk Models Day by Day

Day 1: Calculus Behind Prices and Sensitivities

- Functions, Limits and Continuity — Where a Pricing Formula Breaks Down
- Derivatives and the Chain Rule — Price Sensitivity to Rates and Volatility
- Partial Derivatives and Gradients — Measuring Exposure to Several Risk Inputs
- Polynomial Series Expansion — Approximating Bond Price Changes Through Duration and Convexity
- Integrals and Continuous Discounting — Present Value of Cash Flow Streams

Day 2: Probability for Uncertain Payoffs

- Random Variables and Distributions — Describing Returns, Defaults and Claim Sizes
- Expectation, Variance and Moments — Summarising Payoff Risk for Pricing
- Joint Distributions and Correlation — Concentration Between Borrowers or Assets
- Conditional Probability and Evidence Updating — Revising Default Estimates With New Information
- Heavy Tails and Extreme Outcomes — Choosing Distributions for Stress Losses

Day 3: Statistics and Estimation of Model Parameters

- Sampling and Estimator Properties — Trusting Volatility and Correlation Estimates
- Maximum Likelihood Estimation — Calibrating Parameters to Market or Loss Data
- Linear Regression and Residual Checks — Explaining Spreads and Factor Exposure
- Hypothesis Tests and Confidence Intervals — Accepting or Rejecting Model Assumptions
- Time Series Dependence and Stationarity — Forecasting Rates and Default Frequencies

Day 4: Stochastic Processes and Numerical Methods

- Random Walks and Continuous Time Limits — Modelling Asset Price Paths
- Stochastic Differential Equations — Describing Interest Rate and Price Dynamics
- Pricing Measure and Discounted Expectation — Fair Value of Contingent Payoffs
- Finite Difference Grids and Root Finding — Solving Pricing Equations and Implied Yields
- Random Scenario Simulation and Variance Reduction — Valuing Path Dependent Exposure

Day 5: Practising the Model Derivation File

- Sensitivity Derivation Exercise — Linking Calculus Results to Hedge Ratios
- Parameter Calibration Case — Applying Estimation Methods to a Credit Portfolio
- Numerical Accuracy Check — Comparing Grid and Simulation Answers Against Closed Forms
- Assumption Challenge Session — Defending Distribution and Process Choices to Reviewers
- Model Derivation File — Documenting Every Step From Assumption to Output

Applying Mathematics for Pricing and Risk Models After the Course

- Re-derive the sensitivities of one live pricing model and reconcile them with system figures.
- Run a parameter estimation check on a risk model and record where tail losses are understated.

Mathematics for Pricing and Risk Models Questions FAQ

What is mathematics for pricing and risk models and why does it matter now?

It is the calculus, probability, statistics, random processes and numerical methods that sit inside valuation and risk models. It matters because oversight teams expect model users to explain assumptions.

Which roles gain most from mathematics for pricing and risk models?

Finance staff moving into quantitative roles gain most, including desk analysts, risk analysts, model reviewers and forecasters who read model outputs and now need to question them.

How does a mathematics for pricing and risk models course differ from a financial modelling course?

A financial modelling course usually focuses on building forecasts and valuation layouts. This course works beneath that layer, on the derivations, distributions and numerical techniques behind each figure.

What do you bring back from mathematics for pricing and risk models?

You bring back a model derivation file for one pricing or risk model, showing each assumption, formula, estimated parameter and numerical approximation.

Mathematics for Pricing and Risk Models: The Way Forward

The model derivation file first informs whether a model's sensitivities and risk figures can be trusted for hedging or limit setting. Desk heads, risk managers and model reviewers use it to challenge assumptions before approval. After its first use, revisit the distribution and calibration choices, because fitted parameters age as markets shift.