



LISBON
SCHOOL OF
ECONOMICS &
MANAGEMENT
UNIVERSIDADE DE LISBOA

Interest Rate and Credit Risk Models

MASTER IN MATHEMATICAL FINANCE

2019/2020

Exercise 1

1. Estimate the yield curve for Portugal in two different dates, using the Nelson-Siegel, Svensson, McCulloch and polynomial methods.
2. Present the estimated overnight forward curves using Nelson-Siegel and Svensson methodologies.
3. Identify the pros and cons of each methodology.
4. How would you interpret the changes in the yield curve between the two dates?