Package ‘RQuantLib’

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Title R Interface to the ‘QuantLib’ Library
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Author Dirk Eddelbuettel, Khanh Nguyen (2009-2010), Terry Leitch (since 2016)
Description The 'RQuantLib' package makes parts of 'QuantLib' accessible from R
The 'QuantLib' project aims to provide a comprehensive software framework for quantitative finance. The goal is to provide a standard open source library for quantitative analysis, modeling, trading, and risk management of financial assets.
Depends R (>= 2.10.0)
Suggests rgl, RUnit, shiny
LazyLoad true
Imports methods, Rcpp (>= 0.11.0), stats, graphics, zoo
LinkingTo Rcpp
SystemRequirements QuantLib library (>= 1.8.0) from http://quantlib.org, Boost library from http://www.boost.org
License GPL (>= 2)
URL http://dirk.eddelbuettel.com/code/rquantlib.html
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R topics documented:

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AffineSwaption

Description

AffineSwaption prices a swaption with specified strike and maturity (in years), after calibrating the selected affine short-rate model to an input swaption volatility matrix. Swaption maturities are in years down the rows, and swap tenors are in years along the columns, in the usual fashion. It is assumed that the swaption is exercisable at the start of the swap if params$european flag is set to TRUE or on each reset date (Bermudan) of the underlying swap if params$european flag is set to FALSE.

Usage

AffineSwaption(params, ts, swaptionMaturities, swapTenors, volMatrix, legparams)
AffineSwaption

Arguments

params A list specifying the tradeDate (month/day/year), settlementDate, logical flags payFixed & european (european=FALSE generates Bermudan value), strike, pricing method, and curve construction options (see Examples section below). Curve construction options are interpwhat (possible values are discount, forward, and zero) and interphow (possible values are linear, loglinear, and spline). Both interpwhat and interphow are ignored when a flat yield curve is requested, but they must be present nevertheless. The pricing method can be one of the following (all short-rate models):

- G2Analytic G2 2-factor Gaussian model using analytic formulas.
- HWAnalytic Hull-White model using analytic formulas.
- HWTree Hull-White model using a tree.
- BKTree Black-Karasinski model using a tree.

A term structure built with DiscountCurve is required. See the help page for DiscountCurve and example below for details.

swaptionMaturities A vector containing the swaption maturities associated with the rows of the swaption volatility matrix.

swapTenors A vector containing the underlying swap tenors associated with the columns of the swaption volatility matrix.

volMatrix The swaption volatility matrix. Must be a 2D matrix stored by rows. See the example below.

legparams A list specifying the dayCounter the day count convention for the fixed leg (default is Thirty360), and fixFreq, fixed coupon frequency (default is Annual), floatFreq, floating leg reset frequency (default is Semiannual).

Details

This function is based on QuantLib Version 0.3.10. It introduces support for fixed-income instruments in RQuantLib.

At present only a small number of the many parameters that can be set in QuantLib are exposed by this function. Some of the hard-coded parameters that apply to the current version include: day-count conventions, fixing days (2), index (Euribor), fixed leg frequency (annual), and floating leg frequency (semi-annual). Also, it is assumed that the swaption volatility matrix corresponds to expiration dates and tenors that are measured in years (a 6-month expiration date is not currently supported, for example).

Given the number of parameters that must be specified and the care with which they must be specified (with no defaults), it is not practical to use this function in the usual interactive fashion.

The simplest approach is simply to save the example below to a file, edit as desired, and source the result. Alternatively, the input commands can be kept in a script file (under Windows) or an Emacs/ESS session (under Linux), and selected parts of the script can be executed in the usual way.

Fortunately, the C++ exception mechanism seems to work well with the R interface, and QuantLib exceptions are propagated back to the R user, usually with a message that indicates what went wrong. (The first part of the message contains technical information about the precise location of
the problem in the QuantLib code. Scroll to the end to find information that is meaningful to the R user.)

**Value**

`AffineSwaption` returns a list containing calibrated model parameters (what parameters are returned depends on the model selected) along with:

- `NPV` NPV of swaption in basis points (actual price equals price times notional divided by 10,000)
- `ATMStrike` At-the-money strike
- `params` Input parameter list

**Author(s)**

Terry Leitch

**References**


For information about QuantLib see [http://quantlib.org](http://quantlib.org).


**See Also**

`DiscountCurve`

**Examples**

```r
## Not run:    ## issues on 32 bit Windows

# This data was generated to match the original quantlib example for Bermudan Swaption
params <- list(tradeDate=as.Date('2016-2-15'),
               settleDate=as.Date('2016-2-17'),
               startDate=as.Date('2017-2-17'),
               maturity=as.Date('2022-2-17'),
               payFixed=TRUE,
               european=FALSE,
               dt=.25,
               strike=.06,
               method="G2Analytic",
               interpWhat="discount",
               interpHow="loglinear")

# Market data used to construct the term structure of interest rates
tsQuotes <- list(d1w =.0382,
                 d1m =.0372,
                 fut1=96.2875,
```
AmericanOption

American Option evaluation using Finite Differences

Description

This function evaluates an American-style option on a common stock using finite differences. The option value as well as the common first derivatives ("Greeks") are returned.
Usage

```r
## Default S3 method:
AmericanOption(type, underlying, strike,
    dividendYield, riskFreeRate, maturity, volatility,
    timeSteps=150, gridPoints=149, engine="BaroneAdesiWhaley",
    discreteDividends, discreteDividendsTimeUntil)
```

Arguments

<table>
<thead>
<tr>
<th>Argument</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>type</td>
<td>A string with one of the values call or put</td>
</tr>
<tr>
<td>underlying</td>
<td>Current price of the underlying stock</td>
</tr>
<tr>
<td>strike</td>
<td>Strike price of the option</td>
</tr>
<tr>
<td>dividendYield</td>
<td>Continuous dividend yield (as a fraction) of the stock</td>
</tr>
<tr>
<td>riskFreeRate</td>
<td>Risk-free rate</td>
</tr>
<tr>
<td>maturity</td>
<td>Time to maturity (in fractional years)</td>
</tr>
<tr>
<td>volatility</td>
<td>Volatility of the underlying stock</td>
</tr>
<tr>
<td>timeSteps</td>
<td>Time steps for the “CrankNicolson” finite differences method engine, default value is 150</td>
</tr>
<tr>
<td>gridPoints</td>
<td>Grid points for the “CrankNicolson” finite differences method, default value is 149</td>
</tr>
<tr>
<td>engine</td>
<td>String selecting pricing engine, currently supported are “BaroneAdesiWhaley” and “CrankNicolson”</td>
</tr>
<tr>
<td>discreteDividends</td>
<td>Vector of discrete dividends (optional)</td>
</tr>
<tr>
<td>discreteDividendsTimeUntil</td>
<td>Vector of times to discrete dividends (in fractional years, optional)</td>
</tr>
</tbody>
</table>

Details

The Finite Differences method is used to value the American Option.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

An object of class AmericanOption (which inherits from class Option) is returned. It contains a list with the following components:

<table>
<thead>
<tr>
<th>Argument</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>value</td>
<td>Value of option</td>
</tr>
<tr>
<td>delta</td>
<td>Sensitivity of the option value for a change in the underlying</td>
</tr>
<tr>
<td>gamma</td>
<td>Sensitivity of the option delta for a change in the underlying</td>
</tr>
<tr>
<td>vega</td>
<td>Sensitivity of the option value for a change in the underlying’s volatility</td>
</tr>
<tr>
<td>theta</td>
<td>Sensitivity of the option value for a change in t, the remaining time to maturity</td>
</tr>
<tr>
<td>rho</td>
<td>Sensitivity of the option value for a change in the risk-free interest rate</td>
</tr>
</tbody>
</table>
AmericanOptionImpliedVolatility

dividendRho    Sensitivity of the option value for a change in the dividend yield

Note that under the new pricing framework used in QuantLib, pricers do not provide analytics for all 'Greeks'. When “CrankNicolson” is selected, then at least delta, gamma and vega are available. With the default pricing engine of “BaroneAdesiWhaley”, no greeks are returned. The “CrankNicolson” engine needs to be used when setting discrete dividends.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

EuropeanOption

Examples

# simple call with unnamed parameters
AmericanOption("call", 100, 100, 0.02, 0.03, 0.5, 0.4)

# simple call with some explicit parameters
AmericanOption("put", strike=100, volatility=0.4, 100, 0.02, 0.03, 0.5)

# simple call with unnamed parameters, using Crank-Nicolsons
AmericanOption("put", strike=100, volatility=0.4, 100, 0.02, 0.03, 0.5, engine="CrankNicolson")

AmericanOptionImpliedVolatility

Implied Volatility calculation for American Option

Description

The AmericanOptionImpliedVolatility function solves for the (unobservable) implied volatility, given an option price as well as the other required parameters to value an option.

Usage

## Default S3 method:
AmericanOptionImpliedVolatility(type, value, underlying, strike, dividendYield, riskFreeRate, maturity, volatility, timeSteps=150, gridPoints=151)
Arguments

- **type**: A string with one of the values `call` or `put`
- **value**: Value of the option (used only for ImpliedVolatility calculation)
- **underlying**: Current price of the underlying stock
- **strike**: Strike price of the option
- **dividendYield**: Continuous dividend yield (as a fraction) of the stock
- **riskFreeRate**: Risk-free rate
- **maturity**: Time to maturity (in fractional years)
- **volatility**: Initial guess for the volatility of the underlying stock
- **timeSteps**: Time steps for the Finite Differences method, default value is 150
- **gridPoints**: Grid points for the Finite Differences method, default value is 151

Details

The Finite Differences method is used to value the American Option. Implied volatilities are then calculated numerically.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

The `americanoptionimpliedvolatility` function returns an numeric variable with volatility implied by the given market prices and given parameters.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

`EuropeanOption`, `AmericanOption`, `BinaryOption`

Examples

```r
americanoptionimpliedvolatility(type="call", value=11.10, underlying=100, strike=100, dividendYield=0.01, riskFreeRate=0.03, maturity=0.5, volatility=0.4)
```
AsianOption

Asian Option evaluation using Closed-Form solution

Description

The AsianOption function evaluates an Asian-style option on a common stock using an analytic solution for continuous geometric average price. The option value, the common first derivatives ("Greeks") as well as the calling parameters are returned.

Usage

```r
## Default S3 method:
AsianOption(averageType, type, underlying, strike,
            dividendYield, riskFreeRate, maturity,
            volatility, first=0, length=11.0/12.0, fixings=26)
```

Arguments

- `averageType`: Specify averaging type, either “geometric” or “arithmetic”
- `type`: A string with one of the values call or put
- `underlying`: Current price of the underlying stock
- `strike`: Strike price of the option
- `dividendYield`: Continuous dividend yield (as a fraction) of the stock
- `riskFreeRate`: Risk-free rate
- `maturity`: Time to maturity (in fractional years)
- `volatility`: Volatility of the underlying stock
- `first`: (Only for arithmetic averaging) Time step to first average, can be zero
- `length`: (Only for arithmetic averaging) Total time length for averaging period
- `fixings`: (Only for arithmetic averaging) Total number of averaging fixings

Details

When "arithmetic" evaluation is used, only the NPV() is returned.

The well-known closed-form solution derived by Black, Scholes and Merton is used for valuation. Implied volatilities are calculated numerically.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.
BarrierOption

Value

The `AsianOption` function returns an object of class `AsianOption` (which inherits from class `Option`). It contains a list with the following components:

- `value`: Value of option
- `delta`: Sensitivity of the option value for a change in the underlying
- `gamma`: Sensitivity of the option delta for a change in the underlying
- `vega`: Sensitivity of the option value for a change in the underlying’s volatility
- `theta`: Sensitivity of the option value for a change in \( t \), the remaining time to maturity
- `rho`: Sensitivity of the option value for a change in the risk-free interest rate
- `dividendRho`: Sensitivity of the option value for a change in the dividend yield

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

[http://quantlib.org](http://quantlib.org) for details on QuantLib.

Examples

```r
# simple call with some explicit parameters, and slightly increased vol:
AsianOption("geometric", "put", underlying=80, strike=85, div=-0.03, 
  riskFree=0.05, maturity=0.25, vol=0.2)
```

BarrierOption

**Barrier Option evaluation using Closed-Form solution**

Description

This function evaluations an Barrier option on a common stock using a closed-form solution. The option value as well as the common first derivatives ("Greeks") are returned.

Usage

```r
## Default S3 method:
BarrierOption(barrType, type, underlying, strike, 
  dividendYield, riskFreeRate, maturity, 
  volatility, barrier, rebate=0.0)
```
**Arguments**

- **barrType**: A string with one of the values `downin`, `downout`, `upin` or `upout`
- **type**: A string with one of the values `call` or `put`
- **underlying**: Current price of the underlying stock
- **strike**: Strike price of the option
- **dividendYield**: Continuous dividend yield (as a fraction) of the stock
- **riskFreeRate**: Risk-free rate
- **maturity**: Time to maturity (in fractional years)
- **volatility**: Volatility of the underlying stock
- **barrier**: Option barrier value
- **rebate**: Optional option rebate, defaults to 0.0

**Details**

A closed-form solution is used to value the Barrier Option. In the case of Barrier options, the calculations are from Haug's "Option pricing formulas" book (McGraw-Hill).

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

**Value**

An object of class `BarrierOption` (which inherits from class `Option`) is returned. It contains a list with the following components:

- **value**: Value of option
- **delta**: Sensitivity of the option value for a change in the underlying
- **gamma**: Sensitivity of the option delta for a change in the underlying
- **vega**: Sensitivity of the option value for a change in the underlying’s volatility
- **theta**: Sensitivity of the option value for a change in t, the remaining time to maturity
- **rho**: Sensitivity of the option value for a change in the risk-free interest rate
- **dividendRho**: Sensitivity of the option value for a change in the dividend yield

Note that under the new pricing framework used in QuantLib, binary pricers do not provide analytics for 'Greeks'. This is expected to be addressed in future releases of QuantLib.

**Note**

The interface might change in future release as QuantLib stabilises its own API.

**Author(s)**

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib
BermudanSwaption

References

http://quantlib.org for details on QuantLib.

See Also

AmericanOption, EuropeanOption

Examples

BarrierOption(barrType="downin", type="call", underlying=100, strike=100, dividendYield=0.02, riskFreeRate=0.03, maturity=0.5, volatility=0.4, barrier=90)

BermudanSwaption Bermudan swaption valuation using several short-rate models

Description

BermudanSwaption prices a Bermudan swaption with specified strike and maturity (in years), after calibrating the selected short-rate model to an input swaption volatility matrix. Swaption maturities are in years down the rows, and swap tenors are in years along the columns, in the usual fashion. It is assumed that the Bermudan swaption is exercisable on each reset date of the underlying swaps.

Usage

BermudanSwaption(params, ts, swaptionMaturities, swapTenors, volMatrix)

Arguments

params A list specifying the tradeDate (month/day/year), settlementDate, startDate, maturity, payFixed flag, strike, pricing method, and curve construction options (see Examples section below). Curve construction options are interpWhat (possible values are discount, forward, and zero) and interpHow (possible values are linear, loglinear, and spline). Both interpWhat and interpHow are ignored when a flat yield curve is requested, but they must be present nevertheless. The pricing method can be one of the following (all short-rate models):

G2Analytic G2 2-factor Gaussian model using analytic formulas.
HWAnclytic Hull-White model using analytic formulas.
HWTreem Hull-White model using a tree.
BKTreem Black-Karasinski model using a tree.

ts A term structure built with DiscountCurve or market observables needed to construct the spot term structure of interest rates. A list of name/value pairs. See the help page for DiscountCurve for details.
**BermudanSwaption**

### Variables

- **swaptionMaturities**
  A vector containing the swaption maturities associated with the rows of the swaption volatility matrix.

- **swapTenors**
  A vector containing the underlying swap tenors associated with the columns of the swaption volatility matrix.

- **volMatrix**
  The swaption volatility matrix. Must be a 2D matrix stored by rows. See the example below.

### Details

This function was update for QuantLib Version 1.7.1 or later. It introduces support for fixed-income instruments in RQuantLib. It implements the full function and should work in most cases as long as there are sufficient swaption vol data points to fit the affine model. At least 5 unique points are required. The data point search attempts to find 5 or more points with one being the closet match in terms in of expiration and maturity.

See the [SabrSwaption](#) function for an alternative.

### Value

**BermudanSwaption**, if there are sufficient swaption vols to fit an affine model, returns a list containing calibrated model parameters (what parameters are returned depends on the model selected) along with:

- **price**
  Price of swaption in basis points (actual price equals price times notional divided by 10,000)

- **ATMStrike**
  At-the-money strike

- **params**
  Input parameter list

If there are insufficient swaption vols to calibrate it throws a warning and returns NULL.

### Author(s)

Dominick Samperi

### References


For information about QuantLib see [http://quantlib.org](http://quantlib.org).


### See Also

- [DiscountCurve](#)
- [SabrSwaption](#)
Examples

```
## Not run:  ## issues on 32 bit Windows

# This data replicates sample code shipped with QuantLib 0.3.10 results
params <- list(tradeDate=as.Date('2002-2-15'),
    settleDate=as.Date('2002-2-19'),
    startDate=as.Date('2003-2-19'),
    maturity=as.Date('2008-2-19'),
    dt=.25,
    payFixed=TRUE,
    strike=.05,
    method="G2Analytic",
    interpWhat="discount",
    interpHow="loglinear")
setEvaluationDate(as.Date('2002-2-15'))

# Market data used to construct the term structure of interest rates
tsQuotes <- list(d1w =0.05,
    # d1m =0.0372,
    # fut1=96.2875,
    # fut2=96.7875,
    # fut3=96.9875,
    # fut4=96.6875,
    # fut5=96.4875,
    # fut6=96.3875,
    # fut7=96.2875,
    # fut8=96.0875,
    s3y =0.05,
    s5y =0.05,
    s10y =0.05,
    s15y =0.05)

times=seq(0,14.75,.25)
tcurve=DiscountCurve(params,tsQuotes,times)
# Use this to compare with the Bermudan swaption example from QuantLib
#tsQuotes <- list(flat=0.04875825)

# Swaption volatility matrix with corresponding maturities and tenors
swaptionMaturities <- c(1,2,3,4,5)
swapMaturities <- c(1,2,3,4,5)

volMatrix <- matrix(
    c(0.1490, 0.1340, 0.1228, 0.1189, 0.1148,
      0.1290, 0.1201, 0.1146, 0.1108, 0.1040,
      0.1149, 0.1112, 0.1070, 0.1010, 0.0957,
      0.1047, 0.1021, 0.0980, 0.0951, 0.1270,
      0.1000, 0.0950, 0.0900, 0.1230, 0.1160),
    ncol=5, byrow=TRUE)

volMatrix <- matrix(
    c(rep(.20,25)),
```
### Description

This function evaluates an Binary option on a common stock using a closed-form solution. The option value as well as the common first derivatives ("Greeks") are returned.

### Usage

```r
## Default S3 method:
BinaryOption(binType, type, excType, underlying,
             strike, dividendYield,
             riskFreeRate, maturity, volatility, cashPayoff)
```

### Arguments

- **binType**: A string with one of the values cash, asset or gap to select CashOrNothing, AssetOrNothing or Gap payoff profiles.
- **type**: A string with one of the values call or put.
- **excType**: A string with one of the values european or american to denote the exercise type.
- **underlying**: Current price of the underlying stock.
- **strike**: Strike price of the option.
- **dividendYield**: Continuous dividend yield (as a fraction) of the stock.
- **riskFreeRate**: Risk-free rate.
- **maturity**: Time to maturity (in fractional years).
- **volatility**: Volatility of the underlying stock.
- **cashPayoff**: Payout amount.

### Details

A closed-form solution is used to value the Binary Option.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.
Value

An object of class BinaryOption (which inherits from class Option) is returned. It contains a list with the following components:

- **value**: Value of option
- **delta**: Sensitivity of the option value for a change in the underlying
- **gamma**: Sensitivity of the option delta for a change in the underlying
- **vega**: Sensitivity of the option value for a change in the underlying’s volatility
- **theta**: Sensitivity of the option value for a change in t, the remaining time to maturity
- **rho**: Sensitivity of the option value for a change in the risk-free interest rate
- **dividendRho**: Sensitivity of the option value for a change in the dividend yield

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

AmericanOption, EuropeanOption

Examples

```r
BinaryOption(binType="asset", type="call", excType="european",
underlying=100, strike=100, dividendYield=0.02,
riskFreeRate=0.02, maturity=0.5, volatility=0.4, cashPayoff=10)
```

---

**BinaryOptionImpliedVolatility**

_Implied Volatility calculation for Binary Option_

Description

The BinaryOptionImpliedVolatility function solves for the (unobservable) implied volatility, given an option price as well as the other required parameters to value an option.
Usage

```r
## Default S3 method:
BinaryOptionImpliedVolatility(type, value, underlying, strike, dividendYield, riskFreeRate, maturity, volatility, cashPayoff=1)
```

Arguments

- **type**: A string with one of the values call, put or straddle
- **value**: Value of the option (used only for ImpliedVolatility calculation)
- **underlying**: Current price of the underlying stock
- **strike**: Strike price of the option
- **dividendYield**: Continuous dividend yield (as a fraction) of the stock
- **riskFreeRate**: Risk-free rate
- **maturity**: Time to maturity (in fractional years)
- **volatility**: Initial guess for the volatility of the underlying stock
- **cashPayoff**: Binary payout if options is exercised, default is 1

Details

The Finite Differences method is used to value the Binary Option. Implied volatilities are then calculated numerically.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

The `BinaryOptionImpliedVolatility` function returns an numeric variable with volatility implied by the given market prices.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel &lt;edd@debian.org&gt; for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

EuropeanOption, AmericanOption, BinaryOption
Examples

BinaryOptionImpliedVolatility("call", value=4.50, strike=100, 100, 0.02, 0.03, 0.5, 0.4, 10)

---

**Bond**

*Base class for Bond price evaluation*

---

**Description**

This class forms the basis from which the more specific classes are derived.

**Usage**

```r
## S3 method for class 'Bond'
print(x, digits=5, ...)
## S3 method for class 'FixedRateBond'
print(x, digits=5, ...)
## S3 method for class 'Bond'
plot(x, ...)
## S3 method for class 'Bond'
summary(object, digits=5, ...)
```

**Arguments**

- `x` Any Bond object derived from this base class
- `object` Any Bond object derived from this base class
- `digits` Number of digits of precision shown
- `...` Further arguments

**Details**

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

**Value**

None, but side effects of displaying content.

**Note**

The interface might change in future release as QuantLib stabilises its own API.

**Author(s)**

Khanh Nguyen <knguyen@cs.umb.edu>; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib
References

http://quantlib.org for details on QuantLib.

Examples

```r
## This data is taken from sample code shipped with QuantLib 0.9.7
## from the file Examples/Swap/swapvaluation
params <- list(tradeDate=as.Date("2004-09-20"),
               settleDate=as.Date("2004-09-22"),
               dt=.25,
               interpWhat="discount",
               interpHow="loglinear")
setEvaluationDate(as.Date("2004-09-20"))

## We got numerical issues for the spline interpolation if we add
## any of these three extra futures, at least with QuantLib 0.9.7
## The curve data comes from QuantLib's Examples/Swap/swapvaluation.cpp
## Removing s2y helps, as kindly pointed out by Luigi Ballabio

# s2y = 0.037125,  # s2y perturbs
# s3y = 0.0398,
s5y = 0.0443,
s10y = 0.05165,
s15y = 0.055175)
times <- seq(0,10,.1)
setEvaluationDate(params$tradeDate)
discountCurve <- DiscountCurve(params, tsQuotes, times)

# price a zero coupon bond
bondparams <- list(faceAmount=100, issueDate=as.Date("2004-11-30"),
maturityDate=as.Date("2008-11-30"), redemption=100)
dateparams <- list(settlementDays=1,
                   calendar="UnitedStates/GovernmentBond",
businessDayConvention=4)
ZeroCouponBond(bondparams, discountCurve, dateparams)

# price a fixed rate coupon bond
bond <- list(settlementDays=1, issueDate=as.Date("2004-11-30"),
             faceAmount=100, accrualDayCounter='Thirty360',
paymentConvention='Unadjusted')
```
**BondUtilities**

**Bond parameter conversion utilities**

**Description**

These functions are using internally to convert from the characters at the R level to the enum types used at the C++ level. They are documented here mostly to provide a means to look up some of the possible values—the user is not expected to call these functions directly.
Usage

matchBDC(bdc = c("Following", "ModifiedFollowing", "Preceding", "ModifiedPreceding", "Unadjusted", "HalfMonthModifiedFollowing", "Nearest"))
matchCompounding(cp = c("Simple", "Compounded", "Continuous", "SimpleThenCompounded"))
matchDateGen(dg = c("Backward", "Forward", "Zero", "ThirdWednesday", "Twentieth", "TwentiethIMM", "OldCDS", "CDS"))
matchParams(params)

Arguments

bdc A string identifying one of the possible business day convention values.

.cp A string identifying one of the possible compounding frequency values.

daycounter A string identifying one of the possible day counter scheme values.

dg A string identifying one of the possible date generation scheme values.

freq A string identifying one of the possible (dividend) frequency values.

params A named vector containing the other parameters as components.

Details

The QuantLib documentation should be consulted for details.

Note that Actual365NoLeap is deprecated as of QuantLib 1.11 and no longer supported by default. It can be reinstated by defining RQUANTLIB_USE_ACTUAL365NOLEAP.

Value

Each function converts the given character value into a corresponding numeric entry. For matchParams, an named vector of strings is converted into a named vector of numerics.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Khanh Nguyen <knguyen@cs.umb.edu> for the R interface; the QuantLib Group for QuantLib
References

http://quantlib.org for details on QuantLib.

Calendars

**Calendar functions from QuantLib**

**Description**

The `isBusinessDay` function evaluates the given dates in the context of the given calendar, and returns a vector of booleans indicating business day status. `BusinessDay` is also recognised (but may be deprecated one day).

The `isHoliday` function evaluates the given dates in the context of the given calendar, and returns a vector of booleans indicating holiday day status.

The `isWeekend` function evaluates the given dates in the context of the given calendar, and returns a vector of booleans indicating weekend status.

The `isEndOfMonth` function evaluates the given dates in the context of the given calendar, and returns a vector of booleans indicating end of month status.

The `getEndOfMonth` function evaluates the given dates in the context of the given calendar, and returns a vector that corresponds to the end of month. `endOfMonth` is a deprecated form for this function.

The `getHolidayList` function returns the holidays between the given dates, with an option to exclude weekends. `holidayList` is a deprecated form for this function.

The `adjust` function evaluates the given dates in the context of the given calendar, and returns a vector that adjusts each input dates to the appropriate near business day with respect to the given convention.

The `advance` function evaluates the given dates in the context of the given calendar, and returns a vector that advances the given dates of the given number of business days and returns the result. This functions gets called either with both argument `n` and `timeUnit`, or with argument `period`.

The `businessDaysBetween` function evaluates two given dates in the context of the given calendar, and returns a vector that gives the number of business day between.

The `dayCount` function returns the number of day between two dates given a day counter, see `Enum`.

The `yearFraction` function returns year fraction between two dates given a day counter, see `Enum`.

The `setCalendarContext` function sets three values to a singleton instance at the C++ layer.

The `setEvaluationDate` function sets the evaluation date used by the QuantLib pricing engines.

The `advanceDate` function advances the given date by the given number of days in the current calendar instance.
Usage

```r
isBusinessDay(calendar, dates)
businessDay(calendar="TARGET", dates=Sys.Date())  # deprecated form
isHoliday(calendar, dates)
isWeekend(calendar, dates)
isEndOfMonth(calendar, dates)
getEndOfMonth(calendar, dates)
endOfMonth(calendar="TARGET", dates=Sys.Date())
getHolidayList(calendar, from, to, includeWeekends=FALSE)
holidayList(calendar="TARGET", from=Sys.Date(), to = Sys.Date() + 5,
includeWeekends = FALSE)
adjust(calendar, dates, bdc = 0L)
advance(calendar="TARGET", dates=Sys.Date(), n, timeUnit, period, bdc = 0, emr =0)
businessDaysBetween(calendar, from, to, includeFirst = TRUE, includeLast = FALSE)
dayCount(startDates, endDates, dayCounters)
yearFraction(startDates, endDates, dayCounters)
setCalendarContext(calendar, fixingDays, settleDate)
setEvaluationDate(evalDate)
```

Arguments

calendar  A string identifying one of the supported QuantLib calendars, see Details for more
dates  A vector (or scalar) of Date types.
from  A vector (or scalar) of Date types.
to  A vector (or scalar) of Date types.
includeWeekends  boolean that indicates whether the calculation should include the weekends. Default = false
fixingDays  An integer for the fixing day period, defaults to 2.
settleDate  A date on which trades settles, defaults to two days after the current day.
n  an integer number
timeUnit  A value of 0,1,2,3 that corresponds to Days, Weeks, Months, and Year: for more detail, see the QuantLib documentation at http://quantlib.org/reference/group__datetime.html
period  See Enum
bdc  Business day convention. By default, this value is 0 and correspond to Following convention
emr  End Of Month rule, default is false
includeFirst  boolean that indicates whether the calculation should include the first day. Default = true
includeLast  Default = false
startDates  A vector of Date type.
Calendars

endDates A vector of Date type.
dayCounters A vector of numeric type. See Enum
evalDate A single date used for the pricing valuations.

Details

The calendars are coming from QuantLib, and the QuantLib documentation should be consulted for details.

Currently, the following strings are recognised: TARGET (a default calendar), Argentina, Australia, Brazil, Canada and Canada/Settlement, Canada/TSX, China, CzechRepublic, Denmark, Finland, Germany and Germany/FrankfurtStockExchange, Germany/Settlement, Germany/Xetra, Germany/Eurex, HongKong, Hungary, Iceland, India, Indonesia, Italy and Italy/Settlement, Italy/Exchange, Japan, Mexico, NewZealand, Norway, Poland, Russia, SaudiArabia, Singapore, Slovakia, SouthAfrica, SouthKorea, SouthKorea/KRX, Sweden, Switzerland, Taiwan, Turkey, Ukraine, UnitedKingdom and UnitedKingdom/Settlement, UnitedKingdom/Exchange, UnitedKingdom/Metals, UnitedStates and UnitedStates/Settlement, UnitedStates/NYSE, UnitedStates/GovernmentBond, UnitedStates/NERC and WeekendsOnly.

(In case of multiples entries per country, the country default is listed right after the country itself. Using the shorter form is equivalent.)

Value

A named vector of booleans each of which is true if the corresponding date is a business day (or holiday or weekend) in the given calendar. The element names are the dates (formatted as text in yyyy-mm-dd format).

For setCalendarContext, a boolean or NULL in case of error.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

Examples

dates <- seq(from=as.Date("2009-04-07"), to=as.Date("2009-04-14"), by=1)
isBusinessDay("UnitedStates", dates)
isBusinessDay("UnitedStates/SETTLEMENT", dates) ## same as previous
isBusinessDay("UnitedStates/NYSE", dates) ## stocks
isBusinessDay("UnitedStates/GovernmentBond", dates) ## bonds
isBusinessDay("UnitedStates/NERC", dates) ## energy

isHoliday("UnitedStates", dates)
Calendars

isholiday("UnitedStates/Settlement", dates)  ## same as previous
isholiday("UnitedStates/NYSE", dates)  ## stocks
isholiday("UnitedStates/GovernmentBond", dates)  ## bonds
isholiday("UnitedStates/NERC", dates)  ## energy

isWeekend("UnitedStates", dates)  ## same as previous
isWeekend("UnitedStates/Settlement", dates)  ## same as previous
isWeekend("UnitedStates/NYSE", dates)  ## stocks
isWeekend("UnitedStates/GovernmentBond", dates)  ## bonds
isWeekend("UnitedStates/NERC", dates)  ## energy

isEndOfMonth("UnitedStates", dates)  ## same as previous
isEndOfMonth("UnitedStates/Settlement", dates)  ## same as previous
isEndOfMonth("UnitedStates/NYSE", dates)  ## stocks
isEndOfMonth("UnitedStates/GovernmentBond", dates)  ## bonds
isEndOfMonth("UnitedStates/NERC", dates)  ## energy

getEndOfMonth("UnitedStates", dates)  ## same as previous
getEndOfMonth("UnitedStates/Settlement", dates)  ## same as previous
getEndOfMonth("UnitedStates/NYSE", dates)  ## stocks
getEndOfMonth("UnitedStates/GovernmentBond", dates)  ## bonds
getEndOfMonth("UnitedStates/NERC", dates)  ## energy

from <- as.Date("2009-04-07")
to <- as.Date("2009-04-14")
getHolidayList("UnitedStates", from, to)  
to <- as.Date("2009-10-7")
getHolidayList("UnitedStates", from, to)
dates <- seq(from=as.Date("2009-04-07"), to=as.Date("2009-04-14"), by=1)

adjust("UnitedStates", dates)  
adjust("UnitedStates/Settlement", dates)  ## same as previous
adjust("UnitedStates/NYSE", dates)  ## stocks
adjust("UnitedStates/GovernmentBond", dates)  ## bonds
adjust("UnitedStates/NERC", dates)  ## energy

advance("UnitedStates", dates, 10, 0)  
advance("UnitedStates/Settlement", dates, 10, 1)  ## same as previous
advance("UnitedStates/NYSE", dates, 10, 2)  ## stocks
advance("UnitedStates/GovernmentBond", dates, 10, 3)  ## bonds
advance("UnitedStates/NERC", dates, period = 3)  ## energy

from <- as.Date("2009-04-07")
to <- as.Date("2009-04-14")
businessDaysBetween("UnitedStates", from, to)

startDates <- seq(from=as.Date("2009-04-07"), to=as.Date("2009-04-14"), by=1)
endDates <- seq(from=as.Date("2009-11-07"), to=as.Date("2009-11-14"), by=1)
dayCounters <- c(0,1,2,3,4,5,6,1)
dayCount(startDates, endDates, dayCounters)
yearFraction(startDates, endDates, dayCounters)
CallableBond

CallableBond evaluation

Description

The CallableBond function sets up and evaluates a callable fixed rate bond using Hull-White model and a TreeCallableFixedBondEngine pricing engine. For more detail, see the source codes in quantlib's example folder, Examples/CallableBond/CallableBond.cpp

Usage

```r
## Default S3 method:
CallableBond(bondparams, hullWhite, coupon, dateparams)
```

Arguments

- `bondparams` a named list whose elements are:
  - `issueDate` a Date, the bond’s issue date
  - `maturityDate` a Date, the bond’s maturity date
  - `faceAmount` (Optional) a double, face amount of the bond. Default value is 100.
  - `redemption` (Optional) a double, percentage of the initial face amount that will be returned at maturity date. Default value is 100.
  - `callSch` (Optional) a data frame whose columns are "Price", "Type" and "Date" corresponding to QuantLib’s CallabilitySchedule. Default is an empty frame, or no callability.

- `hullWhite` a named list whose elements are parameters needed to set up a HullWhite pricing engine in QuantLib:
  - `term` a double, to set up a flat rate yield term structure
  - `alpha` a double, Hull-White model’s alpha value
  - `sigma` a double, Hull-White model’s sigma value
  - `gridIntervals` a double, time intervals parameter to set up the TreeCallableFixedBondEngine

Currently, the codes only support a flat rate yield term structure. For more detail, see QuantLib’s doc on HullWhite and TreeCallableFixedBondEngine.

- `coupon` a numeric vector of coupon rates

- `dateparams` (Optional) a named list, QuantLib’s date parameters of the bond.

- `settlementDays` (Optional) a double, settlement days.
CallableBond

**calendar**
(Optional) a string, either 'us' or 'uk' corresponding to US Government Bond calendar and UK Exchange calendar. Default value is 'us'.

**dayCounter**
(Optional) a number or string, day counter convention. See Enum. Default value is 'Thirty360'.

**period**
(Optional) a number or string, interest compounding interval. See Enum. Default value is 'Semiannual'.

**businessDayConvention**
(Optional) a number or string, business day convention. See Enum. Default value is 'Following'.

**terminationDateConvention**
(Optional) a number or string, termination day convention. See Enum. Default value is 'Following'.

See example below.

**Details**

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

**Value**

The CallableBond function returns an object of class CallableBond (which inherits from class Bond). It contains a list with the following components:

- **NPV** net present value of the bond
- **cleanPrice** price price of the bond
- **dirtyPrice** dirty price of the bond
- **accruedAmount** accrued amount of the bond
- **yield** yield of the bond
- **cashFlows** cash flows of the bond

**Note**

The interface might change in future release as QuantLib stabilises its own API.

**Author(s)**

Khanh Nguyen <knguyen@cs.umb.edu> for the implementation; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib
References

http://quantlib.org for details on QuantLib.

Examples

# set-up a HullWhite according to example from QuantLib
HullWhite <- list(term = 0.055, alpha = 0.03, sigma = 0.01,
                  gridIntervals = 40)

# callability schedule dataframe
Price <- rep(as.double(100),24)
Type <- rep(as.character("C"), 24)
Date <- seq(as.Date("2006-09-15"), by = '3 months', length = 24)
callSch <- data.frame(Price, Type, Date)
callSch$Type <- as.character(callSch$Type)

bondparams <- list(faceAmount=100, issueDate = as.Date("2004-09-16"),
                     maturityDate=as.Date("2012-09-16"), redemption=100,
                     callSch = callSch)
dateparams <- list(settlementDays=3, calendar="UnitedStates/GovernmentBond",
                   dayCounter = "ActualActual",
                   period="Quarterly",
                   businessDayConvention = "Unadjusted",
                   terminationDateConvention= "Unadjusted")
coupon <- c(0.0465)

CallableBond(bondparams, HullWhite, coupon, dateparams)

CallableBond(bondparams, HullWhite, coupon)

dateparams <- list(period="Quarterly",
                   businessDayConvention = "Unadjusted",
                   terminationDateConvention= "Unadjusted")

CallableBond(bondparams, HullWhite, coupon, dateparams)

CallableBond(bondparams, HullWhite, coupon)

CallableBond(bondparams, HullWhite, coupon, dateparams)

ConvertibleBond

Description

The ConvertibleFixedCouponBond function setups and evaluates a ConvertibleFixedCouponBond using QuantLib's BinomialConvertibleEngine and BlackScholesMertonProcess.
The NPV, clean price, dirty price, accrued interest, yield and cash flows of the bond is returned. For detail, see test-suite/convertiblebond.cpp

The ConvertibleFloatingCouponBond function setups and evaluates a ConvertibleFixedCouponBond using QuantLib's BinomialConvertibleEngine and BlackScholesMertonProcess

The NPV, clean price, dirty price, accrued interest, yield and cash flows of the bond is returned. For detail, see test-suite/convertiblebond.cpp

The ConvertibleZeroCouponBond function setups and evaluates a ConvertibleFixedCouponBond using QuantLib's BinomialConvertibleEngine and BlackScholesMertonProcess

The NPV, clean price, dirty price, accrued interest, yield and cash flows of the bond is returned. For detail, see test-suite/convertiblebond.cpp.

### Usage

```r
# Default S3 method:
ConvertibleFloatingCouponBond(bondparams, iborindex, spread, process, dateparams)
# Default S3 method:
ConvertibleFixedCouponBond(bondparams, coupon, process, dateparams)
# Default S3 method:
ConvertibleZeroCouponBond(bondparams, process, dateparams)
```

### Arguments

- **bondparams**
  - bond parameters, a named list whose elements are:
    - **issueDate** a Date, the bond's issue date
    - **maturityDate** a Date, the bond's maturity date
    - **creditSpread** a double, credit spread parameter in the constructor of the bond.
    - **conversionRatio** a double, conversion ratio parameter in the constructor of the bond.
    - **exercise** (Optional) a string, either "eu" for European option, or "am" for American option. Default value is 'am'.
    - **faceAmount** (Optional) a double, face amount of the bond. Default value is 100.
    - **redemption** (Optional) a double, percentage of the initial face amount that will be returned at maturity date. Default value is 100.
    - **divSch** (Optional) a data frame whose columns are "Type", "Amount", "Rate", and "Date" corresponding to QuantLib's DividendSchedule. Default value is an empty frame, or no dividend.
    - **callSch** (Optional) a data frame whose columns are "Price", "Type" and "Date" corresponding to QuantLib's CallabilitySchedule. Default is an empty frame,
or no callability.

**iborindex**  
a DiscountCurve object, represents an IborIndex

**spread**  
a double vector, represents parameter 'spreads' in ConvertibleFloatingBond's constructor.

**coupon**  
a double vector of coupon rate

**process**  
arguments to construct a BlackScholes process and set up the binomial pricing engine for this bond.

**underlying**  
a double, flat underlying term structure

**volatility**  
a double, flat volatility term structure

**dividendYield**  
a DiscountCurve object

**riskFreeRate**  
a DiscountCurve object

**dateparams**  
(Optional) a named list, QuantLib's date parameters of the bond.

**settlementDays**  
(Optional) a double, settlement days.  
Default value is 1.

**calendar**  
(Optional) a string, either 'us' or 'uk' corresponding to US Government Bond calendar and UK Exchange calendar.  
Default value is 'us'.

**dayCounter**  
(Optional) a number or string, day counter convention.  
See Enum. Default value is 'Thirty360'

**period**  
(Optional) a number or string, interest compounding interval. See Enum.  
Default value is 'Semiannual'.

**businessDayConvention**  
(Optional) a number or string, business day convention.  
See Enum. Default value is 'Following'.

See the examples below.

**Details**

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

**Value**

The ConvertibleFloatingCouponBond function returns an object of class ConvertibleFloatingCouponBond (which inherits from class Bond). It contains a list with the following components:

**NPV**  
net present value of the bond
The ConvertibleFixedCouponBond function returns an object of class ConvertibleFixedCouponBond (which inherits from class Bond). It contains a list with the following components:

- **NPV**: net present value of the bond
- **cleanPrice**: price of the bond
- **dirtyPrice**: dirty price of the bond
- **accruedAmount**: accrued amount of the bond
- **yield**: yield of the bond
- **cashFlows**: cash flows of the bond

The ConvertibleZeroCouponBond function returns an object of class ConvertibleZeroCouponBond (which inherits from class Bond). It contains a list with the following components:

- **NPV**: net present value of the bond
- **cleanPrice**: price of the bond
- **dirtyPrice**: dirty price of the bond
- **accruedAmount**: accrued amount of the bond
- **yield**: yield of the bond
- **cashFlows**: cash flows of the bond

**Author(s)**

Khanh Nguyen <knguyen@cs.umb.edu> for the implementation; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

**References**

http://quantlib.org/ for details on QuantLib.

**Examples**

```r
# this follows an example in test-suite/convertiblebond.cpp
params <- list(tradeDate=Sys.Date()-2, settleDate=Sys.Date(), dt=0.25, interpWhat="discount", interpHow="loglinear")

dividendYield <- DiscountCurve(params, list(Flat=0.02))
riskFreeRate <- DiscountCurve(params, list(Flat=0.05))
```
dividendSchedule <- data.frame(Type=character(0), Amount=numeric(0),
                          Rate = numeric(0), Date = as.Date(character(0)))
callabilitySchedule <- data.frame(Price = numeric(0), Type=character(0),
                          Date = as.Date(character(0)))

process <- list(underlying=50, divYield = dividendYield,
                          rff = riskFreeRate, volatility=0.15)
today <- Sys.Date()
bondparams <- list(exercise="am", faceAmount=100,
                          divSch = dividendSchedule,
                          callSch = callabilitySchedule,
                          redemption=100,
                          creditSpread=0.005,
                          conversionRatio = 0.0000000001,
                          issueDate=as.Date(today+2),
                          maturityDate=as.Date(today+3650))
dateparams <- list(settlementDays=3,
                          dayCounter="ActualActual",
                          period = "Semiannual", calendar = "UnitedStates/GovernmentBond",
                          businessDayConvention="Following")

lengths <- c(2,4,6,8,10,12,14,16,18,20,22,24,26,28,30)
coupons <- c( 0.0200, 0.0225, 0.0250, 0.0275, 0.0300,
              0.0325, 0.0350, 0.0375, 0.0400, 0.0425,
              0.0450, 0.0475, 0.0500, 0.0525, 0.0550 )
marketQuotes <- rep(100, length(lengths))
curvedateparams <- list(settlementDays=0, period="Annual",
                          dayCounter="ActualActual",
                          businessDayConvention="Unadjusted")
curveparams <- list(method="ExponentialSplinesFitting",
                        origDate = Sys.Date())
curve <- FittedBondCurve(curveparams, lengths, coupons, marketQuotes, curvedateparams)
iborindex <- list(type="USDLibor", length=6,
              inTermOf="Month", term=curve)
spreads <- c()
#ConvertibleFloatingCouponBond(bondparams, iborindex, spreads, process, dateparams)

#example using default values
#ConvertibleFloatingCouponBond(bondparams, iborindex, spreads, process)

dateparams <- list(settlementDays=3,
                  period = "Semiannual",
                  businessDayConvention="Unadjusted")
bondparams <- list(
                  creditSpread=0.005, conversionRatio = 0.0000000001,
                  issueDate=as.Date(today+2),
                  maturityDate=as.Date(today+3650))
#ConvertibleFloatingCouponBond(bondparams, iborindex, #spreads, process, dateparams)
ConvertibleBond

#this follow an example in test-suite/convertiblebond.cpp
#for ConvertibleFixedCouponBond

#set up arguments to build a pricing engine.
params <- list(tradeDate=Sys.Date()-2,
settleDate=Sys.Date(),
dt=.25,
interpWhat="discount",
interpHow="loglinear")
times <- seq(0,10,.1)
dividendYield <- DiscountCurve(params, list(flat=0.02), times)
riskFreeRate <- DiscountCurve(params, list(flat=0.05), times)
dividendSchedule <- data.frame(Type=character(0), Amount=numeric(0),
   Rate = numeric(0), Date = as.Date(character(0)))
callabilitySchedule <- data.frame(Price = numeric(0), Type=character(0),
   Date = as.Date(character(0)))

process <- list(underlying=50, divYield = dividendYield,
rff = riskFreeRate, volatility=0.15)
today <- Sys.Date()
bondparams <- list(exercise="am", faceAmount=100, divSch = dividendSchedule,
callSch = callabilitySchedule, redemption=100,
creditSpread=0.005, conversionRatio = 0.000000001,
issueDate=as.Date(today+2),
maturityDate=as.Date(today+3650))
dateparams <- list(settlementDays=3,
   dayCounter="Actual360",
   period = "Once", calendar = "UnitedStates/GovernmentBond",
   businessDayConvention="Following"
)
coupon <- c(0.05)
ConvertibleFixedCouponBond(bondparams, coupon, process, dateparams)

#example with default value
ConvertibleFixedCouponBond(bondparams, coupon, process)

dateparams <- list(settlementDays=3,
   dayCounter="Actual360")
ConvertibleFixedCouponBond(bondparams, coupon, process, dateparams)

bondparams <- list(creditSpread=0.005, conversionRatio = 0.000000001,
   issueDate=as.Date(today+2),
maturityDate=as.Date(today+3650))
ConvertibleFixedCouponBond(bondparams, coupon, process, dateparams)
DiscountCurve

Returns the discount curve (with zero rates and forwards) given times

# this follow an example in test-suite/convertiblebond.cpp
params <- list(tradeDate=Sys.Date()-2,
    settleDate=Sys.Date(),
    dt=.25,
    interpWhat="discount",
    interpHow="loglinear")
times <- seq(0,10,.1)

dividendYield <- DiscountCurve(params, list(flat=0.02), times)
riskFreeRate <- DiscountCurve(params, list(flat=0.05), times)

dividendSchedule <- data.frame(Type=character(0), Amount=numeric(0),
    Rate = numeric(0), Date = as.Date(character(0)))
callabilitySchedule <- data.frame(Price = numeric(0), Type=character(0),
    Date = as.Date(character(0)))

process <- list(underlying=50, divYield = dividendYield,
    rff = riskFreeRate, volatility=0.15)
today <- Sys.Date()
bondparams <- list(exercise="am", faceAmount=100, divSch = dividendSchedule,
    callSch = callabilitySchedule, redemption=100,
    creditSpread=0.005, conversionRatio = 0.000000001,
    issueDate=as.Date(today+2),
    maturityDate=as.Date(today+3650))
dateparams <- list(settlementDays=3,
    dayCounter="Actual360",
    period = "Once", calendar = "UnitedStates/GovernmentBond",
    businessDayConvention="Following"
)

ConvertibleZeroCouponBond(bondparams, process, dateparams)

# example with default values
ConvertibleZeroCouponBond(bondparams, process)

bondparams <- list(creditSpread=0.005,
    conversionRatio=0.000000001,
    issueDate=as.Date(today+2),
    maturityDate=as.Date(today+3650))
dateparams <- list(settlementDays=3, dayCounter='Actual360')
ConvertibleZeroCouponBond(bondparams, process, dateparams)
ConvertibleZeroCouponBond(bondparams, process)
Description

DiscountCurve constructs the spot term structure of interest rates based on input market data including the settlement date, deposit rates, futures prices, FRA rates, or swap rates, in various combinations. It returns the corresponding discount factors, zero rates, and forward rates for a vector of times that is specified as input.

Usage

DiscountCurve(params, tsQuotes, times, legparams)

Arguments

- **params**: A list specifying the tradeDate (month/day/year), settleDate, forward rate time span dt, and two curve construction options: interpWhat (with possible values discount, forward, and zero) and interpHow (with possible values linear, loglinear, and spline). spline here means cubic spline interpolation of the interpWhat value.

- **tsQuotes**: Market quotes used to construct the spot term structure of interest rates. Must be a list of name/value pairs, where the currently recognized names are:

  - flat: rate for a flat yield curve
  - d1w: 1-week deposit rate
  - d1m: 1-month deposit rate
  - d3m: 3-month deposit rate
  - d6m: 6-month deposit rate
  - d9m: 9-month deposit rate
  - d1y: 1-year deposit rate
  - s2y: 2-year swap rate
  - s3y: 3-year swap rate
  - s4y: 4-year swap rate
  - s5y: 5-year swap rate
  - s6y: 6-year swap rate
  - s7y: 7-year swap rate
  - s8y: 8-year swap rate
  - s9y: 9-year swap rate
  - s10y: 10-year swap rate
  - s12y: 12-year swap rate
  - s15y: 15-year swap rate
  - s20y: 20-year swap rate
  - s25y: 25-year swap rate
  - s30y: 30-year swap rate
  - s40y: 40-year swap rate
  - s50y: 50-year swap rate
  - s60y: 60-year swap rate
  - s70y: 70-year swap rate
  - s80y: 80-year swap rate
  - s90y: 90-year swap rate
  - s100y: 100-year swap rate
DiscountCurve

fut1–fut8  3-month futures contracts
fra3x6    3x6 FRA
fra6x9    6x9 FRA
fra6x12   6x12 FRA

Here rates are expected as fractions (so 5% means .05). If flat is specified it must be the first and only item in the list. The eight futures correspond to the first eight IMM dates. The maturity dates of the instruments specified need not be ordered, but they must be distinct.

times       A vector of times at which to return the discount factors, forward rates, and zero rates. Times must be specified such that the largest time plus \( dt \) does not exceed the longest maturity of the instruments used for calibration (no extrapolation).

legparams   A list specifying the dayCounter the day count convention for the fixed leg (default is Thirty360), and fixFreq, fixed coupon frequency (default is Annual), floatFreq, floating leg reset frequency (default is Semiannual).

Details

This function is based on QuantLib Version 0.3.10. It introduces support for fixed-income instruments in RQuantLib.

Forward rates and zero rates are computed assuming continuous compounding, so the forward rate \( f \) over the period from \( t_1 \) to \( t_2 \) is determined by the relation

\[
d_1/d_2 = e^{f(t_2-t_1)},
\]

where \( d_1 \) and \( d_2 \) are discount factors corresponding to the two times. In the case of the zero rate \( t_1 \) is the current time (the spot date).

Curve construction can be a delicate problem and the algorithms may fail for some input data sets and/or some combinations of the values for interpWhat and interpHow. Fortunately, the C++ exception mechanism seems to work well with the R interface, and QuantLib exceptions are propagated back to the R user, usually with a message that indicates what went wrong. (The first part of the message contains technical information about the precise location of the problem in the QuantLib code. Scroll to the end to find information that is meaningful to the R user.)

Value

DiscountCurve returns a list containing:

\[
\begin{align*}
times & \quad \text{Vector of input times} \\
\text{discounts} & \quad \text{Corresponding discount factors} \\
\text{forwards} & \quad \text{Corresponding forward rates with time span } dt \\
\text{zerorates} & \quad \text{Corresponding zero coupon rates} \\
\text{flatQuotes} & \quad \text{True if a flat quote was used, False otherwise} \\
\text{params} & \quad \text{The input parameter list}
\end{align*}
\]

Author(s)

Dominick Samperi
References


For information about QuantLib see [http://quantlib.org](http://quantlib.org).


See Also

`BermudanSwaption`

Examples

```r
## Not run:   ## issues on 32 bit Windows
savepar <- par(mfrow=c(3,3), mar=c(4,4,2,0.5))

## This data is taken from sample code shipped with QuantLib 0.9.7
## from the file Examples/swap/swapvaluation
params <- list(tradeDate=as.Date('2004-09-20'),
            settleDate=as.Date('2004-09-22'),
            dt=.25,
            interpWhat="discount",
            interpHow="loglinear")
setEvaluationDate(as.Date("2004-09-20"))

## We get numerical issue for the spline interpolation if we add
## any one of these three extra futures -- the original example
## creates different curves based on different deposit, fra, futures
## and swap data
## Removing s2y helps, as kindly pointed out by Luigi Ballabio

##[]
## Not run:
## tsQuotes <- list(d1w = 0.0382,
##        d1m = 0.0372,
##        d3m = 0.0363,
##        d6m = 0.0353,
##        d9m = 0.0348,
##        d1y = 0.0345,
##        fut1=96.2875,
##        fut2=96.7875,
##        fut3=96.9875,
##        fut4=96.6875,
##        fut5=96.4875,
##        fut6=96.3875,
##        fut7=96.2875,
##        fut8=96.0875,
##        s2y = 0.037125,
##        s3y = 0.0398,
##        s5y = 0.0443,
##        s10y = 0.05165,
##        s15y = 0.055175)
```
times <- seq(0, 10, .1)

# Loglinear interpolation of discount factors
curves <- DiscountCurve(params, tsQuotes, times)
plot(curves, setpar=FALSE)

# Linear interpolation of discount factors
params$interpHow = "linear"
curves <- DiscountCurve(params, tsQuotes, times)
plot(curves, setpar=FALSE)

# Spline interpolation of discount factors
params$interpHow = "spline"
curves <- DiscountCurve(params, tsQuotes, times)
plot(curves, setpar=FALSE)

par(savepar)

## End(Not run)  ## end of \dontrun -- issues on 32 bit Windows

---

**Enum**

**Documentation for parameters**

**Description**

Reference for parameters when constructing a bond

**Arguments**

<table>
<thead>
<tr>
<th>DayCounter</th>
<th>an int value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Actual360</td>
</tr>
<tr>
<td>1</td>
<td>Actual360FixEd</td>
</tr>
<tr>
<td>2</td>
<td>ActualActual</td>
</tr>
<tr>
<td>3</td>
<td>ActualBusiness252</td>
</tr>
<tr>
<td>4</td>
<td>OneDayCounter</td>
</tr>
<tr>
<td>5</td>
<td>SimpleDayCounter</td>
</tr>
<tr>
<td>6</td>
<td>Thirty360</td>
</tr>
<tr>
<td>7</td>
<td>Actual365NoLeap (NB: deprecated)</td>
</tr>
<tr>
<td>8</td>
<td>ActualActual.ISMA</td>
</tr>
<tr>
<td>9</td>
<td>ActualActual.Bond</td>
</tr>
<tr>
<td>10</td>
<td>ActualActual.ISDA</td>
</tr>
<tr>
<td>11</td>
<td>ActualActual.Historical</td>
</tr>
<tr>
<td>12</td>
<td>ActualActual.AFB</td>
</tr>
<tr>
<td>anything else</td>
<td>ActualActual.Euro</td>
</tr>
</tbody>
</table>
businessDayConvention
an int value

0     Following
1     ModifiedFollowing
2     Preceding
3     ModifiedPreceding
4     Unadjusted
5     HalfMonthModifiedFollowing
6     Nearest

anything else  Unadjusted

compounding an int value

0     Simple
1     Compounded
2     Continuous
3     SimpleThenCompounded

period or frequency
an int value

-1    NoFrequency
0     Once
1     Annual
2     Semiannual
3     EveryFourthMonth
4     Quarterly
6     BiMonthly
12    Monthly
13    EveryFourthWeek
26    BiWeekly
52    Weekly
365   Daily

anything else  OtherFrequency

date generation
an int value to specify date generation rule

0     Backward
1     Forward
2     Zero
3     ThirdWednesday
4     Twentieth
5     TwentiethIMM
6     OldCDS
7     CDS

anything else  TwentiethIMM
durationType  an int value to specify duration type

0  Simple
1  Macaulay
2  Modified

Details

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation, particularly the datetime classes.

Value

None

Author(s)

Khanh Nguyen <knguyen@cs.umb.edu>

References

http://quantlib.org for details on QuantLib.

EuropeanOption  European Option evaluation using Closed-Form solution

Description

The EuropeanOption function evaluations an European-style option on a common stock using the Black-Scholes-Merton solution. The option value, the common first derivatives ("Greeks") as well as the calling parameters are returned.

Usage

## Default S3 method:
EuropeanOption(type, underlying, strike, dividendYield, riskFreeRate, maturity, volatility, discreteDividends, discreteDividendsTimeUntil)

Arguments

type  A string with one of the values call or put
underlying  Current price of the underlying stock
strike  Strike price of the option
dividendYield  Continuous dividend yield (as a fraction) of the stock
riskFreeRate  Risk-free rate
EuropeanOption

maturity Time to maturity (in fractional years)
volatility Volatility of the underlying stock
discreteDividends Vector of discrete dividends (optional)
discreteDividendsTimeUntil Vector of times to discrete dividends (in fractional years, optional)

Details

The well-known closed-form solution derived by Black, Scholes and Merton is used for valuation. Implied volatilities are calculated numerically.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

The EuropeanOption function returns an object of class EuropeanOption (which inherits from class Option). It contains a list with the following components:

value Value of option
delta Sensitivity of the option value for a change in the underlying
gamma Sensitivity of the option delta for a change in the underlying
vega Sensitivity of the option value for a change in the underlying’s volatility
theta Sensitivity of the option value for a change in t, the remaining time to maturity
rho Sensitivity of the option value for a change in the risk-free interest rate
dividendRho Sensitivity of the option value for a change in the dividend yield

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

EuropeanOptionImpliedVolatility, EuropeanOptionArrays, AmericanOption, BinaryOption
Examples

```r
## simple call with unnamed parameters
EuropeanOption("call", 100, 100, 0.01, 0.03, 0.5, 0.4)
## simple call with some explicit parameters, and slightly increased vol:
EuropeanOption(type="call", underlying=100, strike=100, dividendYield=0.01, riskFreeRate=0.03, maturity=0.5, volatility=0.5)
## simple call with slightly shorter maturity: QuantLib 1.7 compiled with
## intra-day time calculation support with create slightly changed values
EuropeanOption(type="call", underlying=100, strike=100, dividendYield=0.01, riskFreeRate=0.03, maturity=0.499, volatility=0.5)
```
Details

The well-known closed-form solution derived by Black, Scholes and Merton is used for valuation. Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

The EuropeanOptionArrays function allows any two of the numerical input parameters to be a vector or sequence. A list of two-dimensional matrices is returned. Each cell corresponds to an evaluation under the given set of parameters.

For these functions, the following components are returned:

- **value** (matrix) value of option
- **delta** (matrix) change in value for a change in the underlying
- **gamma** (matrix) change in value for a change in delta
- **vega** (matrix) change in value for a change in the underlying’s volatility
- **theta** (matrix) change in value for a change in delta
- **rho** (matrix) change in value for a change in time to maturity
- **dividendRho** (matrix) change in value for a change in delta
- **parameters** List with parameters with which object was created

The oldEuropeanOptionArrays function is an older implementation which vectorises this at the R level instead but allows more general multidimensional arrays.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

AmericanOption, BinaryOption

Examples

# define two vectors for the underlying and the volatility
und.seq <- seq(10, 180, by=2)
vol.seq <- seq(0.1, 0.9, by=0.1)
# evaluate them along with three scalar parameters
EOarr <- EuropeanOptionArrays("call", underlying=und.seq,
   strike=100, dividendYield=0.01,
EuropeanOptionImpliedVolatility

Implied Volatility calculation for European Option

Description

The `EuropeanOptionImpliedVolatility` function solves for the (unobservable) implied volatility, given an option price as well as the other required parameters to value an option.

Usage

```r
europeanoptionimpliedvolatility(type, value, underlying, strike, dividendYield, riskFreeRate, maturity, volatility)
```

Arguments

<table>
<thead>
<tr>
<th>Argument</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>type</td>
<td>A string with one of the values call or put</td>
</tr>
<tr>
<td>value</td>
<td>Value of the option (used only for ImpliedVolatility calculation)</td>
</tr>
<tr>
<td>underlying</td>
<td>Current price of the underlying stock</td>
</tr>
</tbody>
</table>
strike Strike price of the option
dividendYield Continuous dividend yield (as a fraction) of the stock
riskFreeRate Risk-free rate
maturity Time to maturity (in fractional years)
volatility Initial guess for the volatility of the underlying stock

Details

The well-known closed-form solution derived by Black, Scholes and Merton is used for valuation. Implied volatilities are then calculated numerically.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

The `EuropeanOptionImpliedVolatility` function returns a numeric variable with volatility implied by the given market prices and given parameters.

Note

The interface might change in future release as QuantLib stabilizes its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

`EuropeanOption`, `AmericanOption`, `BinaryOption`

Examples

```r
EuropeanOptionImpliedVolatility(type="call", value=11.10, underlying=100,
strike=100, dividendYield=0.01, riskFreeRate=0.03,
maturity=0.5, volatility=0.4)
```
FittedBondCurve

Returns the discount curve (with zero rates and forwards) given set of bonds

Description

FittedBondCurve fits a term structure to a set of bonds using three different fitting methodologies. For more detail, see QuantLib/Example/FittedBondCurve.

Usage

FittedBondCurve(curveparams, lengths, coupons, marketQuotes, dateparams)

Arguments

curveparams curve parameters

  method a string, fitting methods: "ExponentialSplinesFitting", "SimplePolynomialFitting", "NelsonSiegelFitting"

  origDate a Date, starting date of the curve

lengths an numeric vector, length of the bonds in year

coupons a numeric vector, coupon rate of the bonds

marketQuotes a numeric vector, market price of the bonds

dateparams (Optional) a named list, QuantLib’s date parameters of the bond.

  settlementDays (Optional) a double, settlement days. Default value is 1.

  dayCounter (Optional) a number or string, day counter convention. See Enum. Default value is 'Thirty360'

  period (Optional) a number or string, interest compounding interval. See Enum. Default value is 'Semiannual'.

  businessDayConvention (Optional) a number or string, business day convention. See Enum. Default value is 'Following'.

See example below.

Details

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.
**FixedRateBond**

**Value**

Table, a three columns "date - zeroRate - discount" data frame

**Author(s)**

Khanh Nguyen <knguyen@cs.umb.edu> for the implementation; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

**References**

http://quantlib.org/ for details on QuantLib.

**Examples**

```r
lengths <- c(2,4,6,8,10,12,14,16,18,20,22,24,26,28,30)
coupons <- c( 0.0200, 0.0225, 0.0250, 0.0275, 0.0300,
              0.0325, 0.0350, 0.0375, 0.0400, 0.0425,
              0.0450, 0.0475, 0.0500, 0.0525, 0.0550)
marketQuotes <- rep(100, length(lengths))
dateparams <- list(settlementDays=0, period="Annual",
                   dayCounter="ActualActual",
                   businessDayConvention ="Unadjusted")
curveparams <- list(method="ExponentialSplinesFitting",
                     origDate = Sys.Date())
curve <- FittedBondCurve(curveparams, lengths, coupons, marketQuotes, dateparams)
z <- zoo::zoo(curve$table$zeroRates, order.by=curve$table$date)
plot(z)
```

---

**FixedRateBond**  
*Fixed-Rate bond pricing*

**Description**

The `FixedRateBond` function evaluates a fixed rate bond using discount curve, the yield or the clean price. More specifically, when a discount curve is provided the calculation is done by Discounting-BondEngine from QuantLib. The NPV, clean price, dirty price, accrued interest, yield, duration, actual settlement date and cash flows of the bond is returned. When a yield is provided instead, no engine is provided to the bond class and prices are computed from yield. In the latter case, NPV is set to NA. Same situation when the clean price is given instead of discount curve or yield. For more detail, see the source codes in QuantLib's file test-suite/bond.cpp.

The `FixedRateBondPriceByYield` function calculates the theoretical price of a fixed rate bond from its yield.

The `FixedRateBondYield` function calculates the theoretical yield of a fixed rate bond from its price.
FixedRateBond

Usage

```r
## Default S3 method:
FixedRateBond(bond, rates, schedule,
              calc=list(dayCounter='ActualActual.ISMA',
                        compounding='Compounded',
                        freq='Annual',
                        durationType='Modified'),
              discountCurve = NULL, yield = NA, price = NA)
```

```r
## Default S3 method:
FixedRateBondPriceByYield( settlementDays=1, yield, faceAmount=100, 
extimateDate, maturityDate, 
period, calendar="UnitedStates/GovernmentBond", 
rates, dayCounter=2, 
businessDayConvention=0, compound = 0, redemption=100, 
issueDate)
```

```r
## Default S3 method:
FixedRateBondYield( settlementDays=1, price, faceAmount=100, 
extimateDate, maturityDate, 
period, calendar="UnitedStates/GovernmentBond", 
rates, dayCounter=2, 
businessDayConvention=0, 
compound = 0, redemption=100, 
issueDate)
```

Arguments

- bond (Optional) bond parameters, a named list whose elements are:
  - settlementDays (Optional) a double, settlement days.
    Default value is 1.
  - faceAmount (Optional) a double, face amount of the bond.
    Default value is 100.
  - dayCounter (Optional) a number or string, day counter convention. Defaults to 'Thirty360'
  - issueDate (Optional) a Date, the bond’s issue date
    Defaults to QuantLib default.
  - paymentConvention (Optional) a number or string, the bond payment convention.
    Defaults to QuantLib default.
  - redemption (Optional) a double, the redemption amount.
    Defaults to QuantLib default (100).
  - paymentCalendar (Optional) a string, the name of the calendar.
    Defaults to QuantLib default.
  - exCouponPeriod (Optional) a number, the number of days when the coupon goes ex relative to the coupon date.
FixedRateBond

- **exCouponCalendar**: (Optional) a string, the name of the ex-coupon calendar. Defaults to QuantLib default.
- **exCouponConvention**: (Optional) a number or string, the coupon payment convention. Defaults to QuantLib default.
- **exCouponEndOfMonth**: (Optional) 1 or 0, use End of Month rule for ex-coupon dates. Defaults to 0 (false).

- **rates**: a numeric vector, bond’s coupon rates
- **schedule**: (Optional) a named list, QuantLib’s parameters of the bond’s schedule.
  - **effectiveDate**: a Date, when the schedule becomes effective.
  - **maturityDate**: a Date, when the schedule matures.
  - **period**: (Optional) a number or string, the frequency of the schedule. Default value is ‘Semiannual’.
  - **calendar**: (Optional) a string, the calendar name. Defaults to ‘TARGET’
  - **businessDayConvention**: (Optional) a number or string, the day convention to use. Defaults to ‘Following’.
  - **terminationDateConvention**: (Optional) a number or string, the day convention to use for the terminal date. Defaults to ‘Following’.
  - **dateGeneration**: (Optional) a number or string, the date generation rule. Defaults to ‘Backward’.
  - **endOfMonth**: (Optional) 1 or 0, use End of Month rule for schedule dates. Defaults to 0 (false).

- **calc**: (Optional) a named list, QuantLib’s parameters for calculations.
  - **dayCounter**: (Optional) a number or string, day counter convention. Defaults to ‘ActualActual.ISMA’
  - **compounding**: a string, what kind of compounding to use. Defaults to ‘Compounded’
  - **freq**: (Optional) a number or string, the frequency to use. Default value is ‘Annual’.
  - **durationType**: (Optional) a number or string, the type of duration to calculate. Defaults to ‘Simple’
  - **accuracy**: (Optional) a number, the accuracy required. Defaults to 1.0e-8.
  - **maxEvaluations**: (Optional) a number, max number of iterations. Defaults to 100.

See example below.
**FixedRateBond**

**discountCurve**
Can be one of the following:

- a `DiscountCurve` object
  a object of DiscountCurve class
  For more detail, see example or the discountCurve function

- A 2 items list
  specifies a flat curve in two values "todayDate" and "rate"

- A 3 items list
  specifies three values to construct a DiscountCurve object, "params", "tsQuotes", "times".
  For more detail, see example or the discountCurve function

**yield**
yield of the bond

**price**
clean price of the bond

**settlementDays**
an integer, 1 for T+1, 2 for T+2, etc...

**effectiveDate**
bond’s effective date

**maturityDate**
bond’s maturity date

**period**
frequency of events, 0 = NoFrequency, 1 = Annual, 3 = Semiannual, 4 = EveryFourthMonth, 5 = Quarterly, 6 = Bimonthly, 7 = Monthly, 8 = EveryFourthWeek, 9 = Biweekly, 10 = Weekly, 11 = Daily. For more information, see QuantLib’s Frequency class

**calendar**
Business Calendar. Either us or uk

**faceAmount**
face amount of the bond

**businessDayConvention**
convention used to adjust a date in case it is not a valid business day. See quantlib for more detail. 0 = Following, 1 = ModifiedFollowing, 2 = Preceding, 3 = ModifiedPreceding, other = Unadjusted

**dayCounter**
day count convention. 0 = Actual360(), 1 = Actual365Fixed(), 2 = ActualActual(), 3 = Business252(), 4 = OneDayCounter(), 5 = SimpleDayCounter(), all other = Thirty360(). For more information, see QuantLib’s DayCounter class

**compound**
compounding type. 0 = Simple, 1 = Compounded, 2 = Continuous, all other = SimpleThenCompounded. See QuantLib’s Compound class

**redemption**
redemption when the bond expires

**issueDate**
date the bond is issued

**Details**
A discount curve is built to calculate the bond value.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

**Value**

The `FixedRateBond` function returns an object of class `FixedRateBond` (which inherits from class `Bond`). It contains a list with the following components:
**FixedRateBond**

NPV net present value of the bond
cleanPrice clean price of the bond
dirtyPrice dirty price of the bond
accruedAmount accrued amount of the bond
yield yield of the bond
duration the duration of the bond
settlementDate the actual settlement date used for the bond
cashFlows cash flows of the bond

The FixedRateBondPriceByYield function returns an object of class FixedRateBondPriceByYield (which inherits from class Bond). It contains a list with the following components:

price price of the bond

The FixedRateBondYield function returns an object of class FixedRateBondYield (which inherits from class Bond). It contains a list with the following components:

yield yield of the bond

**Note**

The interface might change in future release as QuantLib stabilises its own API.

**Author(s)**

Khanh Nguyen <knguyen@cs.umb.edu> for the implementation; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

**References**

http://quantlib.org for details on QuantLib.

**Examples**

```r
# Simple call with a flat curve
bond <- list(settlementDays=1,
    issueDate=as.Date("2004-11-30"),
    faceAmount=100,
    accrualDayCounter='Thirty360',
    paymentConvention='Unadjusted')
schedule <- list(effectiveDate=as.Date("2004-11-30"),
    maturityDate=as.Date("2008-11-30"),
    period='Semiannual',
    calendar='UnitedStates/GovernmentBond',
    businessDayConvention='Unadjusted',
    terminationDateConvention='Unadjusted',
    dateGeneration='Forward',
    endOfMonth=1)
calc=list(dayCounter='Actual360',
    compounding='Compounded',
    ```
freq='Annual',
durationType='Modified')
coupon.rate <- c(0.02875)

params <- list(tradeDate=as.Date('2002-2-15'),
               settleDate=as.Date('2002-2-19'),
               dt=.25,
               interpWhat="discount",
               interpHow="loglinear")
setEvaluationDate(as.Date("2004-11-22"))

discountCurve.flat <- DiscountCurve(params, list(flat=0.05))
FixedRateBond(bond,
coupon.rate,
schedule,
calc,
discountCurve=discountCurve.flat)

#Same bond with a discount curve constructed from market quotes
 tsQuotes <- list(d1w =0.0382,
                 d1m =0.0372,
                 fut1=96.2875,
                 fut2=96.7875,
                 fut3=96.9875,
                 fut4=96.6875,
                 fut5=96.4875,
                 fut6=96.3875,
                 fut7=96.2875,
                 fut8=96.0875,
                 s3y =0.0398,
                 s5y =0.0443,
                 s10y =0.05165,
                 s15y =0.055175)
 tsQuotes <- list("flat" = 0.02) ## While discount curve code is buggy

discountCurve <- DiscountCurve(params, tsQuotes)
FixedRateBond(bond,
coupon.rate,
schedule,
calc,
discountCurve=discountCurve)

#Same bond calculated from yield rather than from the discount curve
 yield <- 0.02
FixedRateBond(bond,
coupon.rate,
schedule,
calc,
yield=yield)

#same example with clean price
FloatingRateBond

Floating rate bond pricing

Description

The `FloatingRateBond` function evaluates a floating rate bond using discount curve. More specifically, the calculation is done by `DiscountingBondEngine` from QuantLib. The NPV, clean price, dirty price, accrued interest, yield and cash flows of the bond is returned. For more detail, see the source codes in `quantlib`'s test-suite. test-suite/bond.cpp

Usage

```
# Default S3 method:
FloatingRateBond(bond, gearings, spreads,
caps, floors, index,
curve, dateparams )
```
FloatingRateBond

Arguments

bond parameters, a named list whose elements are:

- **issueDate**: a Date, the bond’s issue date
- **maturityDate**: a Date, the bond’s maturity date
- **faceAmount**: (Optional) a double, face amount of the bond. Default value is 100.
- **redemption**: (Optional) a double, percentage of the initial face amount that will be returned at maturity date. Default value is 100.
- **effectiveDate**: (Optional) a Date, the bond’s effective date. Default value is issueDate

- **gearings**: (Optional) a numeric vector, bond’s gearings. See quantlib’s doc on FloatingRateBond for more detail. Default value is an empty vector c().

- **spreads**: (Optional) a numeric vector, bond’s spreads. See quantlib’s doc on FloatingRateBond for more detail. Default value is an empty vector c().

- **caps**: (Optional) a numeric vector, bond’s caps. See quantlib’s doc on FloatingRateBond for more detail. Default value is an empty vector c().

- **floors**: (Optional) a numeric vector, bond’s floors. See quantlib’s doc on FloatingRateBond for more detail. Default value is an empty vector c().

- **curve**: Can be one of the following:
  - A **DiscountCurve** object of DiscountCurve class
    - For more detail, see example or the discountCurve function
  - A 2 items list
    - specifies a flat curve in two values "todayDate" and "rate"
  - A 3 items list
    - specifies three values to construct a DiscountCurve object, "params", "tsQuotes", "times".
    - For more detail, see example or the discountCurve function

- **index**: a named list whose elements are parameters of an IborIndex term structure.
  - **type**: a string, currently support only "USDLibor"
  - **length**: an integer, length of the index
  - **inTermOf**: a string, period unit, currently support only 'Month'
  - **term**: a DiscountCurve object, the term structure of the index

- **dateparams**: (Optional) a named list, QuantLib’s date parameters of the bond.
  - **settlementDays**: (Optional) a double, settlement days.
    - Default value is 1.
FloatingRateBond

- calendar (Optional) a string, either 'us' or 'uk' corresponding to US Government Bond calendar and UK Exchange calendar. Default value is 'us'.
- dayCounter (Optional) a number or string, day counter convention. See Enum. Default value is 'Thirty360'.
- period (Optional) a number or string, interest compounding interval. See Enum. Default value is 'Semiannual'.
- businessDayConvention (Optional) a number or string, business day convention. See Enum. Default value is 'Following'.
- terminationDateConvention (Optional) a number or string, termination day convention. See Enum. Default value is 'Following'.
- endOfMonth (Optional) a numeric with value 1 or 0. End of Month rule. Default value is 0.
- dateGeneration (Optional) a numeric, date generation method. See Enum. Default value is 'Backward'.

See example below.

Details

A discount curve is built to calculate the bond value.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

The FloatingRateBond function returns an object of class FloatingRateBond (which inherits from class Bond). It contains a list with the following components:

- NPV net present value of the bond
- cleanPrice clean price of the bond
- dirtyPrice dirty price of the bond
- accruedAmount accrued amount of the bond
- yield yield of the bond
- cashFlows cash flows of the bond

Note

The interface might change in future release as QuantLib stabilises its own API.
Author(s)

Khanh Nguyen <knguyen@cs.umbno.edu> for the implementation; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

Examples

```r
bond <- list(faceAmount=100, issueDate=as.Date("2004-11-30"),
              maturityDate=as.Date("2008-11-30"), redemption=100,
              effectiveDate=as.Date("2004-11-30"))
dateparams <- list(settlementDays=1, calendar="UnitedStates/GovernmentBond",
                   dayCounter = 'Actual/Actual', period=2,
                   businessDayConvention = 1, terminationDateConvention=1,
                   dateGeneration=0, endOfMonth=0, fixingDays = 1)

gearings <- spreads <- caps <- floors <- vector()

params <- list(tradeDate=as.Date('2002-2-15'),
                settleDate=as.Date('2002-2-19'),
                dt=.25,
                interpWhat="discount",
                interpHow="loglinear")
setEvaluationDate(as.Date("2004-11-22"))

tsQuotes <- list(d1w =.0382,
                  d1m =.0372,
                  fut1=96.2875,
                  fut2=96.7875,
                  fut3=96.9875,
                  fut4=96.6875,
                  fut5=96.4875,
                  fut6=96.3875,
                  fut7=96.2875,
                  fut8=96.0875,
                  s3y =.0398,
                  s5y =.0443,
                  s10y =.05165,
                  s15y =.055175)

tsWithCurves <- list("flat" = .02) # While discount curve code is buggy

# when both discount and libor curves are flat.

discountCurve.flat <- DiscountCurve(params, list(flat=0.05))
termstructure <- DiscountCurve(params, list(flat=0.03))
iborIndex.params <- list(type="USDLibor", length=6,
                         inTermOf="Month", term=termstructure)
FloatingRateBond(bond, gearings, spreads, caps, floors,
                 iborIndex.params, discountCurve.flat, dateparams)
```
getQuantLibCapabilities

Return configuration options of the QuantLib library

Description
This function returns a named vector of boolean variables describing several configuration options determined at compilation time of the QuantLib library.

Usage
getQuantLibCapabilities()

Details
Not all of these features are used (yet) by RQuantLib.

Value
A named vector of logical variables

Author(s)
Dirk Eddelbuettel

References
http://quantlib.org for details on QuantLib.

Examples
getQuantLibCapabilities()
**getQuantLibVersion**  
Return the QuantLib version number

---

**Description**

This function returns the QuantLib version string as encoded in the header file config.hpp and determined at compilation time of the QuantLib library.

**Usage**

getQuantLibVersion()

**Value**

A character variable

**Author(s)**

Dirk Eddelbuettel

**References**

http://quantlib.org for details on QuantLib.

**Examples**

getQuantLibVersion()

---

**ImpliedVolatility**  
Base class for option-price implied volatility evaluation

---

**Description**

This class forms the basis from which the more specific classes are derived.

**Usage**

```r
## S3 method for class 'ImpliedVolatility'
print(x, digits=3, ...)
## S3 method for class 'ImpliedVolatility'
summary(object, digits=3, ...)
```
Arguments

- `x` Any option-price implied volatility object derived from this base class
- `object` Any option-price implied volatility object derived from this base class
- `digits` Number of digits of precision shown
- `...` Further arguments

Details

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value

None, but side effects of displaying content.

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

AmericanOptionImpliedVolatility, EuropeanOptionImpliedVolatility, AmericanOption, EuropeanOption, BinaryOption

Examples

```r
impVol <- EuropeanOptionImpliedVolatility("call", value=11.10, strike=100, volatility=0.4, 100, 0.01, 0.03, 0.5)
print(impVol)
summary(impVol)
```
Option

Base class for option price evaluation

Description
This class forms the basis from which the more specific classes are derived.

Usage
```r
## S3 method for class 'Option'
print(x, digits=4, ...)
## S3 method for class 'Option'
plot(x, ...)
## S3 method for class 'Option'
summary(object, digits=4, ...)
```

Arguments
- `x` Any option object derived from this base class
- `object` Any option object derived from this base class
- `digits` Number of digits of precision shown
- `...` Further arguments

Details
Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.

Value
None, but side effects of displaying content.

Note
The interface might change in future release as QuantLib stabilises its own API.

Author(s)
Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References
http://quantlib.org for details on QuantLib.

See Also
AmericanOption, EuropeanOption, BinaryOption
SabrSwaption

Examples
EO <- EuropeanOption("call", strike=100, volatility=0.4, 100, 0.01, 0.03, 0.5)
print(EO)
summary(EO)

SabrSwaption  SABR swaption using vol cube data with bermudan alternative using markovfunctional

Description
SabrSwaption prices a swaption with specified expiration or time range if Bermudan, strike, and maturity, using quantlib's SABR model for europeans and quantlib's markovfunctional for Bermudans. Currently the input is a zero offset log-normal vol surface. An example of a dataset can be found in the dataset rqlib included with Rquantlib. It is assumed that the swaption is exercisable at the start of a forward start swap if params$european flag is set to TRUE or starting immediately on each reset date (Bermudan) of an existing underlying swap or spot start swap if params$european flag is set to FALSE.

Usage
SabrSwaption(params, ts, volCubeDF,
legparams = list(dayCounter = "Thirty360", fixFreq = "Annual", floatFreq = "Semiannual"),
tsup01 = NA, tsdn01 = NA, vega = FALSE)

Arguments
params A list specifying the tradeDate (month/day/year), settlementDate, logical flags payFixed & european (european=FALSE generates Bermudan value), strike, pricing method, and curve construction options (see Examples section below). Curve construction options are interpwhat (possible values are discount, forward, and zero) and interpHow (possible values are linear, loglinear, and spline). Both interpwhat and interpHow are ignored when a flat yield curve is requested, but they must be present nevertheless.

ts A term structure built with DiscountCurve is required. See the help page for DiscountCurve and example below for details.

volCubeDF The swaption volatility cube in dataframe format with columns Expiry, Tenor, Spread, and LogNormalVol stored by rows. See the example below.

legparams A list specifying the dayCounter the day count convention for the fixed leg (default is Thirty360), and fixFreq, fixed coupon frequency (default is Annual), floatFreq, floating leg reset frequency (default is Semiannual).

tsUp01 Discount for a user specified up move in rates.

tsDn01 Discount for a user specified down move in rates.

vega Discount for a user specified up move.
Details

This function is based on QuantLib Version 1.64. It introduces support for fixed-income instruments in RQuantLib.

Value

SabrSwaption returns a list containing the value of the payer and receiver swaptions at the strike specified in params.

NPV NPV of swaption in basis points (actual price equals price times notional divided by 10,000)  
strike swaption strike  
params Input parameter list  
atmRate fair rate for swap at swap start date for european or fair swap rate for swap at expiration for bermudan  
vol vol for swaption at swap start date and rate strike for european or vol for swaption for given expiration and strike for bermudan  
rcvDv01 receiver value for a change in rates defined by dv01Up  
payDv01 payer value for a change in rates defined by dv01Up  
rcvCnvx receiver second order value change for a change in rates defined by dv01Up & dv01Dn  
payCnvx payer second order value for a change in rates defined by dv01Up & dv01Dn  
strike swaption strike

Author(s)

Terry Leitch

References


For information about QuantLib see http://quantlib.org.

For information about RQuantLib see http://dirk.eddelbuettel.com/code/rquantlib.html.

See Also

AffineSwaption

Examples

```r
params <- list(tradeDate=as.Date('2016-2-15'), settleDate=as.Date('2016-2-17'), startDate=as.Date('2017-2-17'), maturity=as.Date('2022-2-17'),
```
The schedule function generates a schedule of dates conformant to a given convention in a given calendar.

Usage

```r
## Default S3 method:
Schedule(params)
```

Arguments

- `params` a named list, QuantLib's parameters of the schedule.
  - `effectiveDate` a Date, when the schedule becomes effective.
  - `maturityDate` a Date, when the schedule matures.
  - `period` (Optional) a number or string, the frequency of the schedule. Default value is 'Semiannual'.
  - `calendar` (Optional) a string, the calendar name. Defaults to 'TARGET'.
  - `businessDayConvention` (Optional) a number or string, the
terminationDateConvention (Optional) a number or string, the
day convention to use for the terminal date.
Defaults to ‘Following’.

dateGeneration (Optional) a number or string, the
date generation rule.
Defaults to ‘Backward’.

endOfMonth (Optional) 1 or 0, use End of Month rule for
schedule dates. Defaults to 0 (false).

See example below.

Details

Please see any decent Finance textbook for background reading, and the QuantLib documentation
for details on the QuantLib implementation.

Value

The Schedule function returns an object of class Schedule. It contains the list of dates in the
schedule.

Author(s)

Michele Salvadore <michele.salvadore@gmail.com> for the implementation; Dirk Eddelbuettel
<edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

See Also

FixedRateBond

Examples

params <- list(effectiveDate=as.Date("2004-11-30"),
maturityDate=as.Date("2008-11-30"),
period='Semiannual',
calendar='UnitedStates/GovernmentBond',
businessDayConvention='Unadjusted',
terminationDateConvention='Unadjusted',
dateGeneration='Forward',
endOfMonth=1)

Schedule(params)
Vol Cube Example Data

Description

Vol Cube Example Data
Short time series examples

Format

A series of tenors and rates appropriate for calling DiscountCurve

Source

TBA

VCube

Vol Cube Example Data

Description

Data for valuing swaption examples including rates and a lognormal vol cube

Usage

data(vcube)

Format

two data frames: vcube, a data frame with four columns: Expiry, Tenor, LogNormalVol, and Spread

Source

TBA
ZeroCouponBond  Zero-Coupon bond pricing

Description

The ZeroCouponBond function evaluates a zero-coupon plainly using discount curve. More specifically, the calculation is done by DiscountingBondEngine from QuantLib. The NPV, clean price, dirty price, accrued interest, yield and cash flows of the bond is returned. For more detail, see the source code in the QuantLib file test-suite/bond.cpp.

The ZeroPriceYield function evaluates a zero-coupon clean price based on its yield.

The ZeroYield function evaluations a zero-coupon yield based. See also http://www.mathworks.com/access/helpdesk/help/toolbox/finfixed/zeroyield.html

Usage

```r
## Default S3 method:
ZeroCouponBond(bond, discountCurve, dateparams)

## Default S3 method:
ZeroPriceByYield(yield, faceAmount, 
    issueDate, maturityDate, 
    dayCounter=2, frequency=2, 
    compound=0, businessDayConvention=4)

## Default S3 method:
ZeroYield(price, faceAmount, 
    issueDate, maturityDate, 
    dayCounter=2, frequency=2, 
    compound=0, businessDayConvention=4)
```

Arguments

- **bond**: bond parameters, a named list whose elements are:
  - `issueDate`: a Date, the bond’s issue date
  - `maturityDate`: a Date, the bond’s maturity date
  - `faceAmount`: (Optional) a double, face amount of the bond. Default value is 100.
  - `redemption`: (Optional) a double, percentage of the initial face amount that will be returned at maturity date. Default value is 100.

- **discountCurve**: Can be one of the following:
  - `DiscountCurve`: a object of DiscountCurve class
  - `...`: For more detail, see example or
A 2 items list specifies a flat curve in two values "todayDate" and "rate"

A 3 items list specifies three values to construct a DiscountCurve object, "params", "tsQuotes", "times".

For more detail, see example or the discountCurve function

dateparams (Optional) a named list, QuantLib's date parameters of the bond.

settlementDays (Optional) a double, settlement days.

Default value is 1.

calendar (Optional) a string, either 'us' or 'uk' corresponding to US Goverment Bond calendar and UK Exchange calendar.

Default value is 'us'.

businessDayConvention (Optional) a number or string, business day convention.

See Enum. Default value is 'Following'.

See example below.

yield yield of the bond

price price of the bond

faceAmount face amount of the bond

issueDate date the bond is issued

maturityDate maturity date, an R's date type

dayCounter day count convention. 0 = Actual360(), 1 = Actual365Fixed(), 2 = ActualActual(), 3 = Business252(), 4 = OneDayCounter(), 5 = SimpleDayCounter(), all other = Thirty360(). For more information, see QuantLib's DayCounter class

frequency frequency of events. 0 = NoFrequency, 1 = Once, 2 = Annual, 3 = Semiannual, 4 = EveryFourthMonth, 5 = Quarterly, 6 = Bimonthly, 7 = Monthly, 8 = EveryFourthWeekly, 9 = Biweekly, 10 = Weekly, 11 = Daily. For more information, see QuantLib's Frequency class

compound compounding type. 0 = Simple, 1 = Compounded, 2 = Continuous, all other = SimpleThenCompounded.

See QuantLib's Compound class

businessDayConvention

convention used to adjust a date in case it is not a valid business day. See quantlib for more detail. 0 = Following, 1 = ModifiedFollowing, 2 = Preceding, 3 = ModifiedPreceding, other = Unadjusted

Details

A discount curve is built to calculate the bond value.

Please see any decent Finance textbook for background reading, and the QuantLib documentation for details on the QuantLib implementation.
ZeroCouponBond

Value

The ZeroCouponBond function returns an object of class ZeroCouponBond (which inherits from class Bond). It contains a list with the following components:

- npv: net present value of the bond
- cleanPrice: clean price of the bond
- dirtyPrice: dirty price of the bond
- accruedAmount: accrued amount of the bond
- yield: yield of the bond
- cashFlows: cash flows of the bond

The ZeroPriceByYield function returns an object of class ZeroPriceByYield (which inherits from class Bond). It contains a list with the following components:

- price: price of the bond

The ZeroYield function returns an object of class ZeroYield (which inherits from class Bond). It contains a list with the following components:

- yield: yield of the bond

Note

The interface might change in future release as QuantLib stabilises its own API.

Author(s)

Khanh Nguyen <knguyen@cs.umb.edu> for the implementation; Dirk Eddelbuettel <edd@debian.org> for the R interface; the QuantLib Group for QuantLib

References

http://quantlib.org for details on QuantLib.

Examples

# Simple call with all parameter and a flat curve
bond <- list(faceAmount=100, issueDate=as.Date("2004-11-30"),
              maturityDate=as.Date("2008-11-30"), redemption=100)

dateparams <- list(settlementDays=1, calendar="UnitedStates/GovernmentBond",
                   businessDayConvention='Unadjusted')

discountCurve.param <- list(tradeDate=as.Date('2002-2-15'),
                              settleDate=as.Date('2002-2-15'),
                              dt=0.25,
                              interpWhat='discount', interpHow='loglinear')
discountCurve.flat <- DiscountCurve(discountCurve.param, list(flat=0.05))

ZeroCouponBond(bond, discountCurve.flat, dateparams)
# The same bond with a discount curve constructed from market quotes

tsQuotes <- list(d1w = 0.0382,
                 d1m = 0.0372,
                 fut1 = 96.2875,
                 fut2 = 96.7875,
                 fut3 = 96.9875,
                 fut4 = 96.6875,
                 fut5 = 96.4875,
                 fut6 = 96.3875,
                 fut7 = 96.2875,
                 fut8 = 96.0875,
                 s3y = 0.0398,
                 s5y = 0.0443,
                 s10y = 0.05165,
                 s15y = 0.055175)

tsQuotes <- list("flat" = 0.02)  ## While discount curve code is buggy

discoctCurve <- DiscountCurve(discountCurve.param, tsQuotes)
ZeroCouponBond(bond, discountCurve, dateparams)

# examples with default arguments
ZeroCouponBond(bond, discountCurve)

bond <- list(issueDate = as.Date("2004-11-30"),
              maturityDate = as.Date("2008-11-30"))

dateparams <- list(settlementDays = 1)
ZeroCouponBond(bond, discountCurve, dateparams)

ZeroPriceByYield(0.1478, 100, as.Date("1993-6-24"), as.Date("1993-11-1"))

ZeroYield(0, 100, as.Date("1993-6-24"), as.Date("1993-11-1"))
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