

Abstract: Extracting implied information from derivatives models has been undertaken since the advent of the Black-Scholes model. Hybrid models are those that are calibrated to more than one market, and provide cross-market restrictions on parameters. Such models also enable pricing products that bear risk from many markets. The talk will present a few recent models exemplifying these ideas, and present theoretical and empirical results. I will cover three papers in this talk, each dealing with default probabilities, recovery rates and liquidity respectively. These are the three major components of credit spreads.