FINANCIAL MODELING

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with a section on Visual Basic for Applications
by Benjamin Czaczkes

THIRD EDITION

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Preface to the First Edition

Like its predecessor *Numerical Techniques in Finance*, this book presents some important financial models and shows how they can be solved numerically and/or simulated using Excel. In this sense this is a finance “cookbook”; like any cookbook, it gives recipes with a list of ingredients and instructions for making and baking. As any cook knows, a recipe is just a starting point; having followed the recipe a number of times, you can think of your own variations and make the results suit your tastes and needs.

*Financial Modeling* covers standard financial models in the areas of corporate finance, financial statement simulation, portfolio problems, options, portfolio insurance, duration, and immunization. Clear and concise explanations are provided in each case for the implementation of the models using Excel. Very little theory is offered except where necessary to understand the numerical implementations.

While Excel is often inappropriate for high-level, industrial-strength calculations (portfolios are an example), it is an excellent tool for understanding the computational intricacies involved in financial modeling. It is often the case that the fullest understanding of the models comes by calculating them, and Excel is one of the most accessible and powerful tools available for this purpose.

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