Notes on the Bibliography.

Here we point out references which complement and extend the material in the text. There are several excellent books (many of which did not exist when this book began) whose material intersects with that of several chapters including the comprehensive book Glasserman (2004) and Jaeckel (2003). Both of these texts deal specifically with Monte Carlo methods in Finance. There is a number of excellent more general Monte Carlo books as well, including Gentle (2003), Fishman(1996) and the succinct but classic Hammersley and Handscomb(1964) book, from which much of modern variance reduction has grown and the pioneering paper of Hammersley(1960). More specialized books on Monte Carlo are Robert and Cassella (1999) and Liu (2001). Boyle (1977) is usually credited as the first use of simulation methodology in Finance. The remainder of these notes are broken down by Chapter. There is discussion of much of the finance and econometrics material of this book in Campbell, Lo, MacKinlay(1996), a book which takes a more statistical (hence somewhat more critical) view of the standard models in Finance and econometrics.


Chapter 3

Uniform random number generators and their uses are comprehensively treated in Fishman(1996), Fox(1986) with older but valuable treatments of non-uniform generators in Devroye(1986) and Rubinstein(1981) and a very clear and concise discussion of random number generation in Ripley(1983, 1987, 1988). Gentle(2003) also has a nice exposition of different methods of random number generation. For specific generators, see Tadikamalla(1978), Cheng(1977, 1979) for the Gamma and Beta,.


Chapter 4

The variance reduction in this chapter is heavily dependent on Hammersley and Handscomb(1964) and Glasserman(2004) provides a number of applications specific to finance.

Chapter 5

The material in the last part of this chapter is largely drawn from McLeish (2002) but there are related results in a number of standard texts and references,

Chapter 6

Chapter 7
The problems of finding a root or a maxima of a function when evaluations are subject to noise is an old one, dating at least to the paper of Robbins and Monro (1951). The work on Monte Carlo optimization is largely due to Geyer(1995). Material on the EM algorithm and data augmentation is in the books of Liu(2001) and Robert and Casella(1999). The estimation of parameters for diffusion processes is relatively well known, but in this case much is borrowed from McLeish and Kolkiewicz(1997) and Kloeden and Platten(1992). The last section on estimating volatility is largely in McLeish(2002).

Chapter 8
There is a considerable literature on sensitivity analysis in simulation, much of it for discrete event simulations such as networks and queues. See for example, Cao(1987) and Cao and Ho(1987), Arsham et. al. (1989), McLeish and Rollans (1992), Glynn(1989). The treatment here of Monte Carlo optimization is similar to Rollans(1991) and Reesor(2002).
Bibliography


[27] Cox, J.C. (1996), The constant elasticity of variance option pricing model J.P.M., Special Issue


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