

Dynamic modelling of interest rate for the Uruguayan debt

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Abstract

We present some primary results on the structure of the Uruguayan debt denominated in dollars. After some exploration we decided to use the G2++ short rate model, using data from two of the most liquid bonds. The main difficulty is the absence of accurate data from relatively long periods of times. The applications that we have in mind produce are: the term structure of interest rate, portfolio and derivatives pricing in bonds.