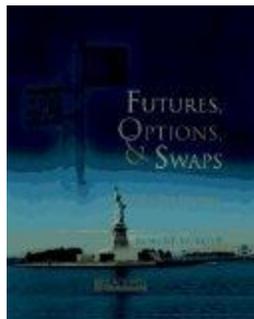


# Futures, Options and Swaps by Robert W. Kolb



## [Much Better Than Many Realize](#)

Futures, Options and Swaps, brings together in one text a comprehensive treatment of the three most important types of financial derivatives.

### My Personal Review:

Lets face it: the big Kahuna in this space is Hulls 6th Edition of Options, Futures, and Other Derivatives (I actually prefer the 5th Edition), which is frequently referred to as The Bible by financial quants. Paul Wilmotts two volume Quantitative Finance also has a solid following, in addition to growing appreciation for Mark Joshis The Concepts and Practice of Mathematical Finance. Robert Kolbs Futures, Options, and Swaps therefore is often confined to an also-ran and treated as unserious because of its inclusion in the CFA curriculum. This is unfair, and for most undergraduate and MBA students who are not destined for derivatives dealing desks, and even many who are, Kolb is the better volume.

Critics of Hull frequently cite that he is dry and technical to the point of somnolence. For Wilmott the opposite is the case. Critics hold his tone is flippant and that he glosses over major dimensions. My own view is these harsh reactions to these fine authors are exaggerations, but do have some evidence to support their expression. This, as a professor, leads me to the conclusion that for many students the authors tone is a major factor in their successful engagement with a fundamental teaching text.

This leads me to Kolbs excellent works. Many undergraduate and some MBA students of derivatives use Hull lite (Fundamentals of Futures and Options Markets), but I encourage the wider adoption and use of Kolbs Futures, Options, and Swaps. Kolb is superior to Hull for tone, accessibility, lucidity, and utility. Where Hull reaches for a completist coverage of obscure pricing models, Kolbs coverage is instead complete in a practical sense, while not abandoning treatment of less well-known options and their pricing models. Kolbs clarity is commendable, and never

dry. Kolb does not gloss over or ignore difficult topics, and his style is never pedantic or superficial.

This text does, however, contain any number of horrible errors and editing snafus that frustrate the reader. The errata sheet from the publisher does little to ameliorate the pain from these howlers. One wonders how a book can contain so many errors in such a competitive field. But it is fairly easily explained: because of Kolb's adoption by the CFA curriculum, there is a floor of near-guaranteed sales that creates a non-competitive economic rent.

I particularly recommend Kolb over Hull and Wilmott for those students whose background is not mathematics, engineering, or hard sciences. While the book is technical, it is not written in near-code geek speak. For my MBA students who are poets rather than rocket scientists, Kolb wins as hands-down favorite. Hull remains excellent for experts, PhD students, technicians, and pricing specialists, however, Kolb certainly deserves wider respect and use by the majority of students of derivatives. In short, while flawed, Kolb is an excellent and accessible work. I recommend the wide adoption of Kolb's Futures, Options, and Swaps, and in fact, all his other works, for most students of finance.

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