

Fixed-Income Toolbox™

Release Notes

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Fixed-Income Toolbox™ Release Notes

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Summary by Version	1
Version 2.0 (R2010b) Fixed-Income Toolbox Software	4
Version 1.9 (R2010a) Fixed-Income Toolbox Software	6
Version 1.8 (R2009b) Fixed-Income Toolbox Software	7
Version 1.7 (R2009a) Fixed-Income Toolbox Software	9
Version 1.6 (R2008b) Fixed-Income Toolbox Software	10
Version 1.5 (R2008a) Fixed-Income Toolbox Software	11
Version 1.4 (R2007b) Fixed-Income Toolbox Software	12
Version 1.3 (R2007a) Fixed-Income Toolbox Software	14
Version 1.2 (R2006b) Fixed-Income Toolbox Software	15
Version 1.1.2 (R2006a) Fixed-Income Toolbox Software	16
Version 1.0 (R13) Fixed-Income Toolbox Software	17

Compatibility Summary for Fixed-Income Toolbox Software	18
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Summary by Version

This table provides quick access to new features in each version. For clarification, see “Using Release Notes” on page 2.

Version (Release)	New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Latest Version V2.0 (R2010b)	Yes Details	No	Bug Reports Includes fixes	Printable Release Notes: PDF Current product documentation
V1.9 (R2010a)	Yes Details	No	Bug Reports Includes fixes	No
V1.8 (R2009b)	Yes Details	No	Bug Reports Includes fixes	No
V1.7 (R2009a)	No	No	Bug Reports Includes fixes	No
V1.6 (R2008b)	Yes Details	No	Bug Reports Includes fixes	No
V1.5 (R2008a)	Yes Details	No	Bug Reports Includes fixes	No
V1.4 (R2007b)	Yes Details	No	Bug Reports	No
V1.3 (R2007a)	Yes Details	No	Bug Reports	No
V1.2 (R2006b)	No	No	Bug Reports	No
V1.1.2 (R2006a)	No	No	Bug Reports	No
V1.0 (R13)	Yes Details	No	No bug fixes	Printable Release Notes: PDF R13 product documentation

Using Release Notes

Use release notes when upgrading to a newer version to learn about:

- New features
- Changes
- Potential impact on your existing files and practices

Review the release notes for other MathWorks® products required for this product (for example, MATLAB® or Simulink®) for enhancements, bugs, and compatibility considerations that also might impact you.

If you are upgrading from a software version other than the most recent one, review the release notes for all interim versions, not just for the version you are installing. For example, when upgrading from V1.0 to V1.2, review the release notes for V1.1 and V1.2.

What Is in the Release Notes

New Features and Changes

- New functionality
- Changes to existing functionality

Version Compatibility Considerations

When a new feature or change introduces a reported incompatibility between versions, the **Compatibility Considerations** subsection explains the impact.

Compatibility issues reported after the product is released appear under Bug Reports at The MathWorks® Web site. Bug fixes can sometimes result in incompatibilities, so you should also review the fixed bugs in Bug Reports for any compatibility impact.

Fixed Bugs and Known Problems

The MathWorks offers a user-searchable Bug Reports database so you can view Bug Reports. The development team updates this database at release time and as more information becomes available. This includes provisions for any known workarounds or file replacements. Information is available for bugs existing in or fixed in Release 14SP2 or later. Information is not available for all bugs in earlier releases.

Access Bug Reports using your MathWorks Account.

Version 2.0 (R2010b) Fixed-Income Toolbox Software

This table summarizes what's new in Version 2.0 (R2010b):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports Includes fixes	Printable Release Notes: PDF Current product documentation

New feature and changes introduced in this version are:

- “Support for Agency Option Adjusted Spread and Effective Duration Calculations” on page 4
- “Support for Credit Default Swaps” on page 5
- “Enhanced Support for Bootstrapping Swap Curves Using IRDataCurve” on page 5

Support for Agency Option Adjusted Spread and Effective Duration Calculations

Expanded support for Agency Option Adjusted Spread (AOAS) and effective duration (for all security types):

Function	Purpose
agencyoas	Compute the OAS of a callable bond using the Agency OAS model.
agencyprice	Price a callable bond OAS using the Agency OAS model.

For more information, see “Agency Option Adjusted Spreads”.

Support for Credit Default Swaps

Support for credit default swap (CDS) pricing, marking to market, and default probability term structure estimation:

Function	Purpose
<code>cdsbootstrap</code>	Bootstrap the default probability curve from CDS market quotes.
<code>cdsspread</code>	Compute the spread for a CDS contract.
<code>cdsprice</code>	Compute the price for a CDS contract.

For more information, see “Credit Derivatives”.

Enhanced Support for Bootstrapping Swap Curves Using IRDataCurve

Enhanced support for bootstrapping swap curves, including new options for input instruments. The `bootstrap` method of `IRDataCurve` now allows a discount curve to be used, in addition to a forward or zero curve.

Version 1.9 (R2010a) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.9 (R2010a):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports Includes fixes	No

New feature and changes introduced in this version are:

New Demo for Pricing and Analysis of Inflation-Indexed Instruments

A new demo shows how to price and analyze inflation-indexed instruments. Run the demo at the MATLAB command line by entering:

```
echodemo inflationdemo
```

Version 1.8 (R2009b) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.8 (R2009b):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports Includes fixes	No

New features and changes introduced in this version are:

- “Support for Bond Futures” on page 7
- “Support for the BUS/252 Day-Count Convention” on page 8

Support for Bond Futures

Support for the following types of bond futures:

- U.S. Treasury bonds and notes
- German Bobl, Bund, Buxl, and Schatz
- U.K. Gilts
- Japanese government bonds (JGBs)

The functions for bond futures are:

Function	Purpose
convfactor	Additional support for new Convention values for German Bobl, Bund, Buxl, and Schatz, U.K. Gilts, and JGBs.
bndfutprice	Price of a bond future given repo rates.
bndfutimrepo	Implied repo rates for a bond future given price.

For more information, see “Bond Futures” in Fixed-Income Toolbox™ User’s Guide documentation.

Support for the BUS/252 Day-Count Convention

Support for the Basis day-count convention for BUS/252. BUS/252 is the number of business days between the previous coupon payment and the settlement data divided by 252. BUS/252 business days are non-weekend, non-holiday days. The `holidays.m` file defines holidays.

Version 1.7 (R2009a) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.7 (R2009a):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
No	No	Bug Reports Includes fixes	No

There are no new features or changes in this version.

Version 1.6 (R2008b) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.6 (R2008b):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports Includes fixes	No

New features and changes introduced in this version are

Support for Interest-Rate Curve Objects

Support for analyzing the term structure of interest rates, including bootstrapping and fitting the term structure to market data using parametric models (e.g., Nelson Siegel and Svensson), spline-based models, and user-defined functions. Fixed-Income Toolbox supports three class objects:

- “@IRCurve”

Base abstract class supports creating interest-rate curves and includes methods for extracting forward, zero, and discount factors curves.

Supports a method to convert to a `RateSpec` structure, an acceptable input format for the Financial Derivatives Toolbox™ function `intenvset`.

- “@IRDataCurve”

Represents interest-rate curves based on vectors of dates and data. This class supports bootstrapping an interest-rate curve from market instruments with a range of interpolation methods.

- “@IRFunctionCurve”

Represents an interest-rate curve with a function; the function can be specified directly, or a form of the function can be specified and then the parameters are fit to available market data. In addition, you can determine which type of interest-rate curve (zero, forward, or discount curve) fits the market data, as well as, any custom functions.

For more information, see “Interest-Rate Curve Objects”.

Version 1.5 (R2008a) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.5 (R2008a):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports Includes fixes	No

New features and changes introduced in this version are

Support for Actual/365 (ISDA)

The following functions now support day count conventions for the basis argument based on ISDA (International Swap Dealers Association) actual/365:

- `bkcall`
- `bkput`
- `bkcaplet`
- `bkfloorlet`
- `cbprice`
- `cdai`
- `cdprice`
- `cdyield`
- `cfamounts`
- `stepcpncfamounts`
- `stepcpnprice`
- `stepcpnyield`
- `zeroprice`
- `zeroyield`

Version 1.4 (R2007b) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.4 (R2007b):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports	No

New features and changes introduced in this version are

ISMA Support for 30/360 Basis as a Variant of 30/360E with Annual Compounding

The following functions now support day count conventions for the basis argument to support 30/360 International Securities Market Association (ISMA) convention as a variant of 30/360E with annual compounding:

- bkcall
- bkput
- bkcaplet
- bkfloorlet
- cbprice
- cdai
- cdprice
- cdyield
- cfamounts
- stepcpncfamounts
- stepcpnprice
- stepcpnyield
- zeroprice

- zeroyield

Version 1.3 (R2007a) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.3 (R2007a):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	Bug Reports	No

New features and changes introduced in this version are

ISMA Support

The following functions now support the International Securities Market Association (ISMA) convention for the basis argument:

- `bkcall`
- `bkput`
- `bkcaplet`
- `bkfloorlet`
- `cbprice`
- `cdai`
- `cdprice`
- `cdyield`
- `cfamounts`
- `stepcpncfamounts`
- `stepcpnprice`
- `stepcpnyield`
- `zeroprice`
- `zeroyield`

Version 1.2 (R2006b) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.2 (R2006b):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
No	No	Bug Reports	No

Version 1.1.2 (R2006a) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.1.2 (R2006a):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
No	No	Bug Reports	No

Version 1.0 (R13) Fixed-Income Toolbox Software

This table summarizes what's new in Version 1.0 (R13):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	No bug fixes	Printable Release Notes: PDF R13 product documentation

Introduction to Fixed-Income Toolbox Software

Fixed-Income Toolbox software or MATLAB software is a collection of tools for evaluating mortgage-backed securities, short-term securities such as Treasury bills and certificates of deposit, and coupon-paying bond instruments. Other functions support fixed-rate mortgage pool construction and analysis, bond futures and conversion factors, convertible bond analysis, and LIBOR-based swap agreements.

You can compile and deploy applications you develop with this toolbox using MATLAB® Builder for Excel® or MATLAB Builder for .NET software. Also, if you have installed Datafeed Toolbox™ software, you can use Fixed-Income Toolbox functions to analyze data from Bloomberg® and several other data servers.

Compatibility Summary for Fixed-Income Toolbox Software

This table summarizes new features and changes that might cause incompatibilities when you upgrade from an earlier version, or when you use files on multiple versions. Details are provided with the description of the new feature or change.

Version (Release)	New Features and Changes with Version Compatibility Impact
Latest Version V2.0 (R2010b)	None
V1.9 (R2010a)	None
V1.8 (R2009b)	None
V1.7 (R2009a)	None
V1.6 (R2008b)	None
V1.5 (R2008a)	None
V1.4 (R2007b)	None
V1.3 (R2007a)	None
V1.2 (R2006b)	None
V1.1.2 (R2006a)	None
V1.0 (R13)	None