DYNAMICS OF MULTIVARIATE DEFAULT SYSTEM IN RANDOM ENVIRONMENT

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Abstract: We consider a multivariate default system where random environmental information is available. We study the dynamics of the system in a general setting of enlargement of filtrations and adopt the point of view of change of probability measures. We also make a link with the density approach in the credit risk modelling. Finally, we present a martingale characterization result with respect to the observable information filtration on the market. This is a joint work with Nicole El Karoui and Monique Jeanblanc.