Stellenbosch University Iyunivesithi Universiteit

Statistics and Actuarial Science
Statistiek en Aktuariële Wetenskap

NITheCS
National Institute for Theoretical and Computational Sciences

S E M I N A R

Katherine van der Merwe
(Stellenbosch University)

Benchmarking Benchmarks: A PBFJ Replication Study

ABSTRACT:

The goal of this study is to replicate the methodology of Brugler et al. (2022), which evaluates the quality of benchmark interest rates by decomposing them into true market information and noise using a state-space model in conjunction with Kalman filtering. The original study applied this framework to LIBOR and its replacements – Alternative Reference Rates (ARRs) in developed markets – demonstrating that most ARRs reduced noise.

This research seeks to extend Brugler et al.'s approach to the South African context by analysing JIBAR versus ZARONIA to determine whether JIBAR exhibits high noise levels similar to LIBOR and whether ZARONIA provides a more reliable alternative. The findings will explore the effects of benchmark noise on pricing efficiency and wealth transfers, contributing to the broader discussion on financial benchmark reforms in developing economies.

Katherine van der Merwe is an MCom Financial Risk Management student in the Statistics & Actuarial Science Department, Stellenbosch University.

Date:
Friday, 28 March 2025

Time:
13h10-14h10 SAST

***Venues*:**
- Room 2048, 2nd floor
  Van der Sterr Building,
  cnr Victoria & Bosman Streets
  Stellenbosch
- Online

WHO SHOULD ATTEND?
All are welcome.

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