Inflation-Linked Derivatives
Inflation Swaps, Asset Swaps, Inflation Caps and Floors

Tullett Prebon Information brings you an independent, global pricing service with extensive market coverage. To open the door to the inflation-linked bond market, call us today.

Inflation-Linked Derivatives are used to mitigate the effects of potential changes in inflation levels by market participants with inflation-linked liabilities and income. Users of these instruments include market-makers who use them to hedge inflation-indexed bonds, corporates who wish to match offset future liabilities (companies with salaries, pension’s liabilities on the inflation receiving side) and firms with inflation exposure such as utility and retail companies on the inflation paying side.

Tullett Prebon Information Inflation Package is an independent global pricing service. The offering includes Inflation-Linked Swaps, Option Caps and Floors (both Zero Coupon and Year on Year) and Asset Swaps, enabling the user to gain access to the vast inflation-linked bond market. All the prices are contributed by our brokerage business.

Inflation Swaps are derivatives used to transfer inflation risk from one party to another through an exchange of cash flows. In an Inflation Swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index or Retail Price Index.

Asset Swaps are swaps where the coupon payment of the inflation-linked bond as well as the redemption pickup (extra notional) at maturity is exchanged for interest rate payments expressed as a premium or discount to LIBOR for the relevant bond coupon period, all dates terminating at the same time.

Inflation Option Caps and Floors are options on the realised inflation, i.e. they pay out if inflation exceeds or drops below a certain level over a specified period of time.

**Extensive coverage**
- Inflation Swaps (Zero Coupons) - Euro HICP ex tobacco, UK PRI, France, Italy, Japan, USA, Germany, Spain
- Asset Swaps (European)
- Option Caps and Floors (Zero Coupons and Year on Year) - Euro HICP ex tobacco, USA, France, UK