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## Two factor mean reverting yield model

created by Thijs van den Berg

$$\begin{aligned}dS &= \mu S dt + \sigma_s S dW_s \\dY &= \lambda(f(S) - Y) + \sigma_y dW_y\end{aligned}$$

$$\begin{aligned}F(t, t) &= S_t \\F(t, T) &= S_t e^{Y_t(T-t)}\end{aligned}$$

A forward curve model with geometric Brownian motion and mean reverting stochastic yield that correlates with the spot.

### Symbol list:

S Spot price

Y Yield

$F(t, T)$  The forward price