21-378 Mathematics of Fixed Income Markets

D. Handron

Week #6 Homework: hint for Problem #2.

For problem #2 on HW#6, the following result will be useful:

If x, y, and z are *distinct* real numbers, then the matrix

$$M = \left[\begin{array}{rrrr} 1 & 1 & 1 \\ x & y & z \\ x^2 & y^2 & z^2 \end{array} \right]$$

is invertible.

This can be seen by computing the determinant of M

$$\det(M) = (x - y)(y - z)(z - x).$$

The determinant is non-zero if and only if the values of x, y, and z are distinct.

The implication of this is that the system of equations $M\mathbf{x} = \mathbf{b}$ has a unique solution for any vector $\mathbf{b} \in \mathbb{R}^3$.