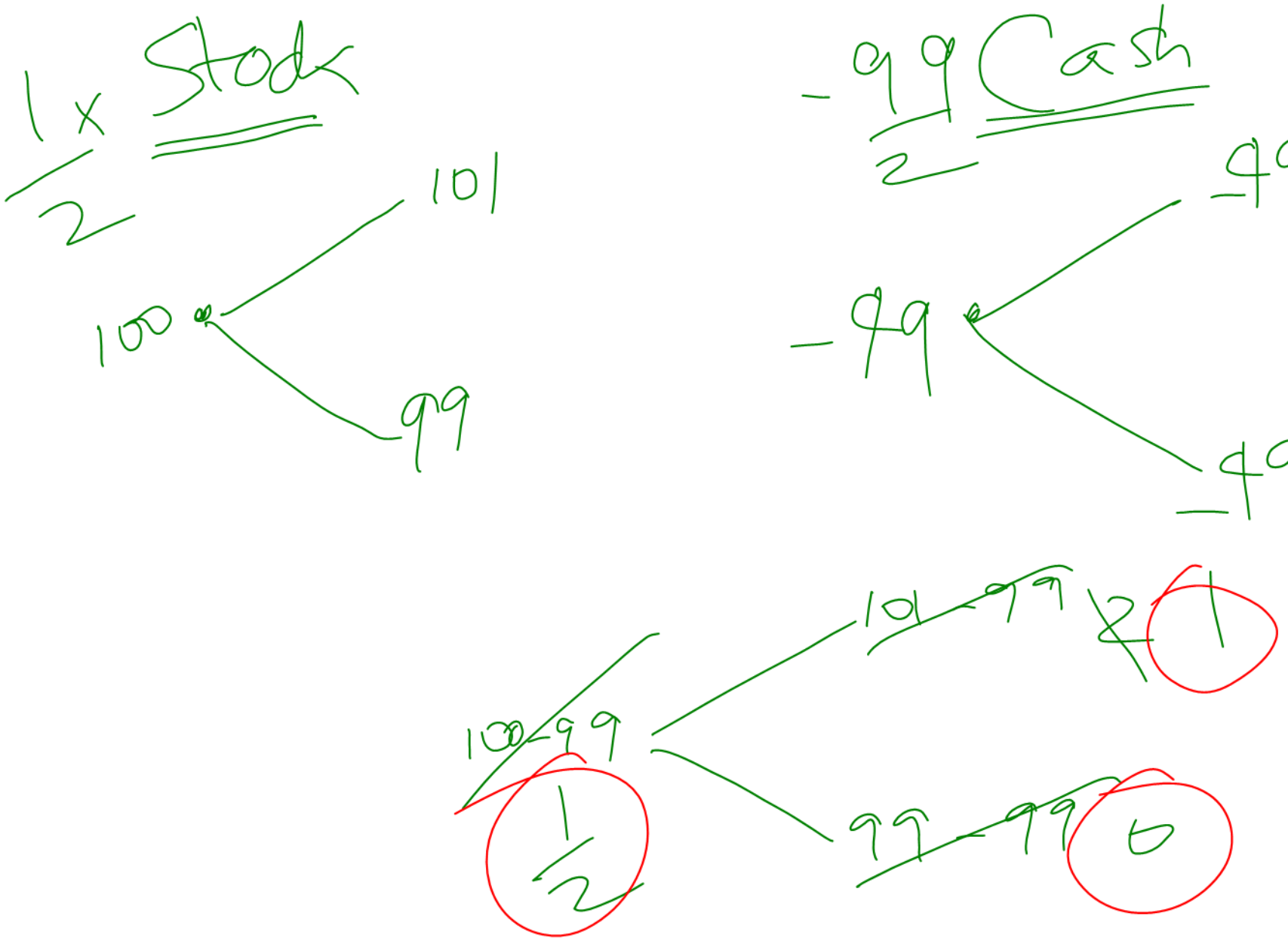
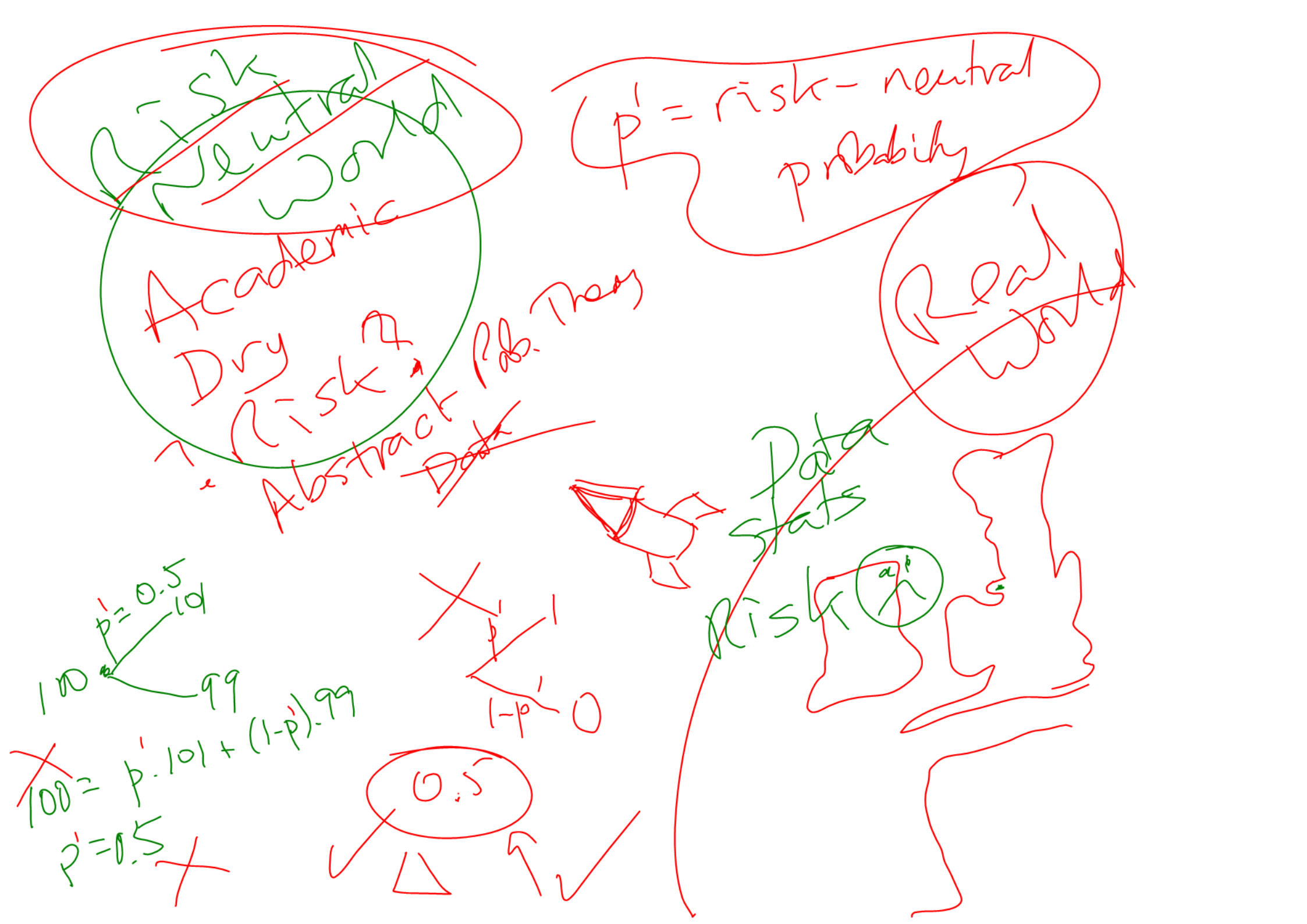
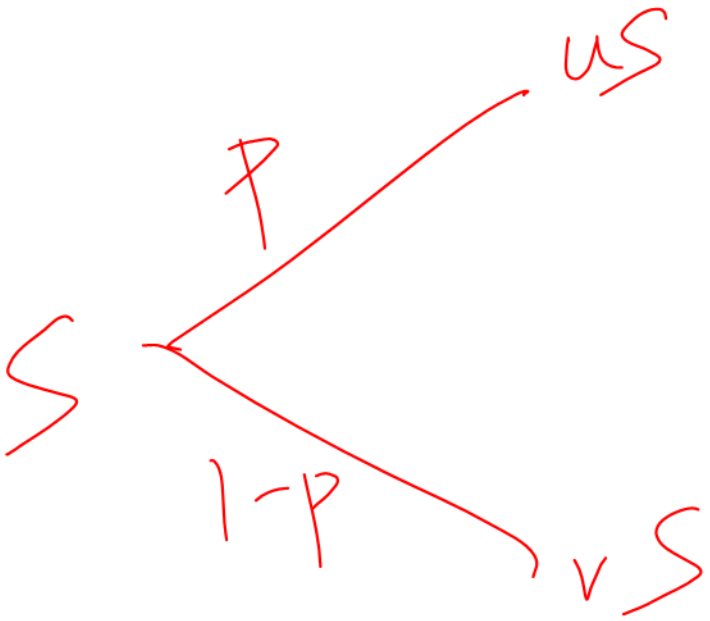

1 x Stock
2
101
100
99
-99 Cash
2
-99
-99
-99
101-99
2
1
100-99
1
2
99-99
0


Risk Neutral World
Academic
Dry
Risk
Abstract Pb. Thing
Data
p' = risk-neutral probability
Real World
Stats
Risk
100
p'=0.5
101
99
100 = p'.101 + (1-p').99
p'=0.5
1
p'
1-p'
0
0.5


v
s



$$pS + (1-p)vS \to S$$

$$= \mu S \delta t$$

$$\longleftrightarrow$$

$$S^2 \left(p\left(u - \left(pu + (1-p)v\right)\right)^2 + (1-p)\left(v - (\ \ )\right)^2 \right)$$