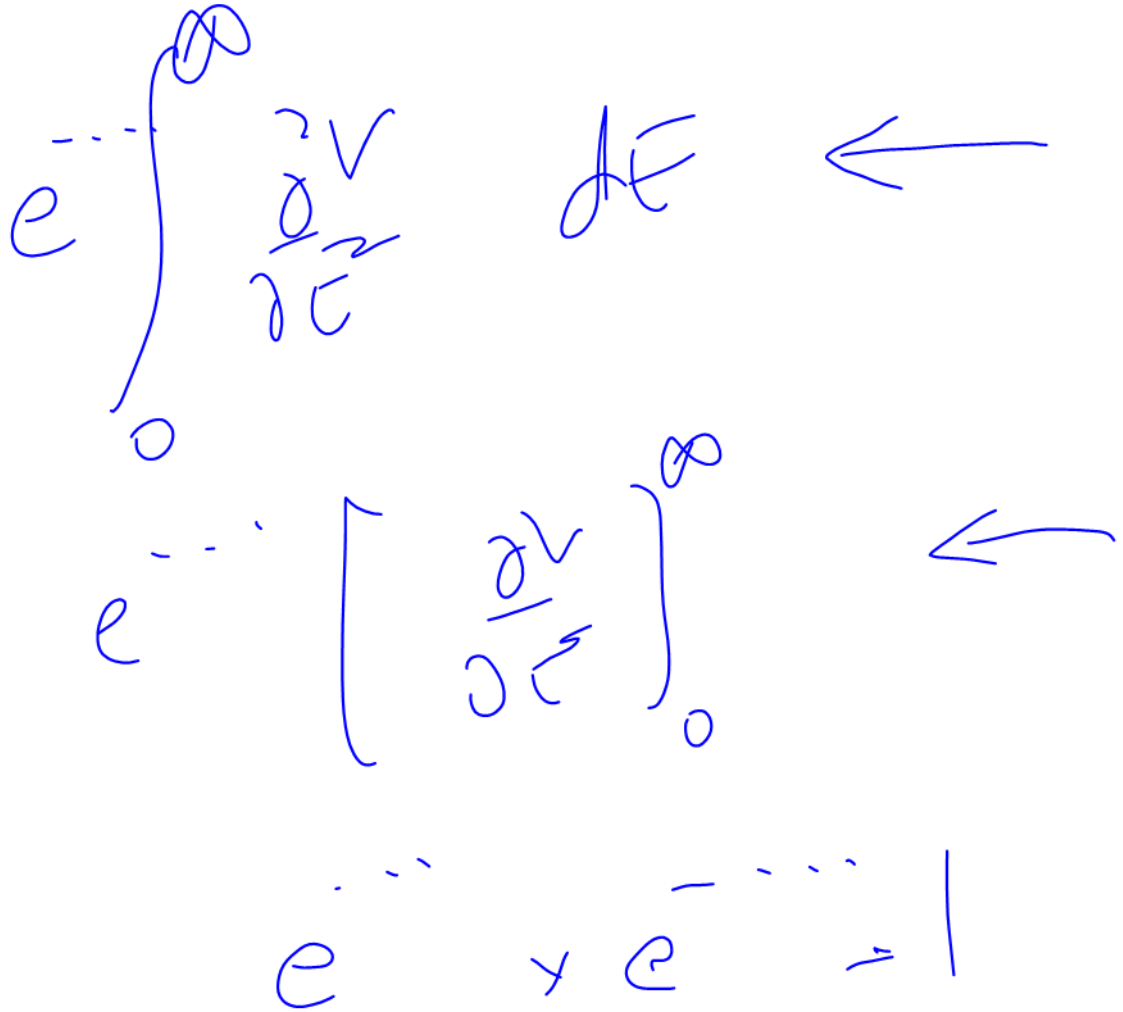
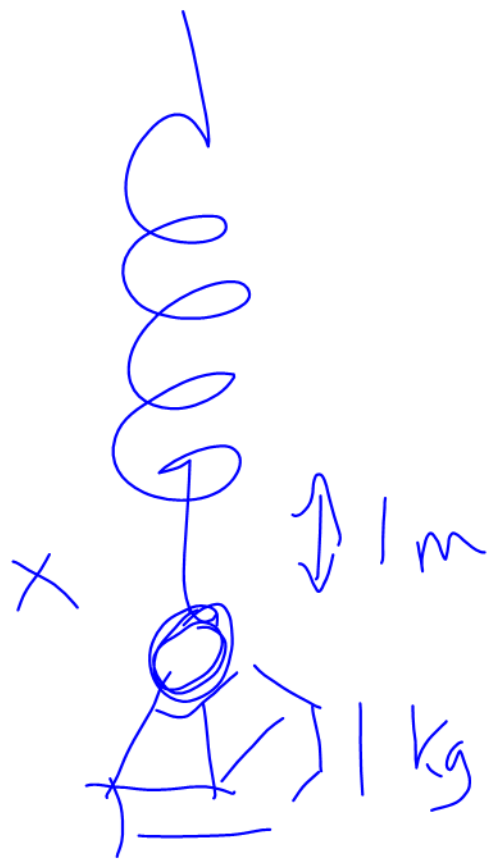
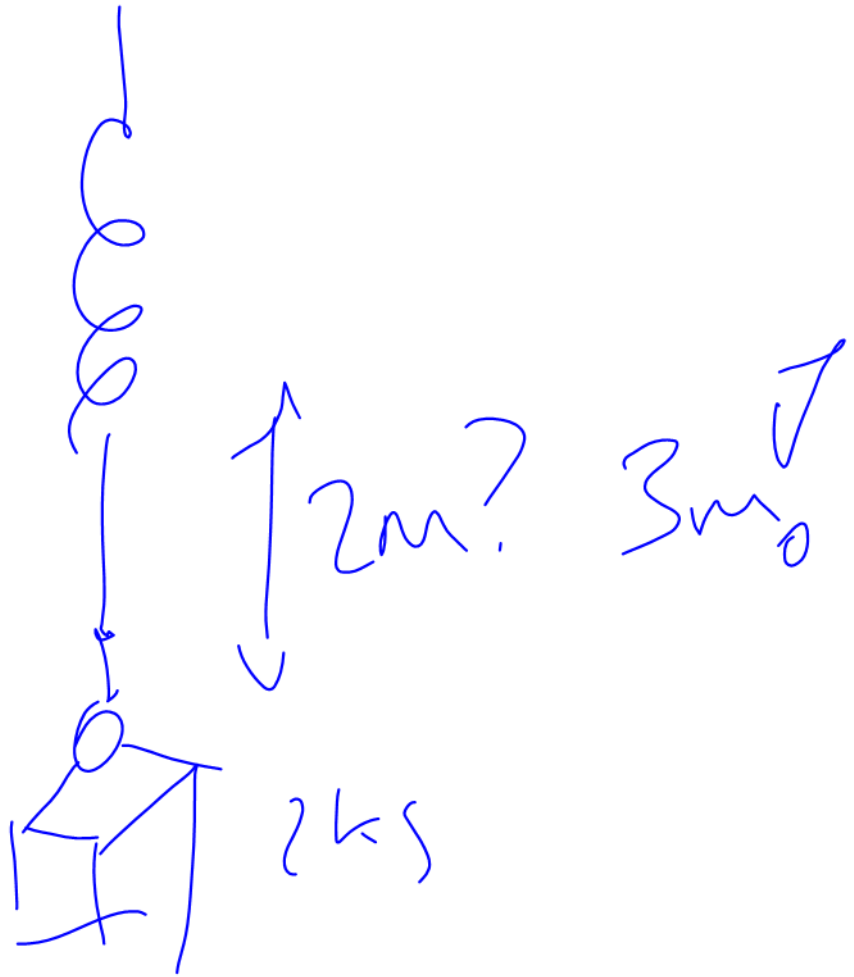


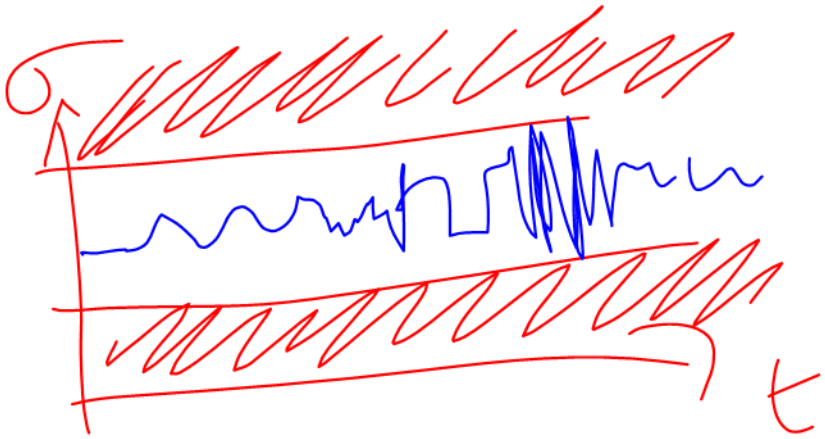


$x \propto W$

$x = 1 \cdot W$



$15 < \sigma < 25$

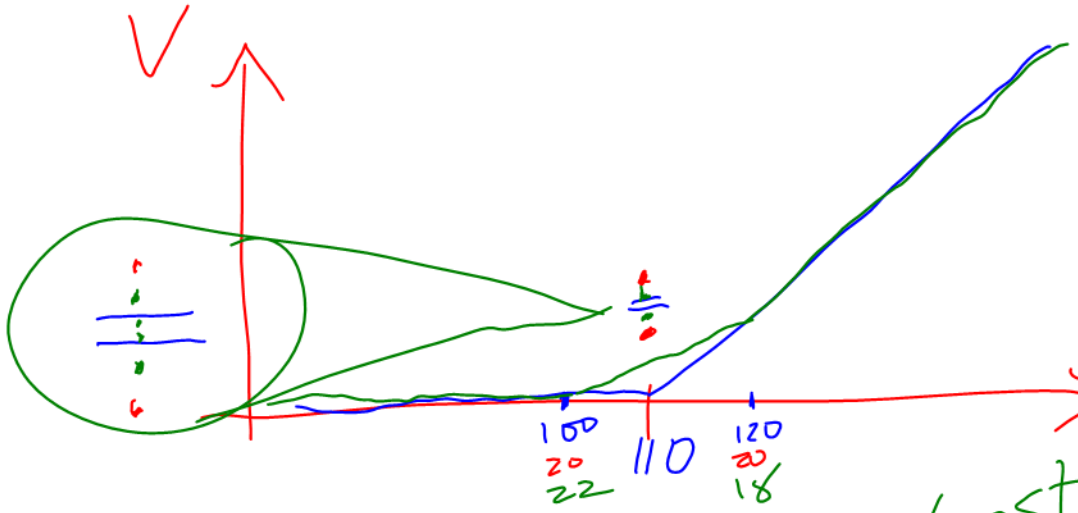


gamma = $\frac{Vold(i+1) - \cdots}{\cdots}$

Vd1 = Vdmin

If gamma < 0 then Vd1 = Vdmax.

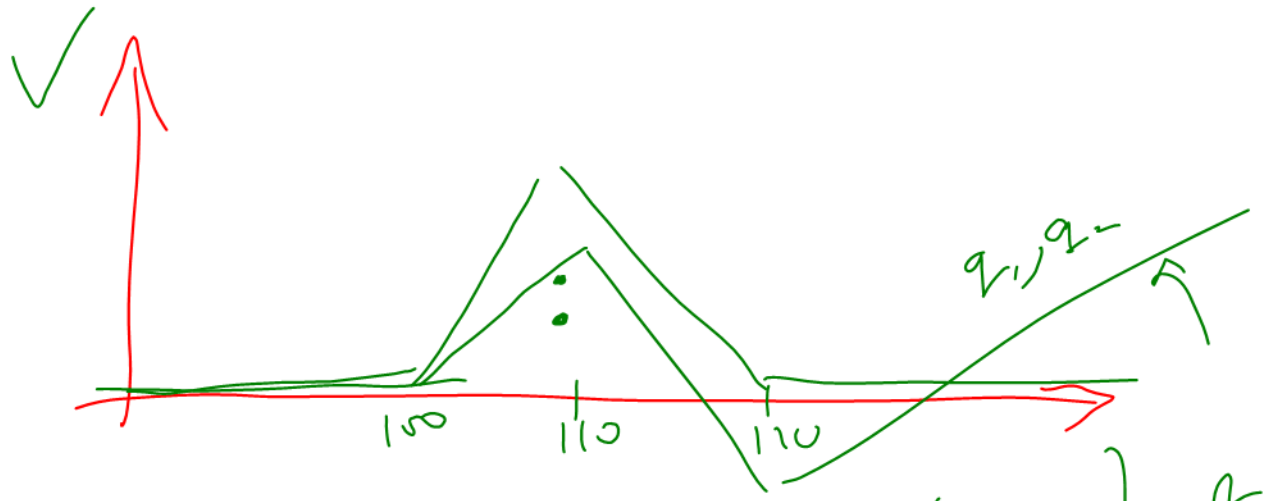
B.S.



$15 < \sigma < 25$

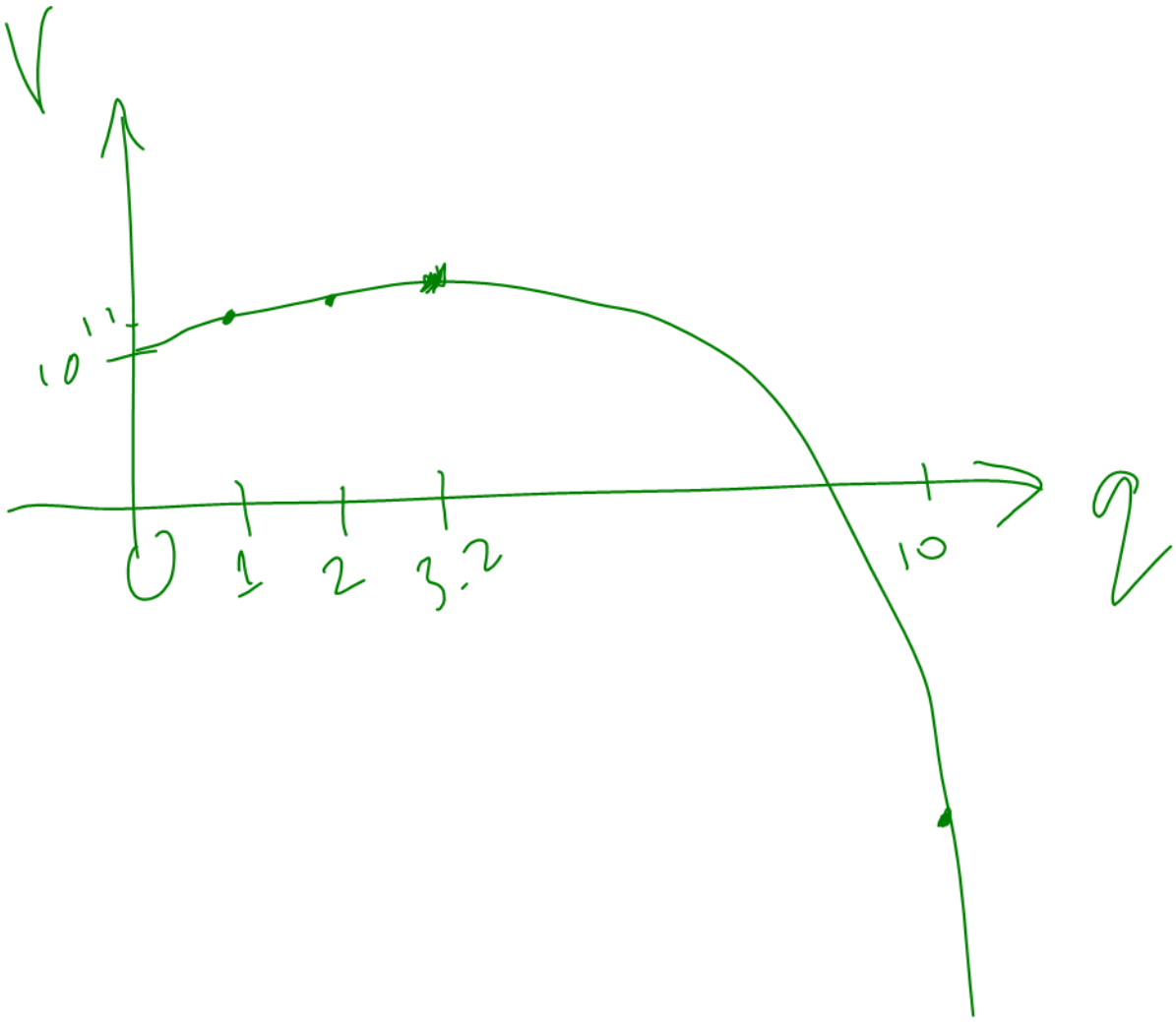
Cost of Static Hedge = q_2

$\rightarrow q_2 \frac{1}{2} \cdot \text{Price}100\text{call} + \frac{1}{2} \text{Price}120\text{call}$



$\sigma^2 \leq \Gamma$

Δ hedge

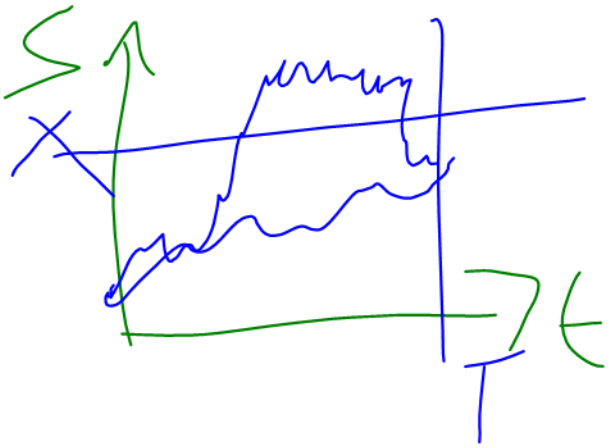


$16 - 5 = 11$

$21.5 - 10 = 11.5$

$\ldots - 100 = \ldots$

1. Sell side.



$\times 10$

$\times 2^{10} + \text{opt}$

2

2. Nonlin ogr. Stoch. vol.

Target f^n

Buy side.