

Help

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#include <stdlib.h>
#include "variancegamma1d_std.h"
#include "math/wienerhopf.h"

#if defined(PremiaCurrentVersion) && PremiaCurrentVersion <
    (2009+2) //The "#else" part of the code will be freely av
    ailable after the (year of creation of this file + 2)
static int CHK_OPT(AP_fastwhamer_vg)(void *Opt, void *Mod)
{
    return NONACTIVE;
}
int CALC(AP_fastwhamer_vg)(void*Opt,void *Mod,Pricing
    Method *Met)
{
    return AVAILABLE_IN_FULL_PREMIA;
}
#else

/*////////////////////////////////////*/
static int wh_vg_american(int ifCall, double Spot,double
    sigma,double theta,double kappa,
    double r, double divid,
    double T, double h, double Strike1,
    double er, long int step,
    double *ptprice, double *ptdelta)
{
double ptprice1, ptdelta1, mu, qu, om;
    double lm1, lp1, num=1., nup=1., cm, cp;

double alfa, beta;
double sig2=sigma*sigma;

    alfa=sqrt(theta*theta+2.0*sig2/kappa)/sig2;
    beta=theta/sig2;
    cp=1.0/kappa;
    cm=cp;
    lp1=alfa+beta;
    lm1=beta - alfa;

    if(ifCall==0)

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    {om=lm1<-2. ? 2. : (-lm1+1.)/2.; }
    else
    {om= lp1>1. ? -1. : -lp1/2.; }

    mu=r-divid+cp*(log(alfa*alfa-(beta+1)*(beta+1)) - log(
        alfa*alfa-beta*beta));

    if(mu<0.0){nup=1; num=0;}
    else if(mu>=0.0) {nup=0; num=1;}

    qu = r + cp*(log(alfa*alfa-(beta+om)*(beta+om)) - log(
        alfa*alfa-beta*beta)) - mu*om;

    fastwienerhopfamerican(3, mu, qu, om, ifCall, Spot, lm1,
        lp1,
        num, nup, cm, cp, r, divid,
        T, h, Strike1,
        er, step, &ptprice1, &ptdelta1);

    //Price
    *ptprice = ptprice1;
    //Delta
    *ptdelta = ptdelta1;
    return OK;
}

//=====
=====
int CALC(AP_fastwhamer_vg)(void *Opt,void *Mod,Pricing
    Method *Met)
{
    TYPEOPT* ptOpt=( TYPEOPT*)Opt;
    TYPEMOD* ptMod=( TYPEMOD*)Mod;
    double r,divid, strike, spot;

    NumFunc_1 *p;
    int res;

    int ifCall;

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r=log(1.+ptMod->R.Val.V_DOUBLE/100.);
divid=log(1.+ptMod->Divid.Val.V_DOUBLE/100.);

p=ptOpt->PayOff.Val.V_NUMFUNC_1;
strike=p->Par[0].Val.V_DOUBLE;
spot=ptMod->S0.Val.V_DOUBLE;
ifCall=((p->Compute)==&Call);

res = wh_vg_american(ifCall, spot,ptMod->Sigma.Val.V_PD0
    UBLE,ptMod->Theta.Val.V_DOUBLE,ptMod->Kappa.Val.V_SPDOUBLE,

    r, divid,
    ptOpt->Maturity.Val.V_DATE-ptMod->T.Val.V_DATE, Met->
    Par[1].Val.V_DOUBLE, strike,
    Met->Par[0].Val.V_DOUBLE, Met->Par[2].Val.V_INT2,
    &(Met->Res[0].Val.V_DOUBLE), &(
    Met->Res[1].Val.V_DOUBLE));

return res;

}

static int CHK_OPT(AP_fastwhamer_vg)(void *Opt, void *Mod)
{
    // Option* ptOpt=(Option*)Opt;
    // TYPEOPT* opt=(TYPEOPT*)(ptOpt->TypeOpt);

    if ((strcmp( ((Option*)Opt)->Name,"PutAmer")==0) || (strcmp(
        ((Option*)Opt)->Name, "CallAmer")==0) )
    return OK;

    return WRONG;
}

#endif //PremiaCurrentVersion
static int MET(Init)(PricingMethod *Met,Option *Opt)
{
    static int first=1;

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    if (first)
    {
        Met->Par[0].Val.V_PDDOUBLE=2.0;
        Met->Par[1].Val.V_PDDOUBLE=0.01;
        Met->Par[2].Val.V_INT2=600;

        first=0;
    }

    return OK;
}

PricingMethod MET(AP_fastwhamer_vg)=
{
    "AP_FastWH_VG",
    { {"Scale of logprice range", DOUBLE, {100}, ALLOW},
      {"Space Discretization Step",DOUBLE,{500},ALLOW},
      {"TimeStepNumber",INT2,{100},ALLOW},
      {" ",PREMIA_NULLTYPE,{0},FORBID}}},
    CALC(AP_fastwhamer_vg),
    {{"Price",DOUBLE,{100},FORBID},
      {"Delta",DOUBLE,{100},FORBID},
      {" ",PREMIA_NULLTYPE,{0},FORBID}}},
    CHK_OPT(AP_fastwhamer_vg),
    CHK_split,
    MET(Init)
};

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References