Source | Model | Option
| Model_Option | Help on ap methods | Archived Tests

ap_bjerksundstensland

This algorithm of approximation of the price of the american option was proposed Bjerksund-Stensland [1].

/* Phi Function/*
Computation of ϕ function. (cf.there).

/* Price Formula/*
Computation of price (cf.there).

/*Price/*

/*Delta/*
To evaluate the delta we use a finite difference method.

/*Put Case/*
The value of the american call is given by the put-call transformation.

$$C(x, K, \theta, r, \delta, \sigma) = P(K, x, \theta, \delta, r, \sigma)$$

References

[1] P.BJERKSUND G.STENSLAND. Closed form aproximation of american options prices. *to appear in Scandinavian Journal of Management*, 1992. Working Paper Norwegian School of Economics and Business Administration. 1