Financial Mathematics classwork (2024/9/26)

Name:

Student ID:

Suppose a stock pays a dividend $*D* after 4 months. The continuously risk-free interest rate is *r*. The underlying asset of the forward contract is stock and the expiration date of the contract is *T* years. Suppose the forward price for *T* = 0.5 and *T* = 1 are $50 and $52 respectively, i.e., 

Calculate 

Solution

