Assignment of Session 8:

A trader wishes to unwind a position of 100,000 units over **EIGHT** days. The dollar bid-offer spread, as a function of daily trading volume q, is $p(q) = a + be^{cq}$ with a = 0.2, b = 0.15, and c = 0.1, and q is measured in thousands. The standard deviation of the price change per day is $1.5. What is the optimal trading strategy for minimizing the 99% confidence level for the cost? What if the confidence level is 95%, 90% and 80%?