$$dr = \alpha(r,t)dt + \beta(r,t)\,dX$$

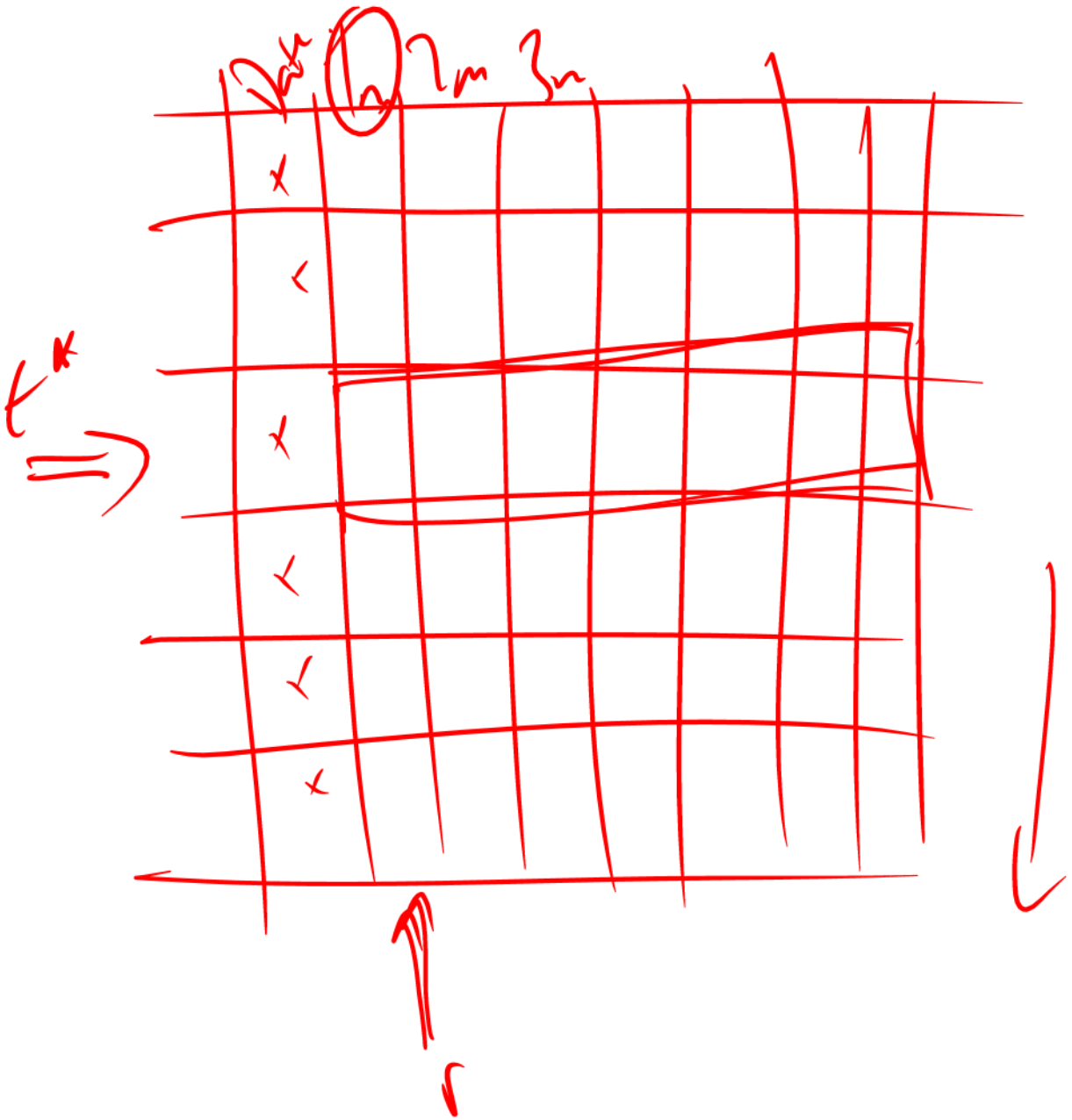
$$\frac{\partial V}{\partial t} + \frac{\beta^2}{2}\frac{\partial^2 V}{\partial r^2} + \alpha\frac{\partial V}{\partial r} - rV = 0$$

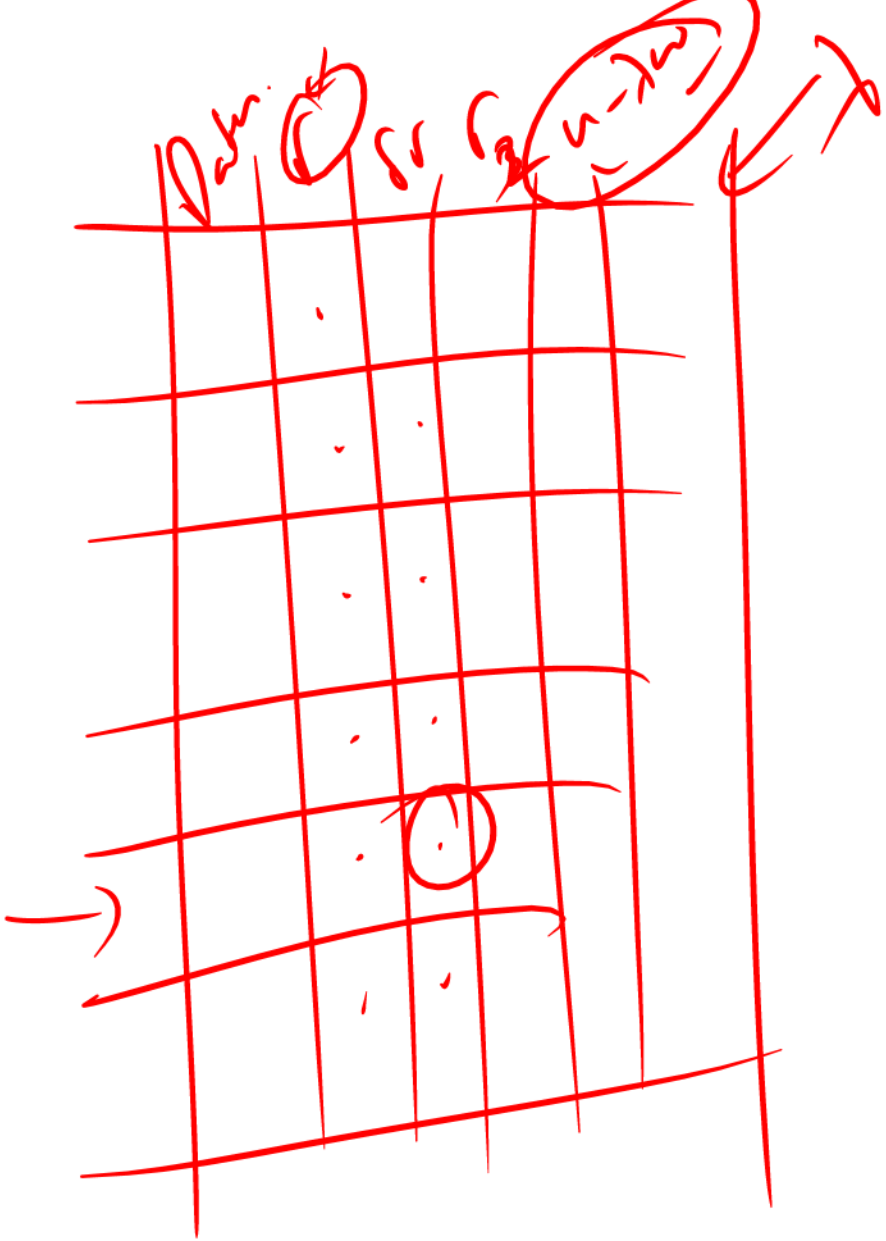
$V(r,T) = 1$

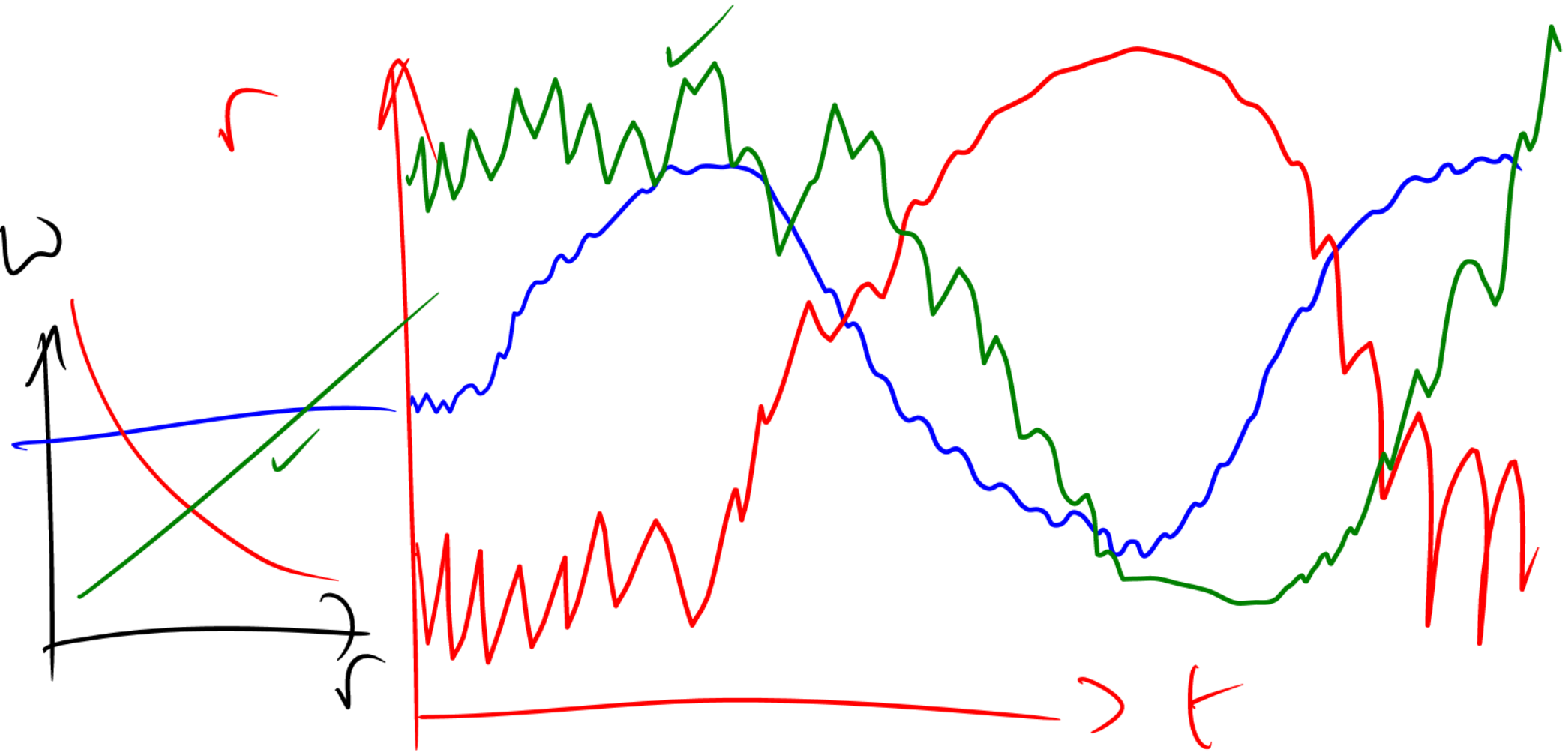
$V = e^{A(t) - B(t)r}$

$\alpha =$ linear in r

$\beta^2 =$ linear in r

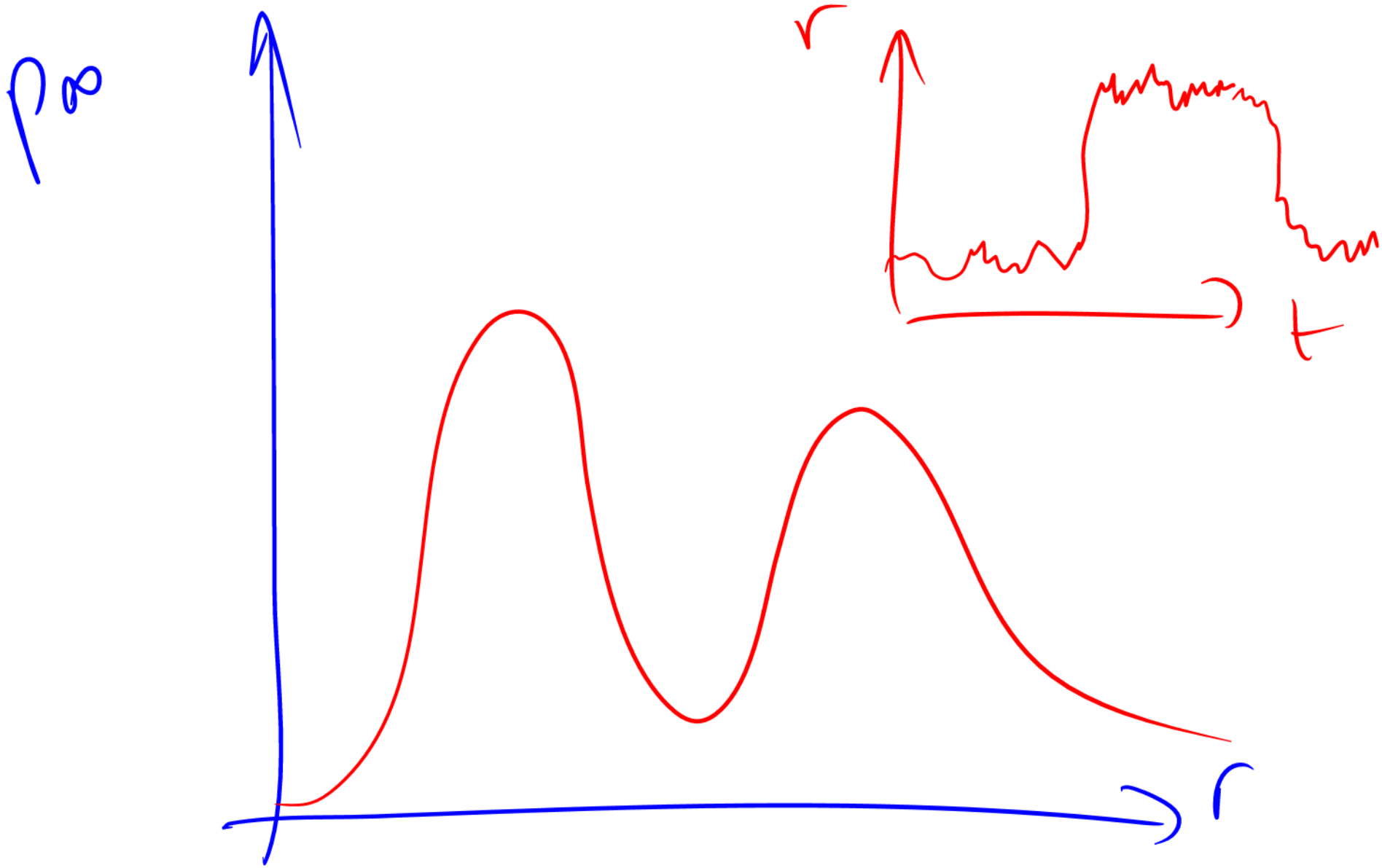


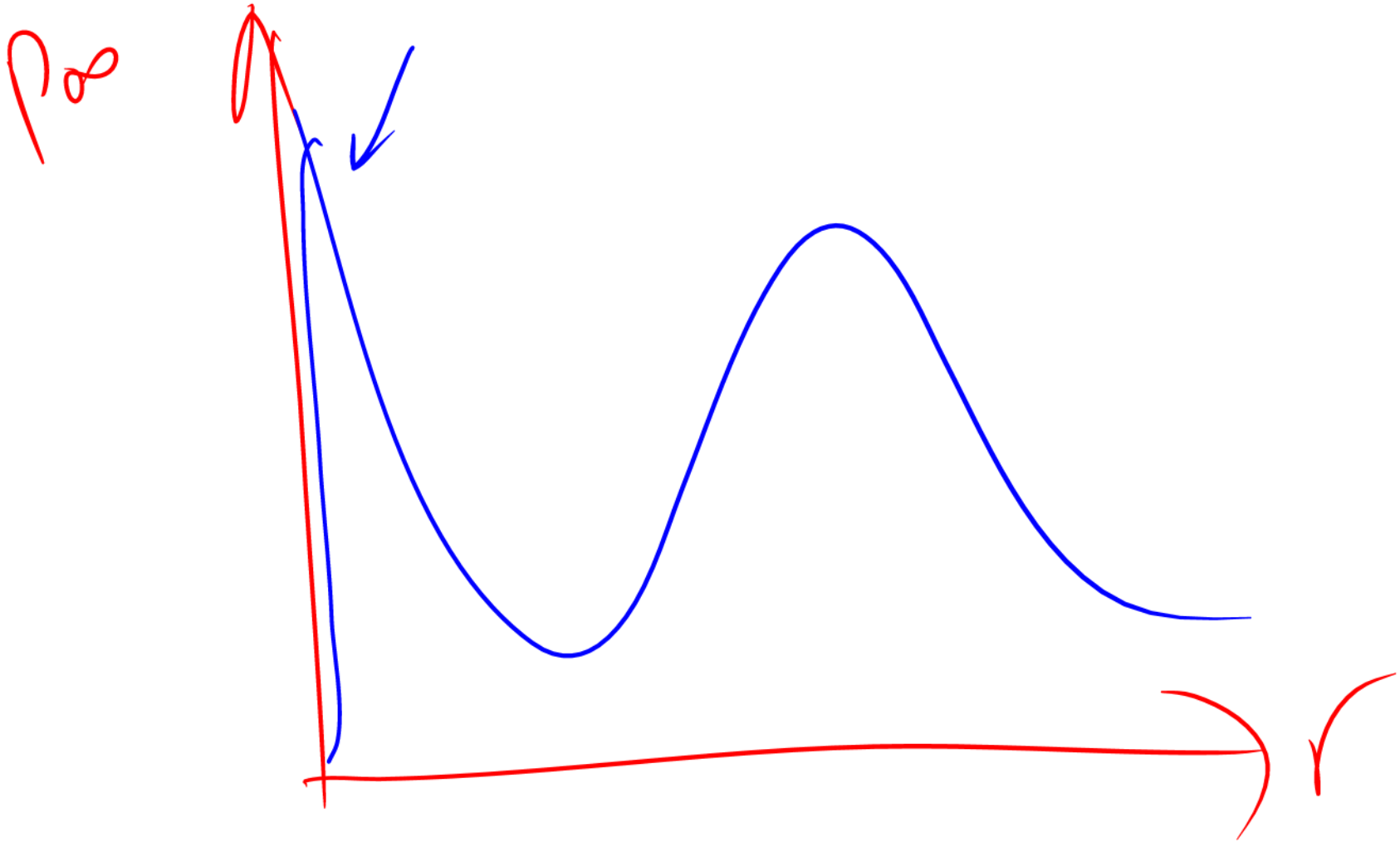



t

$$\Delta s = u(t)\,dt + w(t)\,dx$$

$$E[\Delta s^2] = w^2\,dx^2 + \cdots$$


ρ∞
r
t
r


ρ∞
r

$$\frac{\partial z}{\partial t} + \omega^2(r)\frac{\partial^2 z}{\partial r^2} + (\quad)\frac{\partial z}{\partial r} - r z = 0$$

$$z \sim 1 + a(r)(T-t) + b(r)(T-t)^2 + \cdots$$

$$\frac{\partial z}{\partial t} \sim -a(r) - 2b(r)(T-t) + \cdots$$

$$\frac{\partial z}{\partial r} \sim a'(r)(T-t) + b'(r)(T-t)^2 + \cdots$$

$$\frac{\partial^2 z}{\partial r^2} \sim a''(r)(T-t) + b''(r)(T-t)^2 + \cdots$$

" Fear & Greed in Fixed Income Market "

$$d\lambda = \_\_\_\_\, dt + \_\_\_\_\, dx$$

market Price | Interest Rate risk

Price | market Price | Market risk

Ed Thorp

"A Man for All Markets"

"Beat the Dealer"

Wearable Computer

Black-Scholes formula.

44th.