Exercise for Session 3.3: Black's Model

CQF

- 1. Derive Black's formula for option on a futures by filling out the blanks in slides 94-100;
- 2. Applying the Feynman-Kač formula, deduce the boundary value problem (i.e. PDE and terminal condition) satisfied by the value $V(t, f_t)$ of an option on a futures.