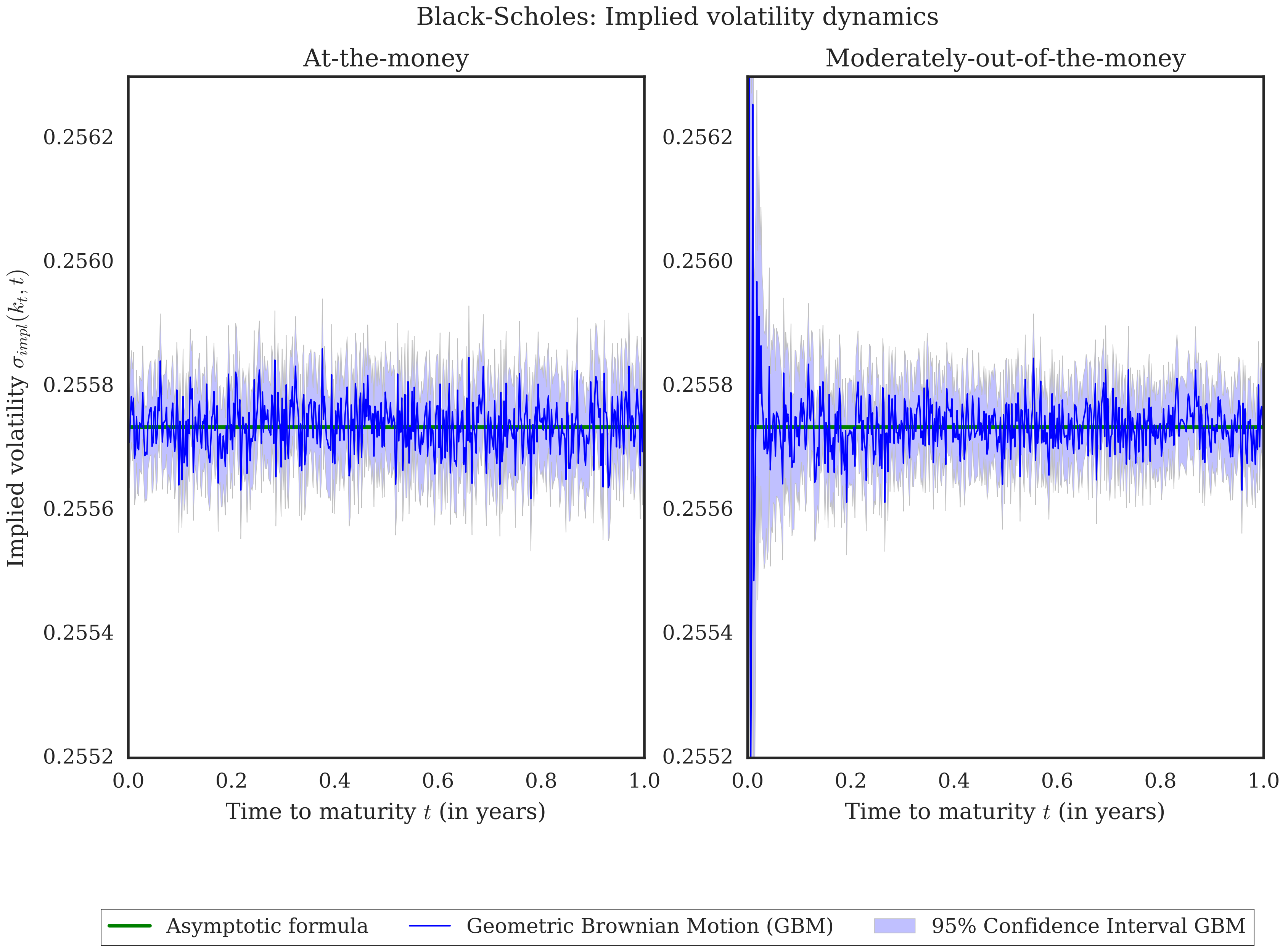

Black-Scholes: Implied volatility dynamics
At-the-money
Moderately-out-of-the-money
Implied volatility $\sigma_{impl}(k_t, t)$
0.2562
0.2560
0.2558
0.2556
0.2554
0.2552
0.0
0.2
0.4
0.6
0.8
1.0
Time to maturity t (in years)
Asymptotic formula
Geometric Brownian Motion (GBM)
95% Confidence Interval GBM