A second solution to the ultimate challenge of financial economics

Soumadeep Ghosh

Kolkata, India

Abstract

In this paper, I describe a second solution to
the ultimate challenge of financial economics.
The paper ends with "The End"

Introduction

In a previous paper, I've described
the ultimate challenge of financial economics, namely:
`Find two discount factors` $f(r_f, p)$ `and` $g(r_f, p)$ `such that`

$$f(r_f, p) = g(r_f, p) \iff (r_f = 0) \wedge (p = 0)$$

In a previous paper, I've described a solution to
the ultimate challenge of financial economics.
In this paper, I describe a second solution to
the ultimate challenge of financial economics.

A second solution to the ultimate challenge of financial economics

Define

$$s(x) = \begin{cases} 1 - x^2 & -1 \leq x \leq 1 \\ 0 & x < -1 \vee x > 1 \end{cases}$$

Then, a second solution to the ultimate challenge of financial economics is:

$$f(r_f, p) = s(p^2 + {r_f}^2) - 1$$

$$g(r_f, p) = 1 - s(p^2 + {r_f}^2)$$

The End