

## **HW1**

MAT 471 E

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**NAME:**

### QUESTION 1

Consider binomial tree model. Suppose that  $n = 120$ ,  $p = 0.4$ ,  $S(0) = 170$ ,  $u = 0.06$ , and  $d = -0.05$ . What do you think of  $S(120)$ ? Use computer for your calculations and graph. Show your work clearly.

HW1 answer should include

1. Matlab / Python / C / C++ code
2. Output
3.  $S(120)$  distribution graph
4. Interpretation / discussion