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Stochastic Optimization problems

1. a. *Any variable indexed by t is allowed to “see” any of the outcomes of our exogenous process , but is not allowed to see*

b. At time t.

1. is the price at time t, is price of a sample path at time t.
3. It’s independent. Decision 𝑥𝑡 can “see” 𝑊𝑡 but not 𝑊𝑡+1.
4. = $42.67

= $43.15

= $43.17

= $43.77

= $41.53

= $43.77

= $43.67

= $43.68

= $43.16

= $42.08

= $43.065

= = 0.583117