Intro to Homework

All calculation and plotting are realized by Macro VB code automatically.

Just adjust initial condition (parameters) in Pricing (Sheet1) and click Run.

Sheet3: 2 trees

You will get Binomial price tree, trinomial price tree in PriceTree (Sheet3).

Sheet2: 4 trees

Binomial option value tree, Black Scholes option value tree, residual tree, Trinomial option value tree in AssetTree (Sheet2).

Sheet1: Results

Moreover there are Greeks, Call/Put Price of three trees, mean square error of (Binomial option price-Black Scholes option price) in Pricing(Sheet1)