FINM 326: Computing for Finance in C++ Lecture 1

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Course Info

Getting Started

The C++ Standard Library: A First Look

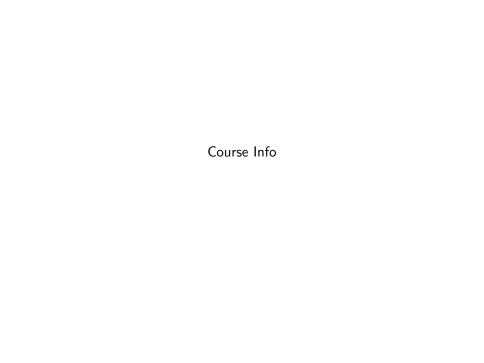
Data Types and Operators

Functions

Appendix

Appendix A: Getting Started with Visual Studio

Appendix B: Getting Started with CLion



- Instructor:
 - Chanaka Liyanarachchi (chanaka@uchicago.edu)

- ► Teaching Assistants:
 - 1. Johnny Roches (jaroches@gmail.com)
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 - 3. Viren Desai (vdd@uchicago.edu)

What We Cover

- ► This course is about using C++ to solve computing problems in Finance.
- ▶ We learn:
 - 1. C++ and related programming concepts.
 - 2. Writing good quality code, using good programming practices.
 - 3. Use them to write applications in finance.
- Target audience:
 - 1. Group 1: No prior C++/programming experience.
 - 2. Group 2: Have some C++ experience, but you want to learn more and improve.
- Tentative course schedule posted. Take a look to make sure this is a suitable course for you.
 - ▶ We won't cover everything about C++ in this course.
 - ► This course will not make you a "professional C++ developer".
 - ► We will build a solid foundation on the fundamentals of programming, using C++.

Why C++?

That was a deliberate policy to have the development of C++ problem-driven rather than imitative. – Bjarne Stroustrup

- ► C++ is very popular and widely used in many application fields, including Finance.
- ► Huge demand for C++ skills.
- Required skill for all, not just programmers.

Course Structure

- ▶ We will learn C++ using a practical and problem-driven approach.
- ► Hands-on and practical course.
- ▶ We learn things step-by-step.

- We use many tools. Each component is important and connected to one another:
 - Lectures and notes
 - Live coding sessions and demos
 - Discussions: This is a discussion oriented class
 - Assignments/homework to practice/experiment what we learn.

Office-hours and TA Sessions and Other Resources

I highly encourage everyone to ask questions.

- Instructor office-hours:
 - Fridays before class (approx. 5 PM CT)
 - Sundays, 6 PM CT (virtual)
- ► TA Sessions (virtual):
 - Saturdays, 6 PM CT
 - Weekday announced later
- ▶ Pl. make use of office-hours, TA sessions as much as possible so we can use the class time efficiently.
- Other resources:
 - ► Fmail
 - Canvas discussion forum

Assignments and Exams

- ▶ 5 Required/graded assignments (each one has equal weight). Graded assignments are to be completed individually.
- Exams (more details to follow, after week 3):
 - ► Mid-term: Feb 3, 6-9 PM CT (Week 5)
 - Final: March 10, 6-9 PM CT (Week 10)
- Should use the concepts discussed in class to get full credit.
- Evaluated based on completeness, correctness, finding the best solution (within what we have discussed), use of correct language constructs, good program design and quality of code.
- Academic honesty: Read: MSFM Academic Honesty Attestation.pdf

Final Grade

Final grade weights:

- 1. Graded assignments 30%
- 2. Mid-term 25%; Final 45%
- 3. Bonus points (up to 3 points max) awarded to encourage active student participation and engagement that improve the learning experiences of all students:
 - Awarded at the instructor's discretion ONLY
 - Participate class discussions regularly, in a meaningful way.
 - Provide (meaningful) feedback regularly.
 - Share relavent interview questions and experiences.

Final Grade cutoffs: per program guidelines

Reference

- ▶ The Internet
 - www.cplusplus.com
 - www.cppreference.com
 - ► Microsoft Developer Network www.msdn.com
 - www.stackoverflow.com
 - and, more ...

- ► Text books NOT required.
- ▶ Following are recommended as sources of further study:
 - 1. C++:
 - ▶ Bjarne Stroustrup (2014). *Programming Principles and Practice Using C++* (2nd Edition). Addison-Wesley.
 - ▶ Bjarne Stroustrup (2013). *The C++ Programming Language* (4th Edition). Addison-Wesley.
 - Stanley Lippman, Josee Lajoie and Barbara Moo (2012). C++ Primer (5th Edition). Addison-Wesley.
 - David Vandervoorde and Nicolai Josuttis. C++ Templates -The complete guide. Addison-Wesley.
 - 2. C++ Standard Library:
 - Nicolai M Josuttis (2012). The C++ Standard Library (2nd Edition). Addison-Wesley.
 - 3. Good practices:
 - ► Scott Meyers (2005). *Effective C++*. Addison-Wesley.
 - ► Herb Sutter (2000). Exceptional C++. Addison-Wesley.
 - 4. Finance:¹
 - John Hull. Options, Futures and Other Derivatives. Addison-Wesley.

¹This book covers finance theory of applications we use in this course.



Programming Environment

- We use Visual Studio on Windows as our primary programming environment:
 - 1. Highly user friendly and feature rich programming environment suitable for the beginner and experienced programmer, alike.
 - 2. Free.
 - 3. Works on Windows (Most popular O/S among our students).
- We use CLion (works on Windows/Linux/MacOS) as a secondary environment.
- Other development environments (e.g. Xcode) are not discussed. If you decide to use any other development environment, you have to learn it on your own.

Obtaining Software

- Visual Studio 2022 (Community version): https://visualstudio.microsoft.com/downloads/
- CLion: https://www.jetbrains.com/clion/download/
- See Annoucements for details.
- ► Need help? Contact the TAs.



Getting Started

- Creating/writing an application using CLion/Visual Studio involve:
 - 1. Create a project and write code
 - Organize code (a project/program may use more than one source file)
 - 3. Build the application
 - 4. Run the application
 - 5. Test to make sure it is working correctly
 - 6. Debug the application
- We will learn how to do these steps next...

Getting Started: Hello World Program

- We will create a very simple project/program to illustrate how to use Visual-Studio/CLion.
- ► The program below writes a message, "Hello, World!", to console:

```
#include <iostream>
int main()
{
    std::cout << "Hello, World!" << std::endl;
    return 0;
}</pre>
```

Our First C++ Project

- ► First, we create, build and run this program in Visual Studio/CLion.
- ► After that, we will explain this program step-by-step and learn C++.
- Steps for Visual Studio are shown in Appendix A; CLion in Appendix B.

Exercise

- 1. Use the steps shown above to create an application/project in Visual Studio/CLion.
- 2. Code *Hello World* example. **NOTE:** C++ is case sensitive
- 3. Build the application.
- 4. Run it.
- 5. Change the program to print a different message to Console.

Hello, World Program: Line by Line

int main()

- main() is a special function.
- lt is the program entry point.
- Every application/program should have:
 - ▶ a main().
 - we can have only one main().
- We do not pass any arguments to this function.
- This function returns an integer (int) value.
- ► Note: We can have two different function signatures for main function:
 - 1. int main()
 - int main(int argc, char* argv[]). We will discuss the use of the second function signature later.

The line below shows the body of our main function.
{
 std::cout << "Hello, World!" << std::endl;
 return 0;
}</pre>

- ▶ A function body starts with { and ends with }.
- Body has 2 statements; each statement ends with a semicolon (";").
- First line writes a message, "Hello, World!", to console.
- ▶ Here we use some *features* from the C++ Standard Library.
- ▶ After that, the main() returns 0 (an integer value)².
- ▶ We use the return to return from a function. More on this later.

²We don't have to return a value in main function. Return 0 (zero) is implied.



The C++ Standard Library

- ► The C++ Standard Library is a collection of very useful features.
- ► Today, we briefly look at the features we use in our first *Hello World* example.
- ► The Standard Library is divided into several *sections* (more precisely headers), based on functionality.
- Each header has a name.
- ► We need to *include* the appropriate header in order to have access to its components.
- ► The functionality to handle output to console is defined in the iostream header.
- ➤ To include it, we type: #include <iostream>
- ► We use *angle brackets* to include a header not in our project, e.g. a header from the Standard Library. More on this later.

The Standard Input and Output

- Terminology:
 - ▶ Input: a sequence of byte flow coming into the computer memory from an input device (e.g. keyboard, file).
 - Output: a sequence of byte flow from the memory to an output device (e.g. console, file).
 - Stream: a sequence of characters (bytes) read from an input device or written to an output device.
- ► The iostream section of defines objects to read and write a stream to Standard I/O channels:
 - ▶ cin
 - cout
 - and more..

Standard Output

cout (pronounced as see-out):

- Known as the standard output.
- Attached to the standard output device, which usually is the console
- Uses the stream insertion operator, <<:
 cout << "Hello, World";</pre>

Standard Input

cin (we pronounce it as see-in):

- ► Known as the **standard input**
- Attached to the standard input device, which usually is the keyboard
- Uses the stream extraction operator (>>), to read a stream from the standard input:

```
int x;
cin >> x;
```

Namespace

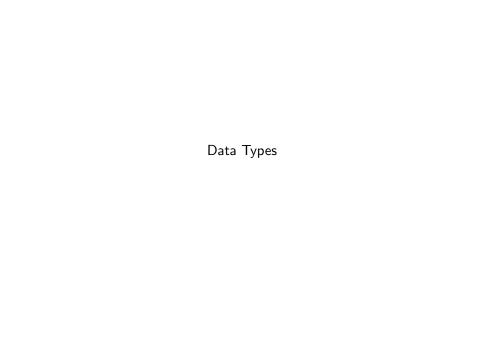
- Namespaces allow us to group functions and classes using a name.
- ▶ Names (functions, classes) in the C++ Standard Library are defined in the std namespace.
- ▶ We have to use the fully qualified name to use them.
- Example: We saw the use of std::cout.
 - std is the namespace.
 - :: is the scope resolution operator in C++.
 - cout is the object in this case.

Using Namespaces

- Having to write the namespace every time we use a function is a bit cumbersome.
- There are different ways to overcome this problem.
- Technique 1: qualify individually, e.g. cout to mean std::cout
 #include <iostream>
 using std::cout;
 using std::endl;
 int main()
 {
 cout << "Hello, World!" << endl;
 }</pre>

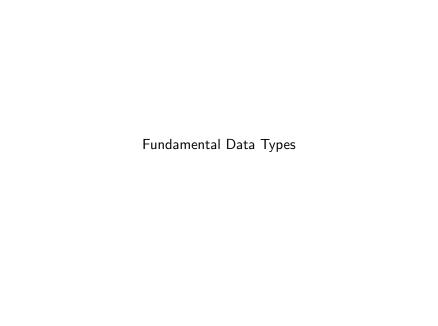
Technique 2: allows us to access all names from std
namespace
#include <iostream>
using namespace std;
int main()
{
 cout << "Hello, World!" << endl;
}</pre>

- ▶ If we're not careful, the second technique can lead to name clashes in large programs (where the same name is used in more than one namespace, example later).
- ▶ I encourage everyone to use the first technique.
- Note:
- I may not show every namespace in subsequent slides after they are introduced.
 - ► E.g. From now on, I will just write cout (without using std::cout).



Data Types

- ► We write programs to handle/manipulate data.
- We use variables to store data.
- ► In C++:
 - Every variable has to have a type.
 - ▶ The type of the variable has to be declared before it is used.
 - Once a type is assigned to a variable, it cannot be changed.
- ▶ Data types in C++ belong to two main categories:
 - 1. Fundamental data types
 - 2. User defined data types
- ► Fundamental data types are defined in the C++ language.
- ► C++ also allows the user to define types (classes).



Numerical Types

- Numerical values can be whole or real numbers: e.g. 1 or 1.2
- For whole numbers we have several types:
 - short: uses 2 bytesint: uses 4 bytes
 - long: at least 4 bytes
- Signed and unsigned:
 - unsigned types can store positive numbers only
 - signed types can store both positive and negative numbers

Type	Size (Bytes)	Value Range	
unsigned short	2	0 to 65,535	
short	2	-32,768 to 32,767	
unsigned int	4	0 to 4,294,967,295	
int	4	-2,147,483,648 to 2,147,483,647	

- ► For real numbers we have two types (in C++):
 - ► float : uses 4 bytes
 - ▶ double : uses 8 bytes
- As a result, max and min values each can store are different.

	Туре	Size (Bytes)	Value Range
ĺ	float	4	\pm 3.4 $E^{\pm 38}$
	double	8	\pm 1.7 $E^{\pm308}$

- We can use them to store both negative and positive real numbers.
- Remember: only a very few real values can be stored exactly.

More Types

- ► Type to hold a true/false (flag) value
 - ▶ bool
- Type to hold a single character
 - char
- Reference: https://docs.microsoft.com/en-us/cpp/cpp/data-type-ranges?view=msvc-170
- ► Type to store a string of characters
 - std::string
 - std::string is NOT a fundamental data type
 - ▶ defined in the C++ Standard Library
 - defined in the string header (<string>)



Operators for Fundamental Data Types

Listed below are some operators defined for fundamental types:

```
Assignment operator (=) :
  a = 5; //a is an int
  b = 1.5f; //b is a float
  c = 1.4; //c is a double
  d = 'a'; //d s a char
  e = true; //e is a bool
\blacktriangleright Arithmetic operators (+, -, *, /):
  a = a + 1;
  b = b - 1.2f;
  c = c * 2.1;
  c = c / 2.2;
\triangleright Comparison operators (<,>,<=,>=):
  a > 3:
  a < 3:
  a >= 3;
  a \le 3:
```

Comparison operators return a bool (true/false) value.

- ► Equality (==):
 - a == 3:
- ▶ Non Equality (! =) :
 - a != 3:
- ► Logical AND (&&) : Returns true if both operands are true; false otherwise³
 - a == 3 && d == 'a';
- ▶ Logical OR (||) : Return true if either or both operands is true; false otherwise
 - a == 3 || d == 'a';
- ▶ Modulo % (to find the remainder from integer division):
 - int x = 7 % 3;

³https:

Operators: Short-cuts

We have some short-cuts; e.g. For an int value i:

Increment:

```
i++; // same as, i = i+1;
i += 17; // same as, i = i+17;
```

Decrement:

```
i--; // same as, i = i-1;
i -= 21; // same as, i = i-21;
```

Multiplication:

```
i *= 13; // same as, i = i*13;
```

Division:

```
i \neq 42; // same as, i = i/42;
```

Prefix and Postfix

 $\mathsf{C}++$ supports prefix and postfix increment and decrement operators.

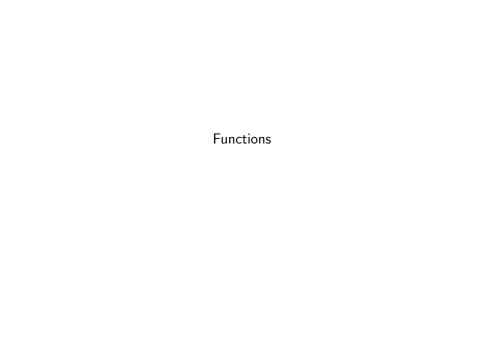
- Postfix:
 - increment x and return old x:

```
int x = 3;
int y = x++;
```

- ▶ now, y == 3 and x == 4
- Prefix:
 - increment x and return new value

```
int x = 3;
int y = ++x;
```

ightharpoonup now, y == 4 and x == 4



C++ Functions

- We saw the main() function every application has to have a main().
- We do NOT write the entire program in the main function.
- It is easier to solve a problem by breaking it up into smaller tasks/functions:
 - ▶ We write a function to do a certain task.
 - Combine functions to solve the problem.
- Using functions has several advantages.

- First, let's learn how to write functions in C++.
- Example: we can write a function to display a greeting message on the screen:

```
void DisplayGreeting()
{
    cout << "Hello World!" << endl;
}</pre>
```

- ► A C++ function:
 - has a name
 - takes zero or more arguments
 - does something in the function body
 - returns some value of a certain type
 - if a function does not return anything, its return type is void

Functions: Example 1

Our first function writes the greeting, "Hello World!" to the screen:

```
void DisplayGreeting()
{
   cout << "Hello World!" << endl;
}</pre>
```

▶ We can call this function from the main() or any other function:

```
int main()
{
    DisplayGreeting();
}
```

Functions: Example 2

How would you write a function to add two integers?

```
int add(int a, int b)
{
  return a+b;
}
int main()
{
  int result = add(2, 3);
  cout << " Result :" << result << endl;
}</pre>
```

Functions: Advantages

- 1. Better/simpler solution: divide the problem into smaller tasks.
- 2. Better code structure: improve readability/clarity.
- Reuse: once a function is written, we can use it any number of times.
- 4. Maintainability: we write a function once, if we want to make a chance, fix a bug, we can do it just in one place.
- 5. Type safety (avoiding type related errors):
 - Types of arguments must be compatible with the types declared in the function.
 - Program will not compile if there's a mismatch.

Parameter Overloading

- Overloading allows 2 or more functions to have the same name:
 - they must have different input argument types
 - they cannot differ only by the return type
- Allows us to write more than one method to do some task in a different way, using different inputs.
- For example, we can write another add() function as:

```
double add(double a, double b)
{
  return a+b;
}
```

Implicit Type Conversions

Suppose we have the following function (i.e. it is the only add function we have):

```
double add(double a, double b)
{
  return a+b;
}
```

▶ What happens if we use it to add two integer values:

```
int main()
{
   int x = 2;
   int y = 3;
   cout << add(x, y) << endl;
}</pre>
```

Question: does this program compile (build)?

- Now, suppose we have the following function (i.e. it is the only add function we have): int add(int a, int b)

 - int main()
 - double x = 2.2; double y = 3.3; cout << add(x, y) << endl;</pre>

Will this program compile (build)?

return a+b;

What happens if we use it to add two double values:

Casting

- Explicit type conversions are known as casting.
- C++ supports several types of casts (known as named casts).
- We'll look at static_cast now:
- What's the result from integer division below? int a = 3, b = 2; cout << a / b << endl:</p>

- We must explicitly convert at least one operand to a real value to get the correct answer.
- static_cast:

 - Used to force conversions, e.g. int->double

 - int a = 3; int b = 2;

static_cast returns a double value in this example.

- - cout << static_cast<double>(a) / b << endl;</pre>

The const keyword

- ► The const keyword is used to define a constant value (i.e. value does not change):
 - clearly communicates the intent to the reader
 - prohibits unintentional changes
- If you try to change the value of a const member, the compiler catches it.

```
const int pi = 3.14;
```

```
pi = 4.5; <= This is an error, compiler will catch this error
```

Following notation is also equally correct: int const pi = 3.14;

- ▶ This is another example of the benefits of type safety in C++.
- ▶ We will discuss more use cases of the const keyword later in the course.

Type Alias

- We use type aliasing to define more meaningful names for existing types (i.e. type aliasing) to make code:
 - 1. clear and readable
 - 2. less error prone
- Consider the function declaration below which calculates the Black Scholes price of an Option.

```
double CallPrice(double s,
double k,
double r,
double v,
double t):
```

- Error prone: it is not clear what the arguments are
- Instead, we can use a type alias:
 - 1. typedef
 - 2. using
- typedef:

```
typedef double StockPrice;
typedef double Strike;
typedef double Expiration;
typedef double Rate;
typedef double Volatility;
```

```
using:
using StockPrice = double;
using Strike = double;
using Expiration = double;
using Rate = double;
```

using Volatility = double;

► Now we can write:

double CallPrice(StockPrice s,
Strike k,
Expiration t,
Rate r,
Volatility v);

▶ This is an example of writing "clear and readable" code.

Comments

- ▶ We can write comments using C style or C++ style.
- C Style:

```
/* This is a C-style comment.
    Useful when we comment ...
    more than one line.
*/

C++ Style:

// This is a C++ style comment
// Each line has to be commented ...
// when we use this style.
```

Use good comments to improve readability and clarity.

.cpp Source and *.h Header Files

- In practice we never write all code in one file:
 - Difficult to read a very large file (with thousands of lines of code)
 - Doesn't promote reuse
 - Build process takes longer
- Solution is to use separate files:
 - .cpp source files
 - .h header files

- Let's use the add functions as an example:
 - We will implement the add() functions in a separate file, let's name it Add.cpp.
 When we move the add functions to a new file our program
 - won't build.
 The main() function doesn't know about the add() functions.
 - The main() function doesn't know about the add() functions
 We need to declare a function before we can use it in another source file
 - We could add the following two declarations before we use them in main: int add(int, int);
 - double add(double, double);
 It works, but this solution is not ideal: it requires us to ha
 - It works, but this solution is not ideal: it requires us to have these declarations in every file we use them.

- ▶ Proper C++ way:
 - ▶ Write the function declarations in a header file (e.g. Add.h):
 - int add(int, int);
 double add(double, double);
 - Include it in source files, using #include preprocessor directive:
 - #include "Add.h"
 - ▶ We use " " to include headers in the same project.

C++ Build Process

C++ build process uses several steps:

- 1. Preprocessing:
 - Uses the preprocessor
 - ► The preprocessor handles the preprocessor directives (e.g. #include)
 - ► The output of this step is a C++ file without preprocessor directives

2. Compiling:

- Uses the compiler.
- Checks syntax.
- Checks type safety.
 - Does other things (e.g. implicit type conversions). More on this later.
 - ► Can do computations (we won't discuss this topic in this course, but we will talk about it in my HPC course).
 - Each .cpp file is compiled to create an object file (.obj).

3. Linking:

- Uses the linker
- ► Creates the executable (.exe) file using the object files

- We can have build errors in each stage.
- ► Having an idea about each stage will help us fix build problems (more on this later).

Lecture 1: Key Points

- Creating a project, using .h and .cpp files to structure code
- Fundamental types and operations.
- ► Functions.
- Writing clear/readable code.
- Build process first look.
- Understand (some) things compiler can do.
- Should pay attention to warnings.
- How to submit an assignment.

Assignment 0 (Submission Optional)

Goals:

- 1. To make sure everyone has a C++ development environment.
- 2. Learn the proper structure of a C++ program.
- 3. Use fundamental types, operators and functions.
- 4. To make sure everyone knows how to submit an assignment.

Problem:

- 1. Write a function to add two integers.
- 2. Read any two integer values from the keyboard.
- 3. Add them using the function you wrote.
- 4. Write the result to console.

Submission steps:

- ► Clean the solution using *Clean Solution* under *Build* tab (in Visual Studio/CLion).
- Compress (e.g. zip on Windows) the folder containing the project.
- ► Use Assignments -> Assignment 0 link in canvas to upload the compressed/zipped file.

- ▶ Pl. use following guidance on how to name your solutions:
 - Visual Studio users: Name the solution using the following format. "Lastname_Firstname_Assignment#".
 - CLion Users: Name the project using the following format.
 "Lastname_Firstname_Assignment#".
- ► This is not a requirement, but it helps TAs sort all of the source code that gets submitted.

► Individual Assignment.

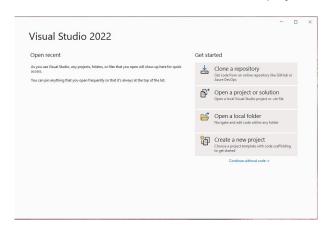
▶ Points: 0 (Zero)

- ▶ Due: January 13 by 6 PM (Central Time).

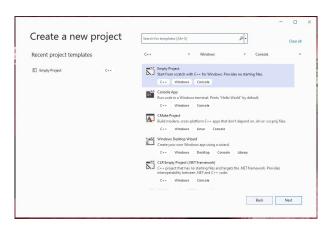
Appendix A: Getting Started with Visual Studio

Steps

- Step-by-step instructions to create an application are shown below.
- ▶ Start Visual Studio. Select Create a new project.

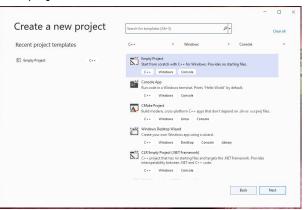


► Select "C++" -> first and then "Empty Project"

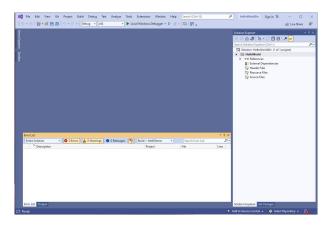


Enter:

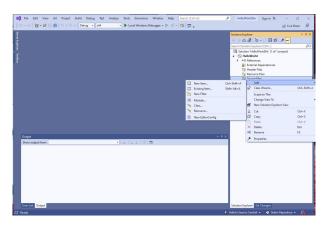
- 1. (project/application) name
- 2. directory location for the project
- 3. solution (place holder for one or more projects) name for the project.



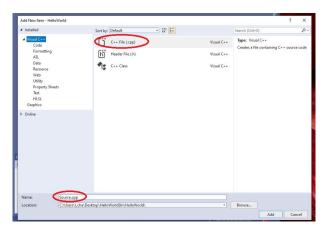
▶ We have a new Solution with 1 project.



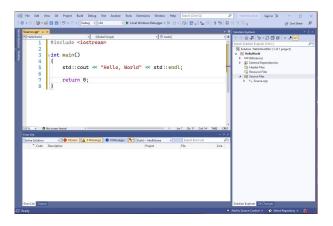
- Let's add a new source file to the project so we can write code.
- Right click on the "Source Files" folder or the Project name on the Solutions Explorer.
- ► Select, Add -> New Item



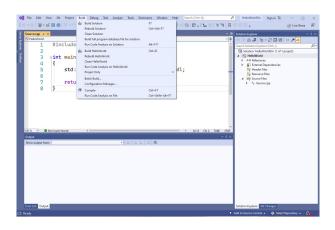
- ► Select **C++ File**
- In large projects we name the source files appropriately (more on this later). For this tutorial the default of Source.cpp is just fine. Click Add button.
- Now you have a empty cpp file.



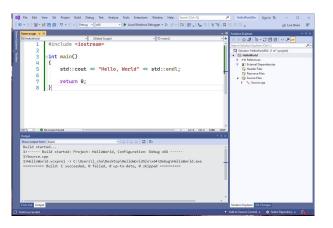
- You may type code, or copy and paste code below:
- ▶ If you type, note that C++ is a case sensitive language.



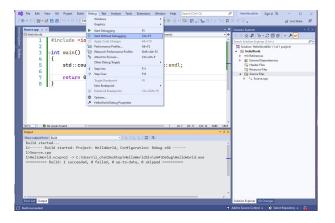
Next step is to build the project. Select, Build -> Build Solution.



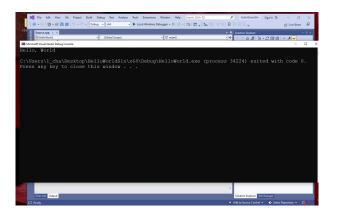
▶ Make sure the program builds successfully.

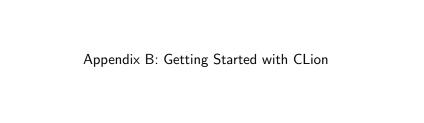


► To run, select Debug -> Start Without Debugging

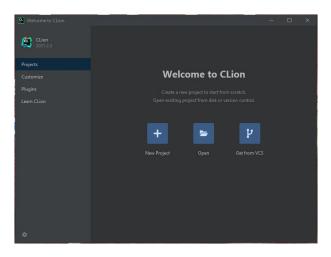


▶ You'll see the greeting message on Console.

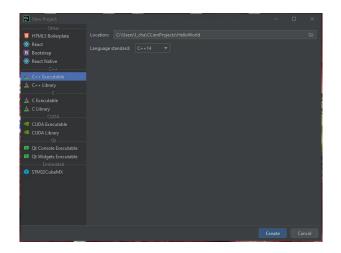




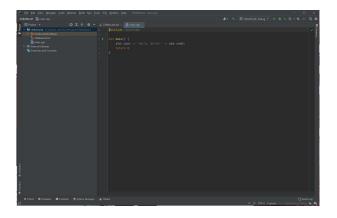
▶ Open CLion IDE.



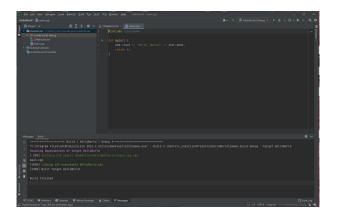
- ► Select "C++ Executable" project type.
- ► Select a location for the project.



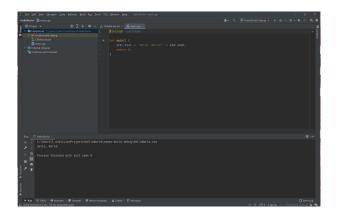
▶ CLion by default includes code for Hello-World example.



▶ Build the project. Make sure it builds.



- And, run it.
- ► You'll see the greeting message on Console.



- Ctons above illustrate stone to get started
- Steps above illustrate steps to get started.

clion/clion-quick-start-guide.html

I will illustrate more advanced examples later but the amount of time we spend on CLion is limited.
 For more info, use: https://www.jetbrains.com/help/