DS-605: HW3
Assigned Feb. 15, 2018
Due Feb. 22, 2018

1. Use Monte Carlo integration to compute the price of a 6 month put option with a strike price of \$100 to an accuracy of 3 decimal places. You should assume that the current price of the stock is \$110, the drift is .05, the volatility is .15, and the risk free rate is .015. Please report the system.time for this computation.

2. Recompute the price of the option in 1. assuming the contract now includes a knock out provision at \$80. How many decimal places of accuracy can you achieve in this case? Again, please report the system.time for your computation.