

Lecture 4 report

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May 4, 2021

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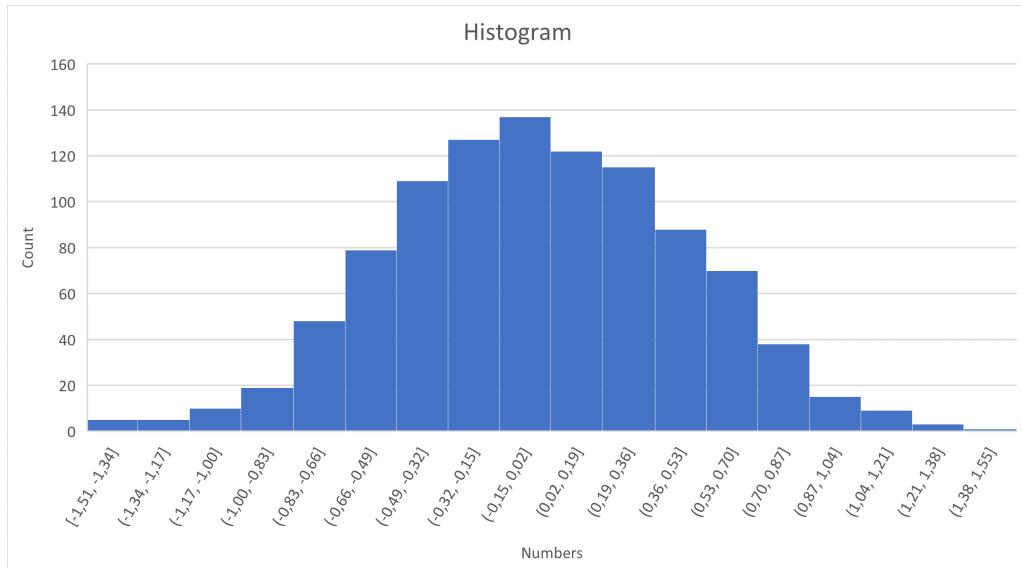


Figure 1: Box-Muller distribution check ($\mu = 0, \sigma = 0.5$)

zad2

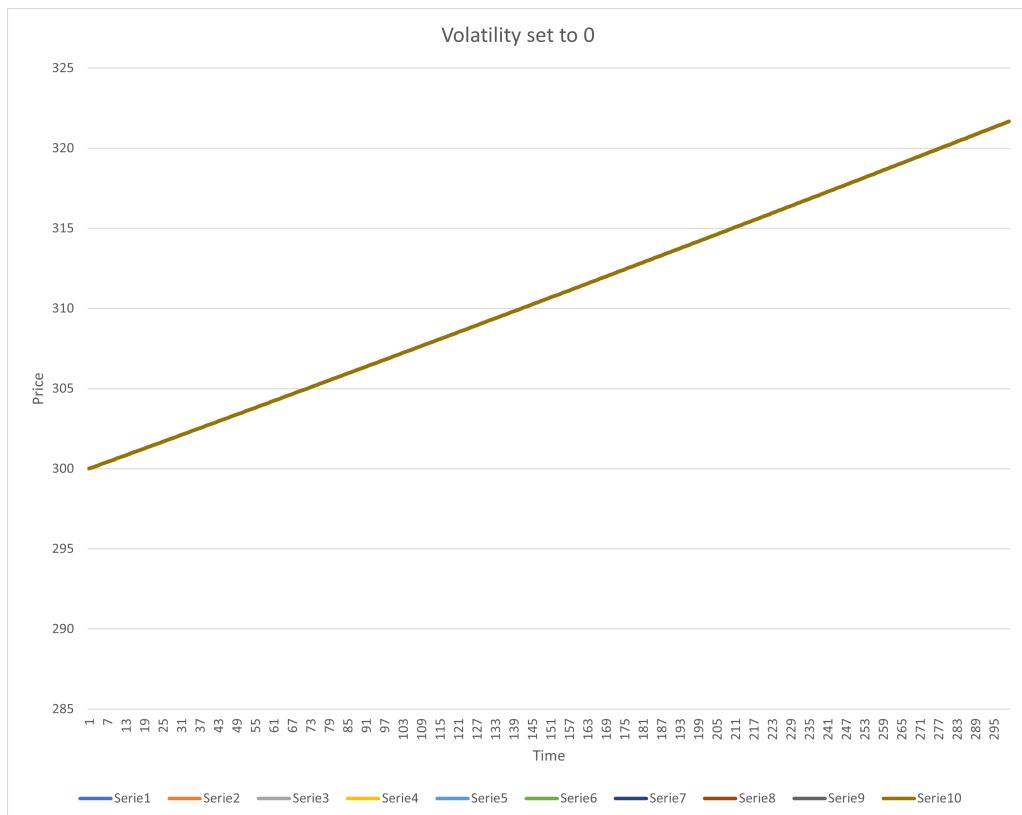


Figure 2: Volatility set to 0

When volatility is set to 0, then the stock price is constant (with discounting in effect).

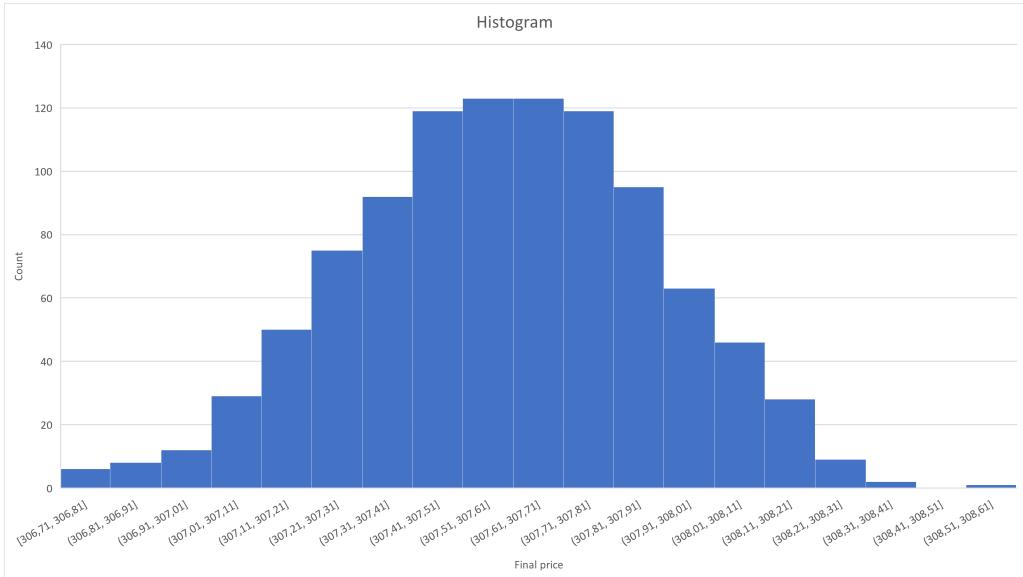


Figure 3: Histogram of 1000 final stock prices

Average historical volatility was smaller than input volatility (average ≈ 0.001 , input 0.03)

zad3