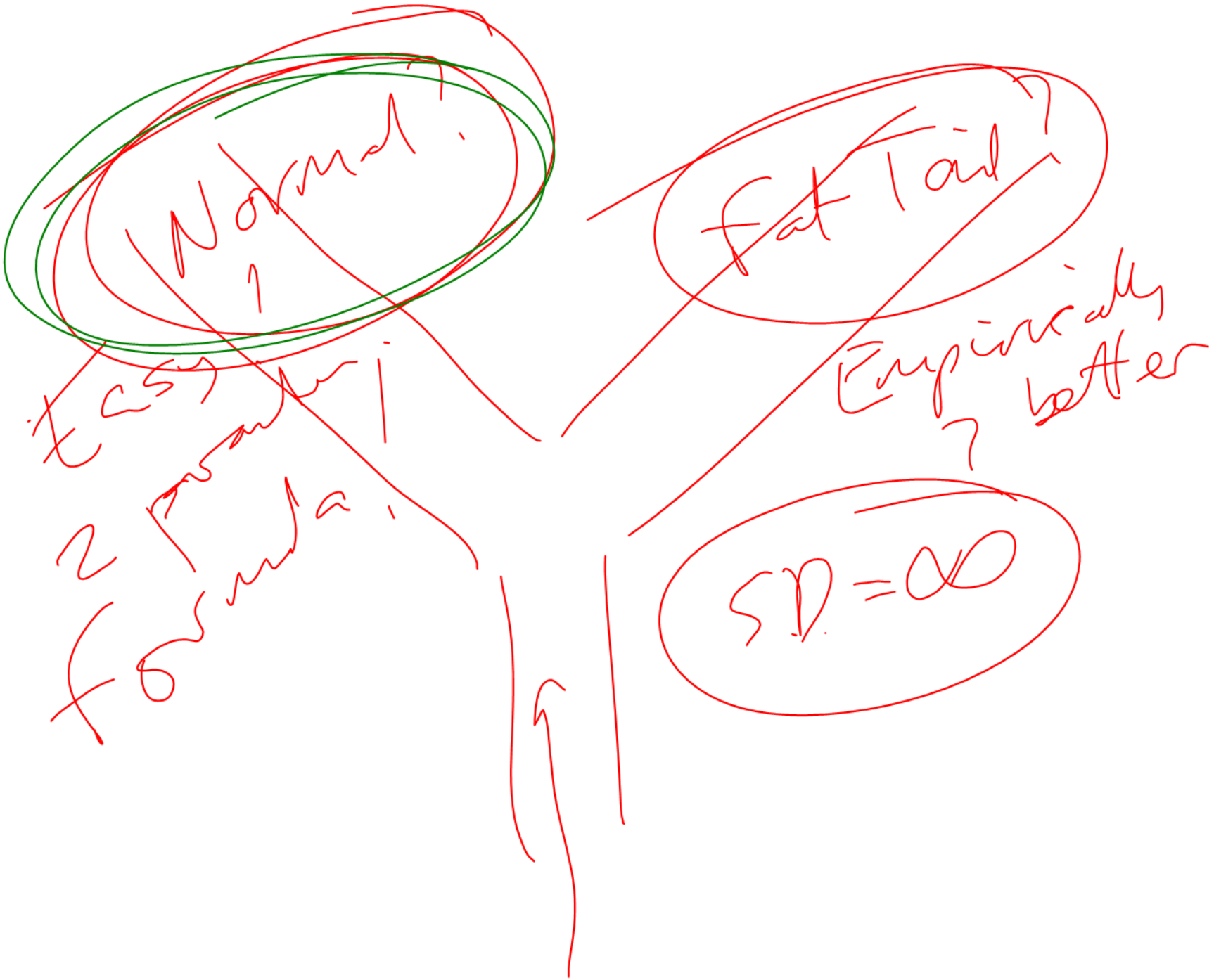

Normal ?
Easy to use
2 formula
Fat Tail ?
Empirically better ?
SD = ∞

$S(t) \quad dt$

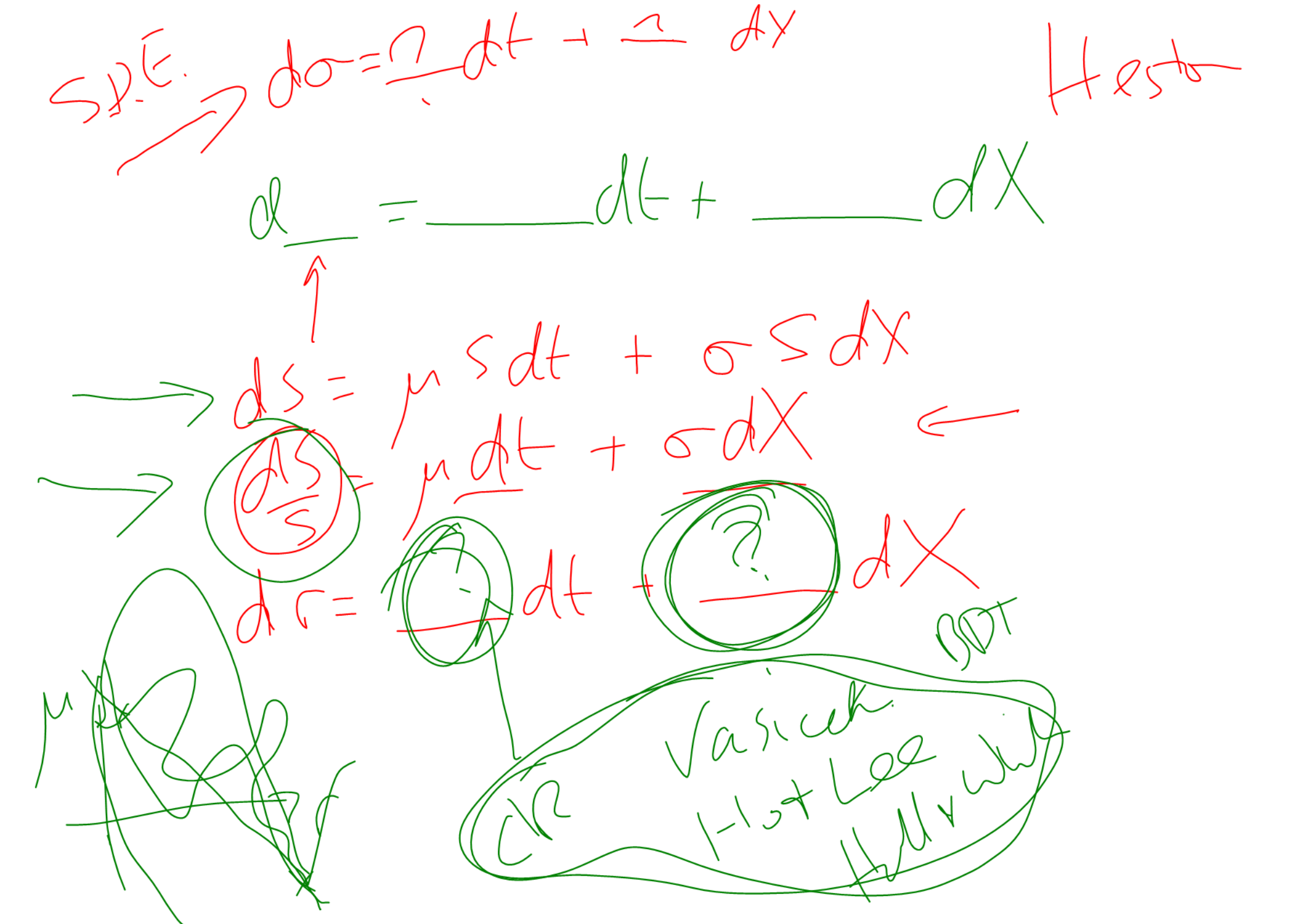
$$S_{t+1} - S_t = \mu S_t \Delta t + \sigma S_t \varepsilon \sqrt{\Delta t}$$

$$dS = \mu S\, dt + \sigma S\, dW$$

$$\frac{dS}{dt} = \mu S + \cdots \frac{?}{S dt}$$

$$\frac{dS}{dt} = \mu S$$

$$S = S_0 e^{\mu t}$$


Stoc.
Hest
dS = μ S dt + σ S dX
dS/S = μ dt + σ dX
dr = ? dt + ? dX
SDE
Vasicek
CIR
Hull-White