Options Assignment II

Ze Yang (zey@andrew.cmu.edu)

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Problem 1.

Solution. (Part-a)

Table 1: Add caption

General Inputs					GBM	
initial price	95					
delta T	0.003846				sigma	
simple mean mu	0.1				log mean m	-0.00

Standard Normal z's for price paths				Geometric Brownian Motion		
day	path 1	path 2	path 3	day	path 1	path
0				0	95	
1	0.3509	0.998721	-2.17713	1	95.93443	97.68
2	1.453172	-0.21527	0.656491	2	99.90453	97.09
3	-0.11691	0.505587	-0.37038	3	99.57862	98.47
4	-1.657	-1.42633	-0.47922	4	95.07816	94.63
5	0.247389	-0.88206	-1.10601	5	95.7364	92.33
256	-2.18253	1.761832	0.562654	256	86.66135	161.1
257	-0.83838	-0.405	-0.63016	257	84.65684	159.3
258	1.023172	-0.02578	0.619309	258	87.1086	159.2
259	0.237953	-0.54412	0.067146	259	87.68857	156.8
260	-1.16899	0.11891	0.017869	260	84.87356	157.3