Maths 190
Topics be covered for the week of 06-10 February 2017

For this week, we aim to cover the following theories/concepts:

1. Futures on commodities
2. The cost of carry
3. Factors affecting option prices
4. Properties of stock option prices
5. Upper and lower bounds for European and American option prices
6. Early exercise of an American put on a non-dividend paying stock
7. Put-call parity for European options
8. Relationship between American call and put prices
9. Effects of dividends

10. Binomial Pricing of options
    (a) Pricing of European options by replication and no-arbitrage principle

    (b) Risk-neutral valuation

11. Elements of discrete-time stochastic processes