Stats 3520b

Topics to be covered for the week of 10–14 February 2014

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

1. Delta of a call in a two-period model
2. Binomial trees in practice
3. Introduction to the concept of Value-at-Risk (VaR)
4. Historical Approach
5. Model building approach: The linear model
6. Stress testing
7. Back testing
8. Comparison between historical approach and model-building approach