Stats 3520b
Topics to be covered for the week of 10–14 March 2014

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

1. Example to better understand $\sigma-$field, random variable and stochastic processes

2. Generalisation of the Cox-Ross-Rubinstein (CRR) model to an $n-$period framework

3. Asymptotic properties of the CRR model

4. Revisit **briefly** modification to the binomial option pricing when the underlying asset pays dividend; and extension of the binomial option pricing method to options on currencies and options on futures.