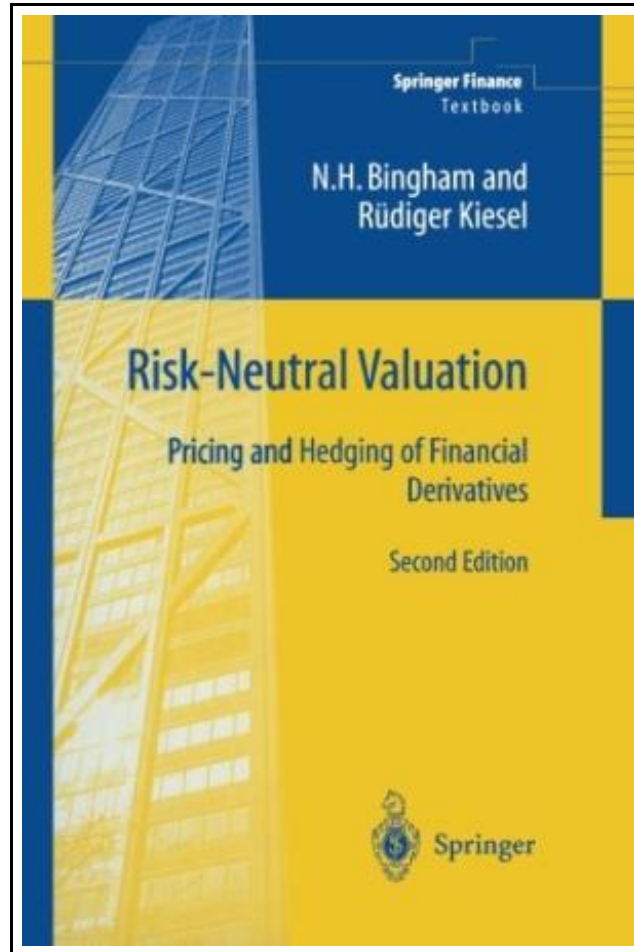


## Risk-Neutral Valuation



Filesize: 2.63 MB

### ***Reviews***

*This publication is definitely not simple to begin on studying but really exciting to read. It is actually rally fascinating throug reading time. Your life span will be enhance when you complete looking at this publication.*

*(Laurence Littel)*

## RISK-NEUTRAL VALUATION



Book Condition: New. Publisher/Verlag: Springer, Berlin | Pricing and Hedging of Financial Derivatives | This second edition - completely up to date with new exercises - provides a comprehensive and self-contained treatment of the probabilistic theory behind the risk-neutral valuation principle and its application to the pricing and hedging of financial derivatives. On the probabilistic side, both discrete- and continuous-time stochastic processes are treated, with special emphasis on martingale theory, stochastic integration and change-of-measure techniques. Based on firm probabilistic foundations, general properties of discrete- and continuous-time financial market models are discussed. | Contents

Preface to the Second Edition  
 Preface to the First Edition  
 1. Derivative Background  
 1.1 Financial Markets and Instruments  
 1.1.1 Derivative Instruments  
 1.1.2 Underlying Securities  
 1.1.3 Markets  
 1.1.4 Types of Traders  
 1.1.5 Modeling Assumptions  
 1.2 Arbitrage  
 1.3 Arbitrage Relationships  
 1.3.1 Fundamental Determinants of Option Values  
 1.3.2 Arbitrage Bounds  
 1.4 Single-period Market Models  
 1.4.1 A Fundamental Example  
 1.4.2 A Single-period Model  
 1.4.3 A Few Financial-economic Considerations  
 Exercises  
 2. Probability Background  
 2.1 Measure  
 2.2 Integral  
 2.3 Probability  
 2.4 Equivalent Measures and Radon-Nikodym Derivatives  
 2.5 Conditional Expectation  
 2.6 Modes of Convergence  
 2.7 Convolution and Characteristic Functions  
 2.8 The Central Limit Theorem  
 2.9 Asset Return Distributions  
 2.10 Infinite Divisibility and the Levy-Khintchine Formula  
 2.11 Elliptically Contoured Distributions  
 2.12 Hyperbolic Distributions  
 Exercises  
 3. Stochastic Processes in Discrete Time  
 3.1 Information and Filtrations  
 3.2 Discrete-parameter Stochastic Processes  
 3.3 Definition and Basic Properties of Martingales  
 3.4 Martingale Transforms  
 3.5 Stopping Times and Optional Stopping  
 3.6 The Snell Envelope and Optimal Stopping  
 3.7 Spaces of Martingales  
 3.8 Markov Chains  
 Exercises  
 4. Mathematical Finance in Discrete Time  
 4.1 The Model  
 4.2 Existence of Equivalent Martingale Measures  
 4.2.1 The No-arbitrage Condition  
 4.2.2 Risk-Neutral Pricing  
 4.3 Complete Markets: Uniqueness of EMMs  
 4.4 The Fundamental Theorem of Asset Pricing: Risk-Neutral Valuation  
 4.5 The Cox-Ross-Rubinstein Model  
 4.5.1 Model Structure  
 4.5.2 Risk-neutral Pricing  
 4.5.3 Hedging  
 4.6 Binomial Approximations  
 4.6.1 Model Structure  
 4.6.2 The Black-Scholes Option Pricing Formula  
 4.6.3 Further Limiting Models  
 4.7 American Options  
 4.7.1 Theory  
 4.7.2 American Options in the CRR Model  
 4.8 Further Contingent Claim Valuation in Discrete Time  
 4.8.1 Barrier Options  
 4.8.2 Lookback Options  
 4.8.3 A Three-period Example  
 4.9 Multifactor Models  
 4.9.1 Extended Binomial Model  
 4.9.2 Multinomial Models  
 Exercises  
 5. Stochastic Processes in...



[Read Risk-Neutral Valuation Online](#)



[Download PDF Risk-Neutral Valuation](#)

## Other PDFs

---



### **Read Write Inc. Phonics: Purple Set 2 Storybook 10 in the Bath (Paperback)**

Oxford University Press, United Kingdom, 2016. Paperback. Book Condition: New. Tim Archbold (illustrator). 207 x 135 mm. Language: N/A. Brand New Book. These engaging Storybooks provide structured practice for children learning to read the Read...

[Save Book »](#)

---



### **31 Moralistic Motivational Bedtime Short Stories for Kids: 1 Story Daily on Bedtime for 30 Days Which Are Full of Morals, Motivations Inspirations (Paperback)**

Createspace, United States, 2015. Paperback. Book Condition: New. 229 x 152 mm. Language: English . Brand New Book \*\*\*\*\* Print on Demand \*\*\*\*\*.Reading to children is a wonderful activity and past time that both parents...

[Save Book »](#)

---



### **The Clever Detective Boxed Set (a Fairy Tale Romance): Stories 1, 2 and 3 (Paperback)**

Createspace, United States, 2012. Paperback. Book Condition: New. 229 x 152 mm. Language: English . Brand New Book \*\*\*\*\* Print on Demand \*\*\*\*\*.After six years as a private investigator, Stacey Alexander has the strangest day...

[Save Book »](#)

---



### **Comic Maths: Sue: Fantasy-Based Learning for 4, 5 and 6 Year Olds (Paperback)**

The Captain Papadopoulos Publishing Company, United Kingdom, 2012. Paperback. Book Condition: New. Brian Williamson (illustrator). 276 x 214 mm. Language: English . Brand New Book \*\*\*\*\* Print on Demand \*\*\*\*\*.Comic Maths: Sue (Key Stage 1,...

[Save Book »](#)

---



### **Edge] the collection stacks of children's literature: Chunhyang Qiuyun 1.2 --- Children's Literature 2004(Chinese Edition)**

paperback. Book Condition: New. Ship out in 2 business day, And Fast shipping, Free Tracking number will be provided after the shipment.Paperback. Pub Date: 2005 Pages: 815 Publisher: the Chinese teenager Shop Books all book....

[Save Book »](#)