

OPTIONS AND MATHEMATICS (5p)
(CTH[mve095]&GU[man690]) period 4, spring 2007

The new master course Options and Mathematics (5p) gives an introduction to the Black-Scholes option pricing theory using previous knowledge in standard calculus (in one and several variables) and statistics/probability. The presentation is not based on Lebesgue integration or stochastic analysis.

At present we (Christer Borell, Per Hörfelt,...) are developing a textbook "Introduction to the Black-Scholes Theory ", a version of which can be purchased at the DC, Maskingränd, Chalmers, from week 10, 2007. **It is important to have the new edition from 2007.** The chapters in the book are titled: 1. The Dominance Principle. 2. The Binomial Model. 3. A Review of Basic Concepts in Probability. 4. Brownian Motion. 5. The Black-Scholes Option Pricing Theory. 6. Homogeneous Contracts and Bivariate Geometric Brownian Motion. 7. Dividend-Paying Stocks.

The course will start March 19 at 10¹⁵ a.m. in room MVF33. We have a written examination May 26. In a few weeks you will get further information, see:

<http://www.math.chalmers.se/Math/Grundutb/CTH/mve095/>
<http://www.math.chalmers.se/Math/Grundutb/GU/man690/>

Welcome to Options and Mathematics!

Göteborg, February 13, 2007

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REMARK 1: Students who wish examination according to the course Options and Mathematics (3p) (CTH[tma155]&GU[mam690]) must inform the office at the department of mathematics at the latest one week before the examination.

REMARK 2: The course Options and Mathematics (5p) (GU) will be initiated in 2008. However, the course Matematik och optioner (5p) (GU[man690]) is identical with Options and Mathematics (5p) (CTH[mve095]) during 2007.