

Speaker: Mohammed K A Kaabar and Wei Li

Room: 5W in Neill Hall

Time: 4:10 PM – 5:00 PM

Title: The First Fundamental Theorem of Asset Pricing and Risk-neutral Probability for Option Pricing.

Abstract:

In this talk, we will prove the First Fundamental Theorem of Asset Pricing. Then we will focus on one of quadratic programming applications: "recovering Risk-Neutral Probabilities from given option prices". We will introduce the spline functions and formulate the problem as a QP step by step.