Math515/Stat540 Spring 2009
Homework assignment 5 Figueroa-Lopez

I. **Björk's book**: 7.4, 7.5, 7.6, 7.7, 7.9, 9.5, 9.6.

II. **Shreve Vol. II**: 5.4 and 5.9.

III. **More about Greeks.**

   (a) Calculate the delta of an at-the-money 6-month European call option on a non-dividend paying stock when the risk-free interest rate is 10% per annum and the stock price volatility is 25% per annum.

   (b) Is there a (speculative) situation where you would recommend to invest in a portfolio with large positive Vega?