

Math 194, Winter 2020

Homework 6 — Due Wednesday, February 19, 2020

1. For this problem use the model parameters of Exercise 2, section 2.4.

(a) Find the superhedging strategy for the American call option, and the time-zero cost of that strategy.

(b) Find the superhedging strategy for the American put option, and the time-zero cost of that strategy.

2. Exercise 6, Section 2.4 (pages 29–30 of the text), but do not do part (d).