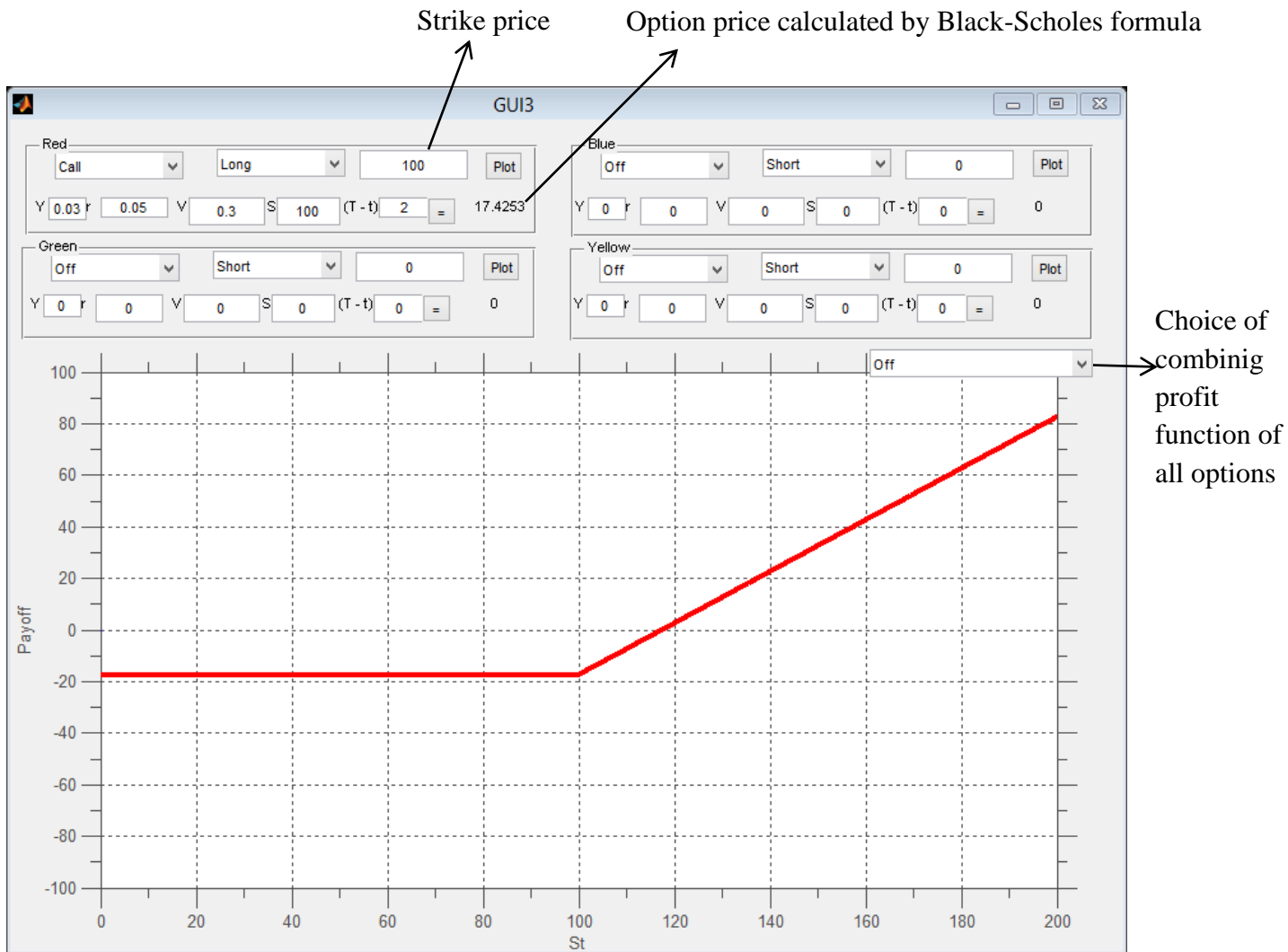


Following is the description of working application of seminar project;

First of all you will run the “runme.m” m-file.

You will obtain two different choices, payoff and profit. Payoff sheet shows the payoff graph of options. Profit sheet shows price of option and its profit graph. Prices are calculated by Black-Scholes formula.



Where,

Y = Annual yield rate (in decimal form)

r = Annual risk free interest rate (in decimal form)

V = Annual volatility (in decimal form)

S = Current stock price or Spot price

$T-t$ = Time to maturity in years