PIMS / AMI Seminar

Wednesday, September 4, 2019
3:00 p.m.
CAB 369

"Pricing without martingale measure"

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Abstract

We propose a new approach to price a European contingent claim in discrete time. The novelty is that we do not need to suppose that the usual no arbitrage condition holds, i.e. we do not need a risk-neutral probability measure. Precisely, we work under a weaker condition, with is equivalent to say that the super hedging prices on any non negative claim is non negative. Clearly, this condition is observed in practice and it allows to consider a larger class of models. A numerical illustration on real data shows the efficiency of our method which is almost model free.

This talk is based on joint work with Julien Baptiste and Laurence Carassus.