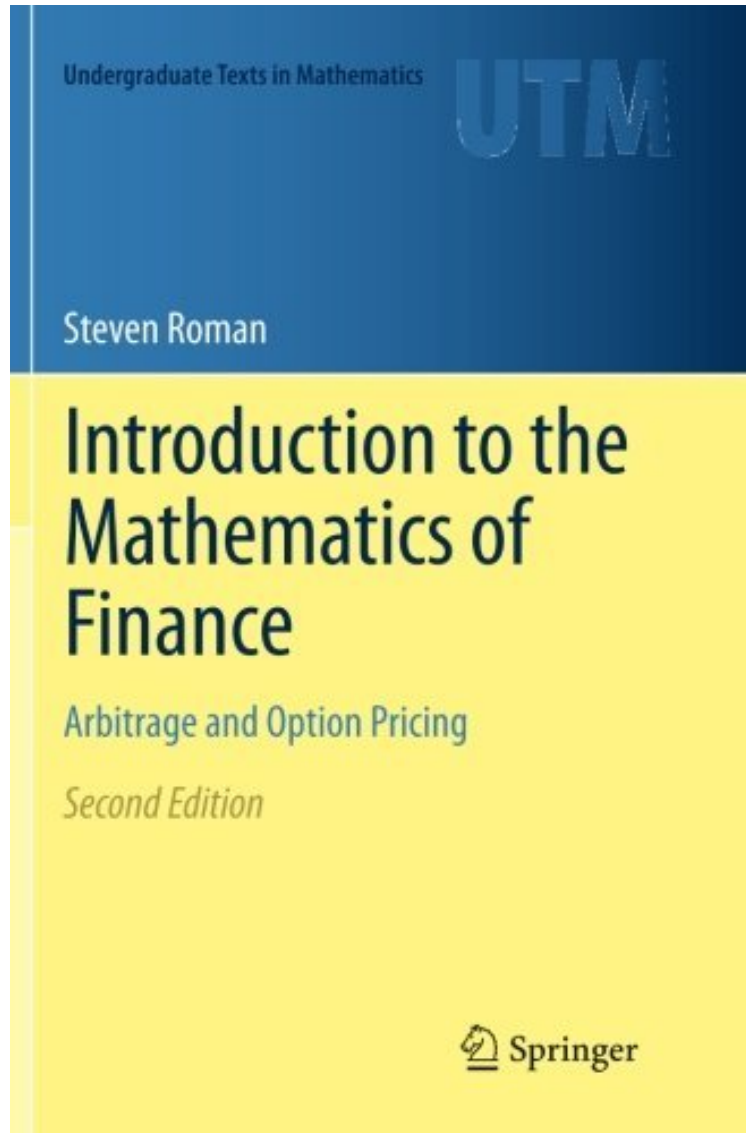


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Steven Roman : Introduction to the Mathematics of Finance (Undergraduate Texts in Mathematics) before purchasing it in order to gage whether or not it would be worth my time, and all praised Introduction to the Mathematics of Finance (Undergraduate Texts in Mathematics):

1 of 1 people found the following review helpful. A great exposition of the finite model of marketsBy ItaiThe first eight chapters + the two appendices introduce a finite model of a market and discuss pricing derivatives in this model. This part of the book is rigorous, elegant and lucid and a real joy to read. It is self-contained and almost all the results

are proven in full with a handful of easy proofs left as exercises to the reader. If the book ended here, I would give it 5 stars. The last two chapters discuss the famous Black-Scholes formula in continuous time. The topic is not presented rigorously and I did not find the discussion as compelling as the discussion of the finite model. If you have absolutely no clue about finance and wish to get a mathematically rigorous taste of it and an introduction to the buzz-words as "option", "arbitrage", "pricing", then the first eight chapters of this book fit the bill excellently. Just be aware that the finite model is very simplistic, unrealistic and doesn't reflect the models actually used by financial analysts. But it's a great starting point.

The Mathematics of Finance has been a hot topic ever since the discovery of the Black-Scholes option pricing formulas in 1973. Unfortunately, there are very few undergraduate textbooks in this area. This book is specifically written for advanced undergraduate or beginning graduate students in mathematics, finance or economics. This book concentrates on discrete derivative pricing models, culminating in a careful and complete derivation of the Black-Scholes option pricing formulas as a limiting case of the Cox-Ross-Rubinstein discrete model. This second edition is a complete rewrite of the first edition with significant changes to the topic organization, thus making the book flow much more smoothly. Several topics have been expanded such as the discussions of options, including the history of options, and pricing nonattainable alternatives. In this edition the material on probability has been condensed into fewer chapters, and the material on the capital asset pricing model has been removed. The mathematics is not watered down, but it is appropriate for the intended audience. Previous knowledge of measure theory is not needed and only a small amount of linear algebra is required. All necessary probability theory is developed throughout the book on a 'need-to-know' basis. No background in finance is required, since the book contains a chapter on options.

From the Back Cover The Mathematics of Finance has been a hot topic ever since the discovery of the Black-Scholes option pricing formulas in 1973. Unfortunately, there are very few undergraduate textbooks in this area. This book is specifically written for advanced undergraduate or beginning graduate students in mathematics, finance or economics. This book concentrates on discrete derivative pricing models, culminating in a careful and complete derivation of the Black-Scholes option pricing formulas as a limiting case of the Cox-Ross-Rubinstein discrete model. This second edition is a complete rewrite of the first edition with significant changes to the topic organization, thus making the book flow much more smoothly. Several topics have been expanded such as the discussions of options, including the history of options, and pricing nonattainable alternatives. In this edition the material on probability has been condensed into fewer chapters, and the material on the capital asset pricing model has been removed. The mathematics is not watered down, but it is appropriate for the intended audience. Previous knowledge of measure theory is not needed and only a small amount of linear algebra is required. All necessary probability theory is developed throughout the book on a "need-to-know" basis. No background in finance is required, since the book contains a chapter on options. About the Author Steven Roman is currently an Emeritus Professor of Mathematics at the University of California. He is a prolific Springer author; some of his books include Field Theory, Advanced Linear Algebra, Introduction to Coding and Information Theory, and most recently Fundamentals of Group Theory.