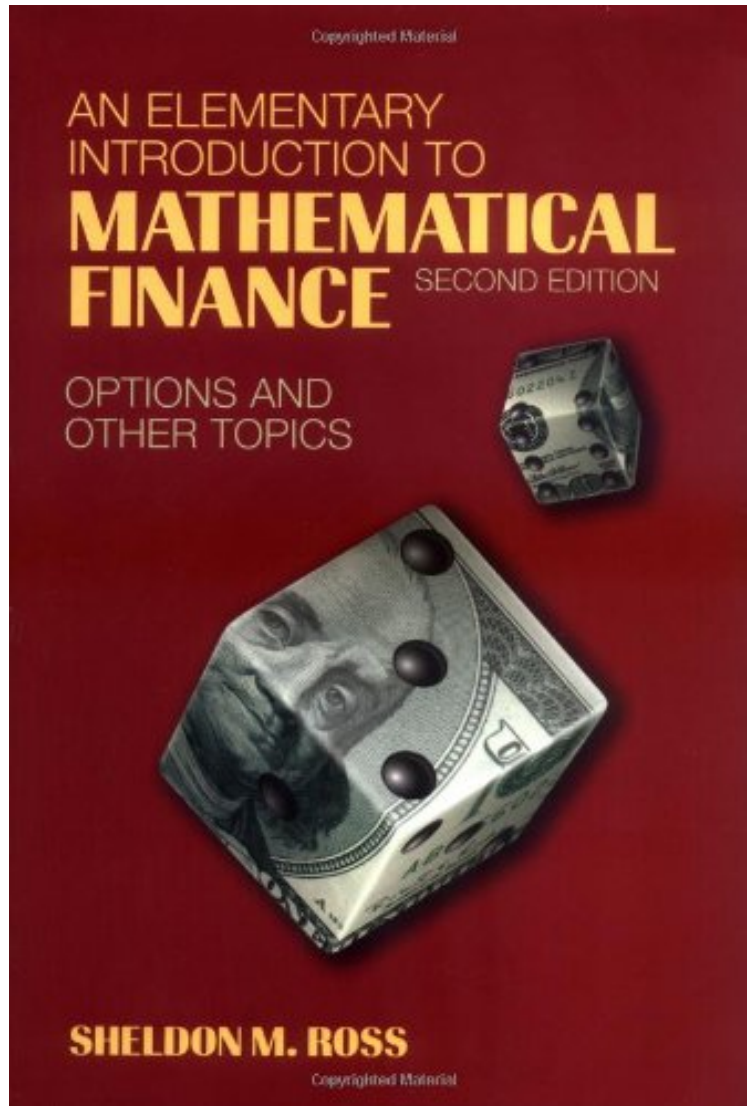


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# An Elementary Introduction to Mathematical Finance: Options and other Topics

*Sheldon M. Ross*

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**Sheldon M. Ross : An Elementary Introduction to Mathematical Finance: Options and other Topics** before purchasing it in order to gage whether or not it would be worth my time, and all praised An Elementary Introduction to Mathematical Finance: Options and other Topics:

1 of 1 people found the following review helpful. This is an excellent book --- exactly what I wantedBy Suchitra AbelThis is an excellent book --- exactly what I wanted. It is written by a very competent person --- he was the third reader of my doctoral dissertation at UC Berkeley, in the 1970's.6 of 7 people found the following review helpful.

"Intellectual Contortions" By G. Burnett Sheldon M Ross in his book "An Elementary Introduction to Mathematical Finance" navigates the reader through at least 3 methods of option pricing. These include arbitrage, Black-Scholes and autoregressive models. I read the book twice to fully comprehend the authors perspective. The problem with the book is that the author is unable to convert the mathematical rationale of pricing into words. For example, on page 136 in the context of estimating a population mean and variance he obtains a sample variance by formula but states: "It is because we wanted the estimator to be unbiased that we changed its denominator from  $n$  to  $n-1$ " A better explanation of the formula can be found on page 168 - 169 and of the null hypothesis on page 175 of "A Complete Guide to the Futures Market" by Jack D. Schwager. Further, the author includes exercises at the end of each chapter but does not provide the answers and the answers cannot always be found in the preceding chapter. In other words the questions are not genuine revision questions. 0 of 2 people found the following review helpful. poorly written By quanti dont know what the other reviewers are talking about. quite possibly the worst book on mathematical finance i have read. the author has rushed through the proofs and its just poorly written imo.

This original text on the basics of option pricing is accessible to readers with limited mathematical training. It is for both professional traders and undergraduates studying the basics of finance. Assuming no prior knowledge of probability, Sheldon Ross offers clear, simple explanations of arbitrage, the Black-Scholes option pricing formula, and other topics such as utility functions, optimal portfolio selections, and the capital assets pricing model. Among the many new features of this second edition are: a new chapter on optimization methods in finance, a new section on Value at Risk and Conditional Value at Risk; a new and simplified derivation of the Black-Scholes equation, together with derivations of the partial derivatives of the Black-Scholes option cost function and of the computational Black-Scholes formula; three different models of European call options with dividends; a new, easily implemented method for estimating the volatility parameter. Sheldon M. Ross is a professor in the Department of Industrial Engineering and Operations Research at the University of California at Berkeley. He received his Ph.D. in statistics at Stanford University in 1968 and has been at Berkeley ever since. He has published nearly 100 articles and a variety of textbooks in the areas of statistics and applied probability including Topics in Finite and Discrete Mathematics (Cambridge University Press, 2000), An Introduction to Probability Methods, Seventh Edition (Harcourt Science and Technology Company, 2000), Introduction to Probability and Statistics for Engineers and Scientists (Academic Press, 1999), A First Course in Probability, Sixth Edition (Prentice-Hall, 2001), Simulation, Third Edition (Academic Press, 2002), and Stochastic Processes (John Wiley Sons, 1982). He is the founding and continuing editor of the journal Probability in the Engineering and Informational Sciences, a fellow of the Institute of Mathematical Statistics, and a recipient of the Humboldt U.S. Senior Scientist Award.

"...an excellent introduction to the subject...the book is ideally suited for self-study and provides a very accessible entry point to this fascinating field." ISI Short Book s "...this excellent text achieves its aim to provide a highly accessible and at the same time accurate presentation of the subject. I would recommend it." The Statistician "...an excellent introduction to the mathematics of finance...very useful as a text for an introductory course." Zentralblatt Math "...provides an accessible and relatively deep insight into basic and advanced topics of mathematical finance....The lucid style of the exposition will be appreciated by readers interested in the topic, and by researchers, students, and practitioners." European Maths Society Journal About the Author Sheldon M. Ross is the Epstein Chair Professor at the Department of Industrial and Systems Engineering, University of Southern California. He received his Ph.D. in statistics at Stanford University in 1968 and was formerly a Professor at the University of California, Berkeley, from 1976 until 2004. He has published more than 100 articles and a variety of textbooks in the areas of statistics and applied probability, including Topics in Finite and Discrete Mathematics (2000), Introduction to Probability and Statistics for Engineers and Scientists, 4th edition (2009), A First Course in Probability, 8th edition (2009), and Introduction to Probability Models, 10th edition (2009), among others. Dr Ross serves as the editor for Probability in the Engineering and Informational Sciences.