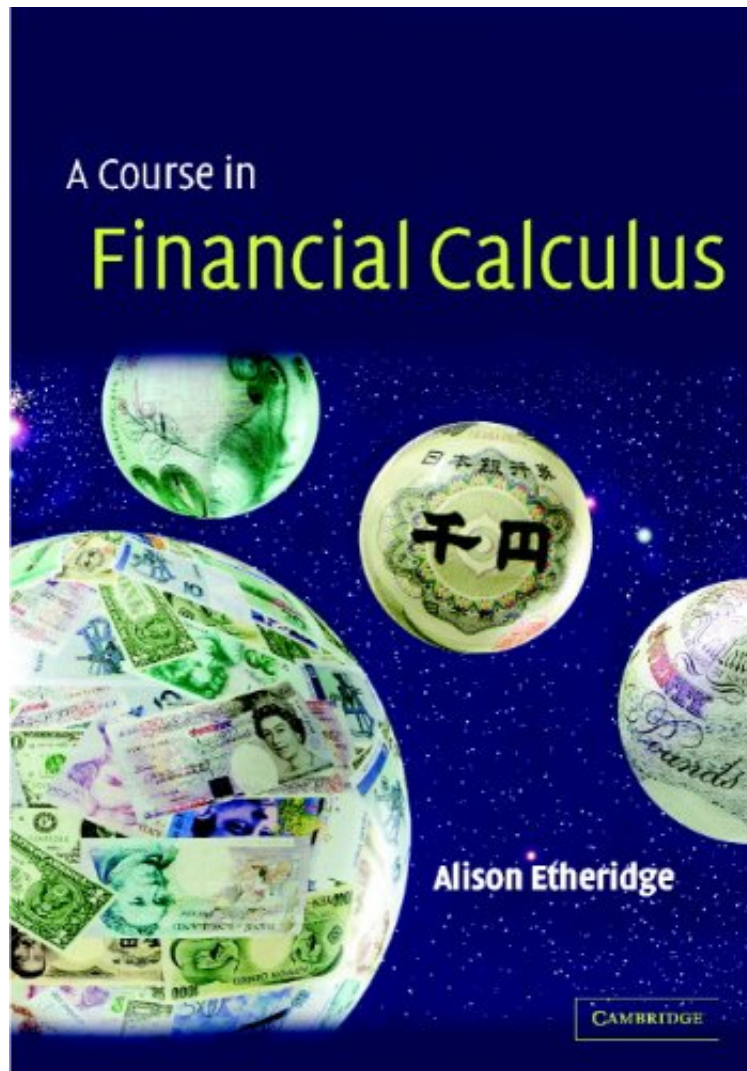


(Free) A Course in Financial Calculus

## A Course in Financial Calculus

*Alison Etheridge*

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**Alison Etheridge : A Course in Financial Calculus** before purchasing it in order to gauge whether or not it would be worth my time, and all praised A Course in Financial Calculus:

0 of 0 people found the following review helpful. Five Stars By Sunny M. Great book for those looking to expand their knowledge on the subject. 6 of 6 people found the following review helpful. not suitable for self study By LocalVolatility Our teacher used Financial Calculus as the secondary book for a continuous time finance class. The first book was Steven Shreve's Stochastic Calculus for Finance II. I only read selected chapter from this book - so I can't give a full review on it. Overall it is a decent book that would still not recommend - especially not for self-study. The biggest problems from my point of view are: 1) The notation is sometimes awkward and often inconsistent. The first point might be purely subjective but I just find Shreve's book so much easier to read although the technical

level is comparable.2) There are no errata for this book online (as of the time of this review). I came across a few potential mistakes but in the end could never check if I was right or not. In contrast, Shreve's book is the standard textbook and you can assume that most errors have been found and reported already. He keeps a list of known errata on his homepage.3) The exercises are sometimes solely testing knowledge (i.e. solution of ODEs or computation of some ridiculous integrals) that does not add to the understanding of the key concepts developed in the chapter. In contrast to Shreve's book, the exercises do not guide you through the solution but just state the problem and leave you on your own.4) There are no solutions available. The same applies to Shreve's book but as mentioned before, he guides you through the exercises and in most cases gives the result. I.e. you can almost always check if you got it right or not. In contrast, this book neither provides intermediate steps nor solutions. My conclusion is - get this book as an add-on text if you already have one or more books on this subject. Get Shreve's book as your first book if you want to start studying stochastic calculus applied to finance. Never buy this book, if you plan to work through the exercises in self study. Three stars because the book itself is OK as an additional resource.27 of 34 people found the following review helpful. No answers to the exercises By Konstantin Olkhin They claim there are more than 130 exercises, but don't provide solutions. You need to be a teacher to get a password from their web site to get an access to them. It's very disappointing. What use of them?

Finance provides a dramatic example of the successful application of advanced mathematical techniques to the practical problem of pricing financial derivatives. This self-contained 2002 text is designed for first courses in financial calculus aimed at students with a good background in mathematics. Key concepts such as martingales and change of measure are introduced in the discrete time framework, allowing an accessible account of Brownian motion and stochastic calculus: proofs in the continuous-time world follow naturally. The Black-Scholes pricing formula is first derived in the simplest financial context. The second half of the book is then devoted to increasing the financial sophistication of the models and instruments. The final chapter introduces more advanced topics including stock price models with jumps, and stochastic volatility. A valuable feature is the large number of exercises and examples, designed to test technique and illustrate how the methods and concepts can be applied to realistic financial questions.