Main Subjects of Chapters 5 and 6

1. Approximation. Problems: 2. (Chapter 5)
2. Discretization and error. Problems: 17, 18. (Chapter 5)
3. Solution of linear tridiagonal systems and nonlinear equations. Problems: 7. (Chapter 5)
4. Stability analysis. Problems: 19, 20, 21, 22, 23, 25, 26. (Chapter 5)
5. Extrapolation technique. Problems: 27, 28. (Chapter 5)
6. Explicit method for European/Bermudan/American various options Problems: 1, 2. (Chapter 6)
7. Binomial method for European/Bermudan/American vanilla options on stocks with a constant dividend yield and the relation between the binomial method and the explicit method. Problems: 3, 4, 7. (Chapter 6)
8. Implicit method for European/Bermudan/American various options Problems: 11, 13. (Chapter 6)
9. Comparison between explicit and implicit methods. Problems: 14. (Chapter 6)
10. Jump conditions for options on stocks paying dividends discretely. Problems: 18. (Chapter 6)
11. Singularity-Separating method for Bermudan options and European options on stocks paying dividends discretely. Problems: 19, 20. (Chapter 6)
12. Two-factor options. Problems 25, 26. (Chapter 6)