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Question Type: MultipleChoice

The Lagrangian of a constrained optimisation problem is given by L(x,y,) = 16x+8x2+4y-(4x+y-20), where is the Lagrange multiplier. What is the solution for x and y?

Options:

A- x = -1, y = 0

B- x = 0, y = 20

C- x = 5, y = 0

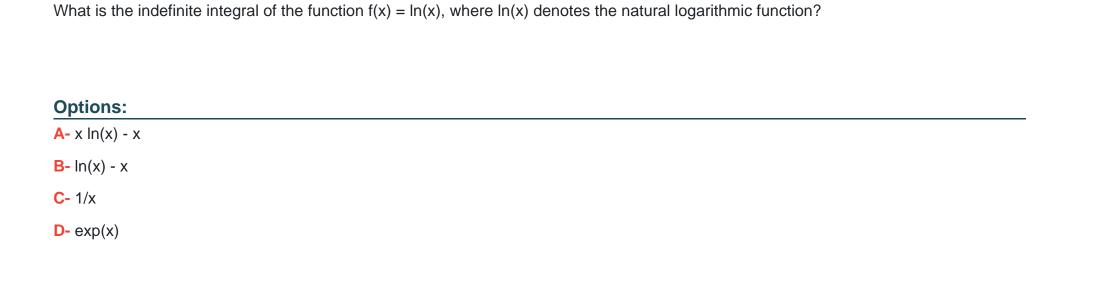
D- None of the above

Answer:

В

Question 2

Question Type: MultipleChoice



Answer:

Question Type: MultipleChoice

What is the total derivative of the function f(x,y) = ln(x+y), where ln() denotes the natural logarithmic function?

Options:

A- 1 / (x+y)

B-(x + y) / (x+y)

C - -x/(x+y) - y/(x+y)

D- $\ln(x+y) x + \ln(x+y) y$

Answer:

В

Question 4

Question Type: MultipleChoice

Suppose that f(x) and g(x,y) are functions. What is the partial derivative of f(g(x,y)) with respect to y?

Options:

A-f'(g(x,y))

- B- f(dg/dy)
- C- f(g(x,y)) dg/dy
- D- f'(g(x,y)) dg/dy

Answer:

D

Question 5

Question Type: MultipleChoice

You are given the following values of a quadratic function f(x): f(0)=0, f(1)=-2, f(2)=-5. On the basis of these data, the derivative f'(0) is ...

Options:

- A- in the interval]-2.5,-2[
- B- equal to -2
- C- in the interval]-2,+[
- D- in the interval]-,-2.5]

Answer:

С

Question 6

Question Type: MultipleChoice

An underlying asset price is at 100, its annual volatility is 25% and the risk free interest rate is 5%. A European put option has a strike of 105 and a maturity of 90 days. Its Black-Scholes price is 7.11. The options sensitivities are: delta = -0.59; gamma = 0.03; vega = 19.29. Find the delta-gamma approximation to the new option price when the underlying asset price changes to 105

Options:

A- 6.49

B- 5.03

C- 4.59

D- 4.54

Answer:

D

Question Type: MultipleChoice

An underlying asset price is at 100, its annual volatility is 25% and the risk free interest rate is 5%. A European call option has a strike of 85 and a maturity of 40 days. Its Black-Scholes price is 15.52. The options sensitivities are: delta = 0.98; gamma = 0.006 and vega = 1.55. What is the delta-gamma-vega approximation to the new option price when the underlying asset price changes to 105 and the volatility changes to 28%?

Options:

A- 17.33

B- 18.75

C- 19.23

D- 20.54

Answer:

D

Question Type: MultipleChoice

A bond has modified duration 6 and convexity 30. Find the duration-convexity approximation to the percentage change in bond price when its yield increases by 5 basis points

Options:

- A- 10 basis point rise
- B- 24 basis fall
- C- 24 basis point rise
- D- 30 basis points fall.

Answer:

D

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