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Nota di contenuto	Introduction -- 1 The Time Series Toolbox for Financial Returns -- 2 The Stochastic Discount Factor Approach -- 3 Empirical Performances -- Mathematical Appendix -- Index.
Sommario/riassunto	The current world financial scene indicates at an intertwined and interdependent relationship between financial market activity and economic health. This book explains how the economic messages delivered by the dynamic evolution of financial asset returns are strongly related to option prices. The Black Scholes framework is introduced and by underlining its shortcomings,an alternative approach is presented that has emerged over the past ten years of academic

research, an approach that is much more grounded on a realistic statistical analysis of data rather than on ad hoc tractable continuous time option pricing models. The reader then learns what it takes to understand and implement these option pricing models based on time series analysis in a self-contained way. The discussion covers modeling choices available to the quantitative analyst, as well as the tools to decide upon a particular model based on the historical datasets of financial returns. The reader is then guided into numerical deduction of option prices from these models and illustrations with real examples are used to reflect the accuracy of the approach using datasets of options on equity indices.