

Help

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#include <stdlib.h>
#define WITH_boundary 1
#include "bs1d_lim.h"
#include "error_msg.h"
#define PRECISION 1.0e-7 /*Precision for the localization of FD methods*/

static int Psor_UpIn(double s, NumFunc_1 *p, double l, double rebate, double t,
{
    int      Index, PriceIndex, TimeIndex;
    int      j, loops;
    double   k, vv, loc, h, z, alpha, beta, gamma, y, alpha1, beta1, gamma1, up, u
    double   error, norm, x, pricenh, pricep2h, priceph;
    double   *P, *Obst, *Rhs;

    /*Memory Allocation*/
    P = malloc((N + 2) * sizeof(double));
    if (P == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    Obst = malloc((N + 2) * sizeof(double));
    if (Obst == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    Rhs = malloc((N + 2) * sizeof(double));
    if (Rhs == NULL)
        return MEMORY_ALLOCATION_FAILURE;

    /*Time Step*/
    k = t / (double)M;

    /*Space Localisation*/
    vv = 0.5 * sigma * sigma;
    z = (r - divid) - vv;
    loc = sigma * sqrt(t) * sqrt(log(1.0 / PRECISION)) + fabs(z) * t;

    /*Space Step*/
    x = log(s);
    up = log(l);
    h = (up - (x - loc)) / (double)(N + 1);

    /*Coefficient of diffusion augmented */
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if ((h * fabs(z)) <= vv)
    upwind_alphacoef = 0.5;
else
{
    if (z > 0.) upwind_alphacoef = 0.0;
    else upwind_alphacoef = 1.0;
}
vv -= z * h * (upwind_alphacoef - 0.5);

/*Lhs factor of theta-schema*/
alpha = theta * k * (-vv / (h * h) + z / (2.0 * h));
beta = 1.0 + k * theta * (r + 2.*vv / (h * h));
gamma = k * theta * (-vv / (h * h) - z / (2.0 * h));

/*Rhs factor of theta-schema*/
alpha1 = k * (1.0 - theta) * (vv / (h * h) - z / (2.0 * h));
beta1 = 1.0 - k * (1.0 - theta) * (r + 2.*vv / (h * h));
gamma1 = k * (1.0 - theta) * (vv / (h * h) + z / (2.0 * h));

/*Terminal Values*/
for (PriceIndex = 0; PriceIndex <= N; PriceIndex++)
{
    Obst[PriceIndex] = (p->Compute)(p->Par, exp(x - loc + (double)PriceIndex *
    P[PriceIndex] = rebate;
}
P[N + 1] = (p->Compute)(p->Par, 1);

/*Finite Difference Cycle*/
for (TimeIndex = 1; TimeIndex <= M; TimeIndex++)
{
    /*Init Rhs*/
    for (j = 1; j <= N; j++)
        Rhs[j] = P[j] * beta1 + alpha1 * P[j - 1] + gamma1 * P[j + 1];

    P[N + 1] = Boundary(1, p, (double)TimeIndex * k, r, divid, sigma);

    /*Psor Cycle*/
    loops = 0;
    do
    {
        error = 0.;

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    norm = 0.;

    for (j = 1; j <= N; j++)
    {
        y = (Rhs[j] - alpha * P[j - 1] - gamma * P[j + 1]) / beta;
        y = MAX(Obst[j], P[j] + omega * (y - P[j]));

        error += (double)(j + 1) * fabs(y - P[j]);
        norm += fabs(y);
        P[j] = y;
    }

    if (norm < 1.0) norm = 1.0;
    error = error / norm;

    loops++;
}
while ((error > epsilon) && (loops < MAXLOOPS));
}
Index = (int)floor(loc / h);

*ptprice = P[Index] + (P[Index + 1] - P[Index]) * (exp(x) - exp(x - loc + Index * h));

/*Delta*/
priceph = P[Index - 1] + (P[Index] - P[Index - 1]) * (exp(x - h) - exp(x - loc + (Index - 1) * h));
if (x != up)
{
    pricenh = P[Index + 1] + (P[Index + 2] - P[Index + 1]) * (exp(x + h) - exp(x + loc - (Index + 1) * h));
    *ptdelta = (pricenh - priceph) / (2 * s * h);
}
else
{
    pricep2h = P[Index - 2] + (P[Index - 3] - P[Index - 2]) * (exp(x - 2 * h) - exp(x - loc + (Index - 2) * h));
    *ptdelta = (-4 * priceph + pricep2h + 3 * (*ptprice)) / (2 * s * h);
}

/*Memory Desallocation*/
free(P);
free(Obst);
free(Rhs);

return OK;

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}

int CALC(FD_Psor_UpIn)(void *Opt, void *Mod, PricingMethod *Met)
{
    TYPEOPT *ptOpt = (TYPEOPT *)Opt;
    TYPEMOD *ptMod = (TYPEMOD *)Mod;
    double r, divid, limit, rebate;

    r = log(1. + ptMod->R.Val.V_DOUBLE / 100.);
    divid = log(1. + ptMod->Divid.Val.V_DOUBLE / 100.);
    limit = ((ptOpt->Limit.Val.V_NUMFUNC_1)->Compute)((ptOpt->Limit.Val.V_NUMFUNC_1)->Compute);
    rebate = ((ptOpt->Rebate.Val.V_NUMFUNC_1)->Compute)((ptOpt->Rebate.Val.V_NUMFUNC_1)->Compute);

    return Psor_UpIn(ptMod->S0.Val.V_PDOUBLE, ptOpt->PayOff.Val.V_NUMFUNC_1, limit,
                    ptOpt->Maturity.Val.V_DATE - ptMod->T.Val.V_DATE, r, divid, ptOpt->TypeOpt,
                    Met->Par[0].Val.V_INT, Met->Par[1].Val.V_INT, Met->Par[2].Val.V_DOUBLE,
                    &(Met->Res[0].Val.V_DOUBLE), &(Met->Res[1].Val.V_DOUBLE));
}

static int CHK_OPT(FD_Psor_UpIn)(void *Opt, void *Mod)
{
    Option *ptOpt = (Option *)Opt;
    TYPEOPT *opt = (TYPEOPT *) (ptOpt->TypeOpt);

    if ((opt->Parisian).Val.V_BOOL == FALSE)
        if ((strcmp(((Option *)Opt)->Name, "CallUpInAmer") == 0) || (strcmp(((Option *)Opt)->Name, "PutUpInAmer") == 0))
            return OK;
    return WRONG;
}

static int MET(Init)(PricingMethod *Met, Option *Opt)
{
    if (Met->init == 0)
    {
        Met->init = 1;

        Met->Par[0].Val.V_INT2 = 100;
        Met->Par[1].Val.V_INT2 = 100;
        Met->Par[2].Val.V_RGDOUBLE = 0.5;
        Met->Par[3].Val.V_RGDOUBLE = 1.5;
        Met->Par[4].Val.V_RGDOUBLE = 1.0e-7;
    }
}

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    }

    return OK;
}

PricingMethod MET(FD_Psor_UpIn) =
{
    "FD_Psor_UpIn",
    { {"SpaceStepNumber", INT2, {100}, ALLOW    }, {"TimeStepNumber", INT2, {100},
        {"Theta", RGDOUBLE051, {100}, ALLOW}, {"Omega", RGDOUBLE12, {100}, ALLOW}, {
    },
    CALC(FD_Psor_UpIn),
    {{"Price", DOUBLE, {100}, FORBID}, {"Delta", DOUBLE, {100}, FORBID} , {" ", PR
    CHK_OPT(FD_Psor_UpIn),
    CHK_psor,
    MET(Init)
};

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