

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 Gauss_UpIn(int am, double s, NumFunc_1 *p, double l, double rebate,
{
    int      Index, PriceIndex, TimeIndex;
    double   k, vv, loc, h, z, alpha, beta, gamma, y, alpha1, beta1, gamma1, up, p
    double   *Obst, *A, *B, *C, *P, *S, pricenh, pricep2h, priceph;

    /*Memory Allocation*/
    Obst = malloc((N + 2) * sizeof(double));
    if (Obst == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    A = malloc((N + 2) * sizeof(double));
    if (A == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    B = malloc((N + 2) * sizeof(double));
    if (B == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    C = malloc((N + 2) * sizeof(double));
    if (C == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    P = malloc((N + 2) * sizeof(double));
    if (P == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    S = malloc((N + 2) * sizeof(double));
    if (S == 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;
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/*Space Step*/
y = log(s);
up = log(1);
h = (up - (y - loc)) / (double)(N + 1);

/*Coefficient of diffusion augmented */
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));

for (PriceIndex = 1; PriceIndex <= N; PriceIndex++)
{
    A[PriceIndex] = alpha;
    B[PriceIndex] = beta;
    C[PriceIndex] = gamma;
}

/*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));

/*Set Gauss*/
for (PriceIndex = N - 1; PriceIndex >= 1; PriceIndex--)
    B[PriceIndex] = B[PriceIndex] - C[PriceIndex] * A[PriceIndex + 1] / B[PriceIndex + 1];
for (PriceIndex = 1; PriceIndex <= N; PriceIndex++)
    A[PriceIndex] = A[PriceIndex] / B[PriceIndex];
for (PriceIndex = 1; PriceIndex < N; PriceIndex++)
    C[PriceIndex] = C[PriceIndex] / B[PriceIndex + 1];

/*Terminal Values*/

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for (PriceIndex = 0; PriceIndex <= N; PriceIndex++)
{
    Obst[PriceIndex] = (p->Compute)(p->Par, exp(y - loc + (double)PriceIndex *
    P[PriceIndex] = rebate;
}
price2 = (p->Compute)(p->Par, 1);

/*Finite Difference Cycle*/
for (TimeIndex = 1; TimeIndex <= M; TimeIndex++)
{
    /*Set Rhs*/
    S[1] = beta1 * P[1] + gamma1 * P[2] + alpha1 * P[0] - alpha * P[0];

    for (PriceIndex = 2; PriceIndex <= N; PriceIndex++)
        S[PriceIndex] = alpha1 * P[PriceIndex - 1] + beta1 * P[PriceIndex] +
            gamma1 * P[PriceIndex + 1];

    price1 = Boundary(1, p, (double)TimeIndex * k, r, divid, sigma);
    S[N] = beta1 * P[N] + alpha1 * P[N - 1] + gamma1 * price2 - gamma * price1;
    price2 = price1;

    /*Solve the system*/
    for (PriceIndex = N - 1; PriceIndex >= 1; PriceIndex--)
        S[PriceIndex] = S[PriceIndex] - C[PriceIndex] * S[PriceIndex + 1];

    P[1] = S[1] / B[1];

    for (PriceIndex = 2; PriceIndex <= N; PriceIndex++)
        P[PriceIndex] = S[PriceIndex] / B[PriceIndex] - A[PriceIndex] * P[PriceIndex - 1];

    /*Splitting for the american case*/
    if (am)
        for (PriceIndex = 1; PriceIndex <= N; PriceIndex++)
            P[PriceIndex] = MAX(Obst[PriceIndex], P[PriceIndex]);
}

Index = (int)floor(loc / h);
P[N + 1] = price1;

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

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/*Delta*/
priceph = P[Index - 1] + (P[Index] - P[Index - 1]) * (exp(y - h) - exp(y - loc
if (y != up)
{
    pricenh = P[Index + 1] + (P[Index + 2] - P[Index + 1]) * (exp(y + h) - exp
    *ptdelta = (pricenh - priceph) / (2 * s * h);
}
else
{
    pricep2h = P[Index - 2] + (P[Index - 3] - P[Index - 2]) * (exp(y - 2 * h)
    *ptdelta = (-4 * priceph + pricep2h + 3 * (*ptprice)) / (2 * s * h);
}
/*Memory Desallocation*/
free(Obst);
free(A);
free(B);
free(C);
free(P);
free(S);

return OK;
}

int CALC(FD_Gauss_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_
    rebate = ((ptOpt->Rebate.Val.V_NUMFUNC_1)->Compute)((ptOpt->Rebate.Val.V_NUMFU

    return Gauss_UpIn(ptOpt->EuOrAm.Val.V_BOOL,
        ptMod->S0.Val.V_PDOUBLE, ptOpt->PayOff.Val.V_NUMFUNC_1,
        limit, rebate, ptOpt->Maturity.Val.V_DATE - ptMod->T.Val.V_D
        r, divid, ptMod->Sigma.Val.V_PDOUBLE,
        Met->Par[0].Val.V_INT2, Met->Par[1].Val.V_INT2, Met->Par[2].
        &(Met->Res[0].Val.V_DOUBLE), &(Met->Res[1].Val.V_DOUBLE));
}

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}

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

    if ((opt->OutOrIn).Val.V_BOOL == IN)
        if ((opt->DownOrUp).Val.V_BOOL == UP)
            if ((opt->Parisian).Val.V_BOOL == FALSE)
                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 = 1.0;

    }

    return OK;
}

PricingMethod MET(FD_Gauss_UpIn) =
{
    "FD_Gauss_UpIn",
    { {"SpaceStepNumber", INT2, {100}, ALLOW }, {"TimeStepNumber", INT2, {100}, A
        {"Theta", RGDOUBLE051, {100}, ALLOW}, {" ", PREMIA_NULLTYPE, {0}, FORBID}
    },
    CALC(FD_Gauss_UpIn),
    {"Price", DOUBLE, {100}, FORBID}, {"Delta", DOUBLE, {100}, FORBID} , {" ", PR
    CHK_OPT(FD_Gauss_UpIn),
    CHK_split,

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    MET(Init)  
};
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