

FM 5021
Quiz #5

Name:

Suppose that a stock S pays a dividend yield denoted by q . Calls and puts with strike K and maturity T trade on S . If interest rates are denoted by r , use a similar approach to the one used in class to prove a put-call parity relationship for S .

Hint: Modify the put-call parity argument we did in class. Remember that q is to S what r is to K .