Option Pricing and Financial Markets

Gerrit Meyerheim
LS (Seminar) Seminar für Bevölkerungsökonomik
Wintersemester/winter semester 2026/27

The objective of this seminar is to explore central topics in option pricing and financial markets.

On the theoretical side, we will study the basic principles of derivative pricing, including no-arbitrage arguments, risk-neutral valuation, and models such as the binomial model and the Black-Scholes framework. We will also discuss how option prices reflect uncertainty, volatility, and risk premia.

On the empirical and applied side, we will examine how options are traded in financial markets, how option-implied information can be used to study market expectations, and how derivatives are used for hedging, speculation, and risk management.

Note: the literature covered in this seminar connects theoretical models with practical applications in financial markets. Specific topics of interest can be coordinated on in the preliminary meeting.

The preliminary meeting will take place on the 22nd of July (10:00) in person in Schackstraße 4, Room 413 (4th floor).

Studiengang: ***Program:***	BSc
Termin Vorbesprechung (tt.mm.jjjj): ***Date of preliminary meeting (dd.mm.yyyy):***	22.07.2026
Bearbeitungszeitraum für die Hausarbeit:** ****Working period for term paper:	24.08.2026 - 21.09.2026
Seminartermin:** ****Seminar date:	02.10.2026
Veranstaltungsort: ***Venue:***	München
falls außerhalb: Kostenschätzung: ***if out of Munich: estimated costs:***	€
Sprache: ***Language:***	English
Empfohlene Vorkenntnisse: ***Recommended courses:***	Mikroökonomie II Makroökonomie II Empirische Ökonomie II
Methodischer Schwerpunkt: ***Methodological background:***	Macroeconomics, Empirical Economics
Grundlagenliteratur:** ****Basic references:	Cochrane, 2005: Asset Pricing
Kontakt:** ***Contact:	gerrit.meyerheim@econ.lmu.de