

Quantitative Finance > Computational Finance

Is the minimum value of an option on variance generated by local volatility?

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We discuss the possibility of obtaining model-free bounds on volatility derivatives, given present market data in the form of a calibrated local volatility model. A counter-example to a wide-spread conjecture is given.

Subjects: **Computational Finance (q-fin.CP)**; Probability (math.PR); Pricing of Securities (q-fin.PR)

MSC classes: 91G99

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