***Calculation Example: European Option Valuation Without Dividends***

**Question:** Find the price of a 6 month European call option with a strike price of $50, written on a non-dividend paying stock currently trading at $60. The risk-free interest rate is 10% pa continuously compounded and the standard deviation of the stock’s returns is 20% pa.

Last modified 21.2.17 KW

**Answer:**

