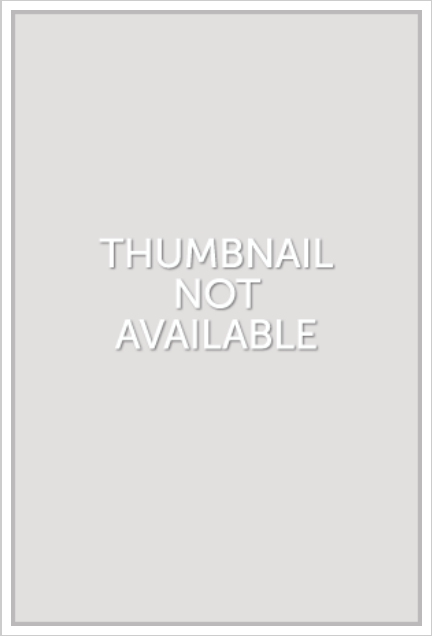


DOWNLOAD

Numerical Analysis of a Free-Boundary Singular Control Problem in Financial Economics (Classic Reprint) (Paperback)

By Ayman Hindy

Forgotten Books, United States, 2015. Paperback. Book Condition: New. 229 x 152 mm. Language: English . Brand New Book ***** Print on Demand *****.Excerpt from Numerical Analysis of a Free-Boundary Singular Control Problem in Financial Economics We analyze a numerical scheme for solving the problem of optimal life-time consumption and investment allocation studied in a companion paper by Hindy, Huang, and Zhu (1993), denoted HHZ henceforth. HHZ study a model that represents, among other things, habit forming preferences over the service flows from irreversible purchases of a durable good whose stock decays over time. We provide a brief statement of a special case of the control problem in section 2. HHZ contains the complete formulation, the motivation of the study, the economic interpretations of the variables, and a detailed discussion of the numerical solution. In this paper, we only provide the theoretical framework that supports the analysis in HHZ. We use dynamic programming to solve the optimal stochastic control for the continuous time problem formulated in HHZ. The important feature of this problem is that the admissible controls allow for cumulative consumption processes with possible jumps and singular sample paths. Furthermore, the controls do not appear directly in the objective...

READ ONLINE
[3.49 MB]

Reviews

I actually started reading this article ebook. I actually have read and i also am certain that i will likely to go through once again again in the future. You are going to like just how the article writer compose this ebook.

-- ***Mariane Kerluke***

Extensive manual! Its this kind of very good read through. I actually have read and that i am confident that i am going to planning to study once again once more in the future. I am easily could possibly get a delight of looking at a composed publication.

-- ***Ryder Purdy***