



Universität
Basel

Research Project

Forschungsprojekt Weizenoptionen (Swiss RE)

Third-party funded project

Project title Forschungsprojekt Weizenoptionen (Swiss RE)

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Organisation / Research unit

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Department

Project start 01.02.2018

Probable end 31.12.2019

Status Completed

Substantial differences in implied volatilities of wheat options traded in Chicago and Paris are observed, which have important valuation implications for wheat crop insurance contracts.

This study aims to analyse and explain the observed differences along various dimensions. It discusses differences in historical volatilities, the market structure, and their consequences for a valuation model. These findings, combined with in-depth analysis of seasonality and scarcity-related factors are used to suggest a time varying deterministic volatility model for wheat futures. This volatility model is used to provide a pricing model for wheat options in a risk-neutral measure.

Financed by

Private Sector / Industry

Add publication

Add documents

Specify cooperation partners