

For favour of posting

DEPARTMENT OF STATISTICS AND ACTUARIAL SCIENCE
THE UNIVERSITY OF HONG KONG

Seminar

Dr. Julia EISENBERG

Research Unit Financial and Actuarial Mathematics
Vienna University of Technology
Austria

will give a talk

entitled

**MAXIMIZING CONSUMPTION UNDER DETERMINISTIC
INCOME AND DIFFERENT INTEREST RATE MODELS**

Abstract

We consider an individual or household endowed with an initial wealth, having an income and consuming goods and services. The wealth development rate is assumed to be either a constant or a deterministic continuous function of time. The objective is to maximize the discounted consumption over a finite time horizon. At first, we assume a constant preference rate; in the next step, we go over to a stochastic interest rate. We solve the problems via the Hamilton--Jacobi--Bellman approach. Furthermore, we derive an algorithm for explicit calculation of the value function and optimal strategy. The method is illustrated by several examples.

on

Friday, July 18, 2014

11:00 a.m. – 12:00 noon

at

**Room 524, Meng Wah Complex
(behind the Chong Yuet Ming Amenities Centre)**

Visitors Please Note that the University has limited parking space. If you are driving please call the Department at 2859 2466 for parking arrangement.

All interested are welcome