

Name _____

Wealth in Equations: How Differential Equations Shape Economics and Finance

Open-Ended Response Questions

1. Can you explain how the Solow-Swan model uses differential equations to model economic growth?
2. How might financial analysts use the Black-Scholes model to price options in financial markets?
3. Why is it important for financial analysts to model risk and uncertainty using stochastic differential equations?
4. How do financial managers use the Markowitz mean-variance model to optimize investment portfolios?

