

The minimal risk of hedging with a convex risk measure

Yuji Umezawa

Graduate School of Mathematical Sciences, The University of Tokyo
3-8-1 Komaba, Meguro-ku, Tokyo 153-8914, Japan

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Abstract. We study the minimal hedging risk for a bounded European contingent claim when we use a convex risk measure. We find the infimum of hedging risk by using a kind of min-max theorem. Also we show that this infimum is again regarded as a convex risk measure.

Key words: risk measure, hedging