

Assignment 1: Q2

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$$d_f = (y_f - y_f^g) / y_f^g = \frac{y_f}{y_f^g} - 1$$

Since d_f "small", $\log(1 + d_f) \approx d_f$

$$\Rightarrow \log\left(\frac{y_f}{y_f^g}\right) \approx d_f$$

$$\Rightarrow d_f \approx \log y_f - \log y_f^g$$