

Good deal bounds with convex constraints

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Abstract

We investigate the structure of good deal bounds, which are subintervals of a no-arbitrage pricing bound, for financial market models with convex constraints as an extension of Arai and Fukasawa (2013 to appear in *Math. Fin.*). The upper and lower bounds of a good deal bound are naturally described by a convex risk measure. We call such a risk measure a good deal valuation; and study its properties. We also discuss superhedging cost and Fundamental Theorem of Asset Pricing for convex constrained markets.

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