

1. Consider a European call option and a European put option on a nondividend-paying stock. You are given:

- (i) The current price of the stock is 60.
- (ii) The call option currently sells for 0.15 more than the put option.
- (iii) Both the call option and put option will expire in 4 years.
- (iv) Both the call option and put option have a strike price of 70.

Calculate the continuously compounded risk-free interest rate.

- (A) 0.039
- (B) 0.049
- (C) 0.059
- (D) 0.069
- (E) 0.079