

International Finance Discussion Papers: Evaluating Forecasts of Correlation Using Option Pricing (Paperback)



Filesize: 3.97 MB

Reviews

Certainly, this is the finest work by any article writer. It really is full of wisdom and knowledge You will not sense monotony at at any time of your own time (that's what catalogs are for concerning should you ask me).

(Marion Mann DDS)

INTERNATIONAL FINANCE DISCUSSION PAPERS: EVALUATING FORECASTS OF CORRELATION USING OPTION PRICING (PAPERBACK)

DOWNLOAD



To save **International Finance Discussion Papers: Evaluating Forecasts of Correlation Using Option Pricing (Paperback)** PDF, please access the link below and save the document or get access to additional information which might be related to **INTERNATIONAL FINANCE DISCUSSION PAPERS: EVALUATING FORECASTS OF CORRELATION USING OPTION PRICING (PAPERBACK)** ebook.

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book ***** Print on Demand *****.A forecast of the correlation between two asset prices is required to price or hedge an option whose payoff depends on both asset prices or to measure the risk of a portfolio whose return depends on both asset prices. However, a number of factors make it difficult to evaluate forecasts of correlation. We develop a forecast evaluation methodology based on option pricing, extending a technique that Engle et al. (1993) introduced to evaluate volatility forecasts. A forecast of the variance-covariance matrix of joint asset returns is used to generate a trading strategy for a package of simulated options. The most accurate forecast will produce the most profitable trading strategy. The package of simulated options can be chosen to be sensitive to correlation, to volatility, or to any arbitrary combination of the two. In an empirical application, we focus on the ability to forecast the correlation between two stock market indices. We compare the correlation forecasting ability of three more sophisticated models (two GARCH models and a two-state Markov switching model) and two simple moving averages. We find that the more sophisticated models produce better correlation forecasts than the simple moving averages.



Read International Finance Discussion Papers: Evaluating Forecasts of Correlation Using Option Pricing (Paperback) Online



Download PDF International Finance Discussion Papers: Evaluating Forecasts of Correlation Using Option Pricing (Paperback)

You May Also Like



[PDF] Two Treatises: The Pearle of the Gospell, and the Pilgrims Profession to Which Is Added a Glasse for Gentlewomen to Dresse Themselves By. by Thomas Taylor Preacher of Gods Word to the Towne of Reding. (1624-1625) (Paperback)

Access the link under to read "Two Treatises: The Pearle of the Gospell, and the Pilgrims Profession to Which Is Added a Glasse for Gentlewomen to Dresse Themselves By. by Thomas Taylor Preacher of Gods Word to the Towne of Reding. (1624-1625) (Paperback)" document.

[Download Document »](#)



[PDF] Two Treatises: The Pearle of the Gospell, and the Pilgrims Profession to Which Is Added a Glasse for Gentlewomen to Dresse Themselves By. by Thomas Taylor Preacher of Gods Word to the Towne of Reding. (1625) (Paperback)

Access the link under to read "Two Treatises: The Pearle of the Gospell, and the Pilgrims Profession to Which Is Added a Glasse for Gentlewomen to Dresse Themselves By. by Thomas Taylor Preacher of Gods Word to the Towne of Reding. (1625) (Paperback)" document.

[Download Document »](#)



[PDF] Index to the Classified Subject Catalogue of the Buffalo Library; The Whole System Being Adopted from the Classification and Subject Index of Mr. Melvil Dewey, with Some Modifications . (Paperback)

Access the link under to read "Index to the Classified Subject Catalogue of the Buffalo Library; The Whole System Being Adopted from the Classification and Subject Index of Mr. Melvil Dewey, with Some Modifications . (Paperback)" document.

[Download Document »](#)



[PDF] Kindergarten Culture in the Family and Kindergarten; A Complete Sketch of Froebel s System of Early Education, Adapted to American Institutions. for the Use of Mothers and Teachers (Paperback)

Access the link under to read "Kindergarten Culture in the Family and Kindergarten; A Complete Sketch of Froebel s System of Early Education, Adapted to American Institutions. for the Use of Mothers and Teachers (Paperback)" document.

[Download Document »](#)



[PDF] Ohio Court Rules 2013, Practice Procedure (Paperback)

Access the link under to read "Ohio Court Rules 2013, Practice Procedure (Paperback)" document.

[Download Document »](#)



[PDF] A Kindergarten Manual for Jewish Religious Schools; Teacher s Text Book for Use in School and Home (Paperback)

Access the link under to read "A Kindergarten Manual for Jewish Religious Schools; Teacher s Text Book for Use in School and Home (Paperback)" document.

[Download Document »](#)