Title:
A Generalization of Double-exponential Jump Diffusion Models.
By
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Abstract:
In this talk, we generalize the double-exponential distribution for the jump size in jump-diffusion models (Kou 2000) to a more general class of distributions, known as scale mixtures distributions, which provide more flexible tails for modelling. A full Bayesian analysis is provided and technical details of simulation are discussed. Hang Seng Index data and/or S&P data will be used in our illustrative examples.