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Copula–Based Models for Financial Time Series

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[Andrew J. Patton](#) 

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Abstract

This paper presents an overview of the literature on applications of copulas in the modelling of financial time series. Copulas have been used both in multivariate time series analysis, where they are used to characterize the (conditional) cross-sectional dependence between individual time series, and in univariate time series analysis, where they are used to characterize the dependence between a sequence of observations of a scalar time series process. The paper includes a broad, brief, review of the many applications of copulas in finance and economics.

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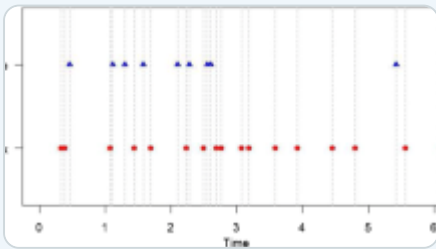
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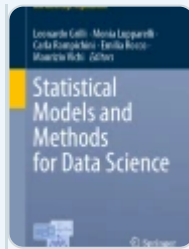
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Author information

Authors and Affiliations

Department of Economics and Oxford-Man Institute of Quantitative Finance, University of Oxford, Manor Road, Oxford OX1 3UQ, United Kingdom

Andrew J. Patton

Corresponding author

Correspondence to [Andrew J. Patton](#).

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