Applied Financial Economics ›
Volume 18, 2008 - Issue 15

Original Articles

Estimating stock market volatility using asymmetric GARCH models

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Pages 1201-1208 | Published online: 21 Jul 2008

Cite this article https://doi.org/10.1080/09603100701604225

Abstract

A comprehensive empirical analysis of the mean return and conditional variance of Tel Aviv Stock Exchange (TASE) indices is performed using various GARCH models. The predictic ... ompared to newer as ... e-week effect ar ... show that the asyn ... mation for measuri ... t-t distri

Notes

[1] The TA25 Index is a value-weighted index of the shares of the 25 companies with the highest market capitalization that are traded on the TASE.

[2] The TA100 Index is a value-weighted index of the shares of the 100 companies with the highest market capitalization that are traded on the TASE.

[3] The BFGS method approximates the Hessian matrix by analyzing successive gradients vectors.

[4] The estimated values for the four models are available from the authors.

[5] The Prob[1] and Prob[2] are the probability values for P(50), the first using 49 degrees of freedom and the second 49 minus the number of estimated parameters.

[6] MSE and MAE are generally affected by larger errors such as in the case of outliers. MedSE and AMAPE have the advantage of reducing the effect of outliers.