Original Articles

Predicting regime switches in the VIX index with macroeconomic variables

N. Baba & Y. Sakurai ✉
Pages 1415-1419 | Published online: 21 Mar 2011

❝ Cite this article   ⇗ https://doi.org/10.1080/13504851.2010.539532

📄 Full Article   🖼 Figures & data   📑 References   ❝ Citations   📊 Metrics

🖨 Reprints & Permissions   Read this article   Share

Abstract

In this a   ding
indicato   ch. We find
that ther   10 period:
tranquil   isis regime
with e   ranquil to
the t

Acknow

We than   ble
suggestions. The views expressed in this article are those of the authors and do not

---

We Care About Your Privacy

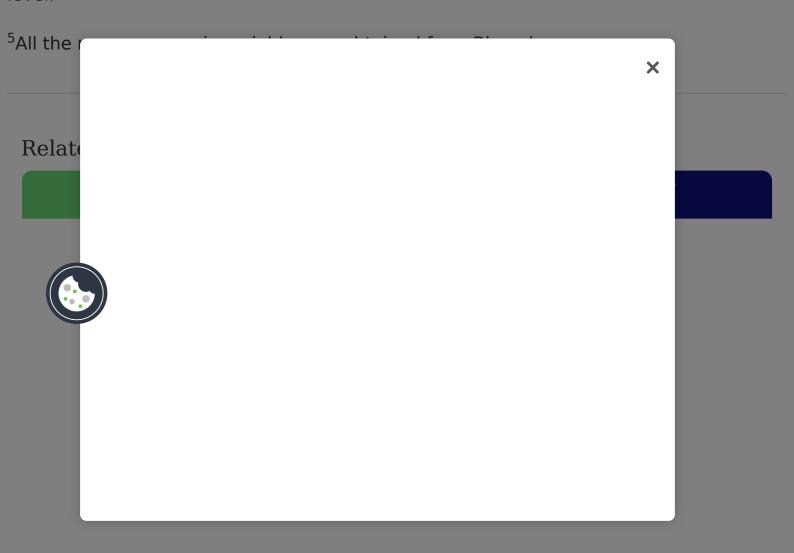necessarily reflect those of the Bank of Japan.

Notes

[1]One closely related study is of Chen and Clements (2007), who investigate the impact of monetary policy announcement on the VIX index, although they do not investigate regime switches.

[2]The structural breaks are detected by minimizing the sum of squared errors of each partitioned period.

[3]Bussiere and Fratzscher (2006) suggest the usefulness of a regime-switching approach in the early warning system model because it can determine the timing and the length of different regimes endogenously.

[4]For a robustness check, we also estimated three-regime-switching model without this restriction. We conducted likelihood ratio test and found that the model without the restriction did not significantly outperform the model with the restriction at the 5% level.

[5]All the

Keep up to date

Register to receive personalised research and resources
by email

✉ Sign me up