


83 Views | 6 CrossRef citations to date | 0 Altmetric

Papers

# Short Positions, Rally Fears and Option Markets

Ernst Eberlein & Dilip B. Madan 

Pages 83-98 | Received 10 Nov 2008, Accepted 02 Apr 2009, Published online: 04 Sep 2009

 Cite this article  <https://doi.org/10.1080/13504860903075688>  
Sample our  
Economics, Finance,  
Business & Industry Journals  
>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days[Full Article](#) [Figures & data](#) [References](#) [Citations](#) [Metrics](#)  
[Reprints & Permissions](#) [Read this article](#)

## Abstract

Index option pricing on world market indices are investigated using Lévy processes with no positive jumps. Economically this is motivated by the possible absence of longer horizon short positions while mathematically we are able to evaluate for such processes the probability of a rally before a crash. Three models are used to effectively calibrate index options at an annual maturity, and it is observed that positive jumps may be needed for FTSE, N225 and HSI. Rally before a crash probabilities are shown to have fallen by ... models are also des

### About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All 

Essential Only

Settings

Related research 

## Information for

[Authors](#)[R&D professionals](#)[Editors](#)[Librarians](#)[Societies](#)

## Opportunities

[Reprints and e-prints](#)[Advertising solutions](#)[Accelerated publication](#)[Corporate access solutions](#)

## Open access

[Overview](#)[Open journals](#)[Open Select](#)[Dove Medical Press](#)[F1000Research](#)

## Help and information

[Help and contact](#)[Newsroom](#)[All journals](#)[Books](#)

## Keep up to date

Register to receive personalised research and resources by email

[Sign me up](#)

## About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

[Accept All](#)[Essential Only](#)[Settings](#)