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► Volume 15, Issue 4 ► Forecasting the weekly time-varying beta

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Forecasting the weekly time-varying beta of UK firms: GARCH models vs. Kalman filter method

Taufig Choudhry 🔀 & Hao Wu

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Notes

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Brooks, Faff, and McKenzie (1998) provide several citations of papers that apply these different methods to estimate the time-varying beta.

The leverage effect is due to the reduction in the equity value, which would raise the debt-to-equity ratio, hence raising the riskiness of the firm as a result of an increase in future volatility. Glosten, Jagannathan, and Runkle (1993) provide an alternative explanation for the negative effect; if most of the fluctuations in stock prices are caused by fluctuations in expected future cash flows, and the riskiness of future cash flows do ns, the unantici to unantici There is symmetric effect in Jaganna ing this asym Since of out only have im

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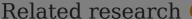
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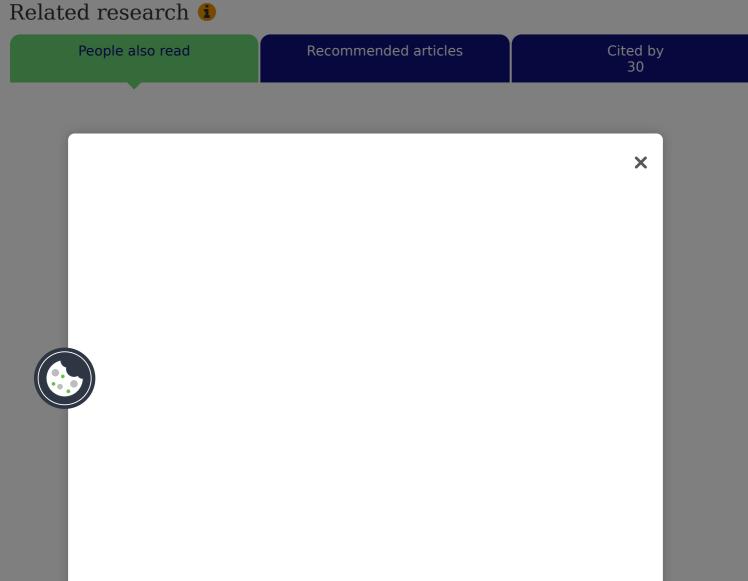
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