

The University of Chicago  
Department of Statistics  
Seminar

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**“Nonstationarity: The Challenge to the Modeling  
of Asset Prices and Derivatives”**

**Monday, April 5, 2004 at 4:00 PM  
133 Eckhart Hall, 5734 S. University Avenue**

**ABSTRACT**

This talk argues for a general statistical audience that the lack of stationarity (or difference stationarity) presents a major problem to the theory of derivative pricing. The focus is mainly on examples of the problem, but it does hazard some positive suggestions. The main source for optimism is that nonstationarity offers an exceptionally rich (and potentially novel) set of challenges for stochastic modelers who are willing to hazard a view on the relationships between future events. The talk will be most beneficial to those who are able to bring to it a high tolerance for speculative uncertainty.

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