

MASTER'S SEMINAR ANNOUNCEMENT
Department of Statistics

"Empirical Study on Deviance Information Criterion with Stochastic Volatility Models"

FRIDAY, July 16, 2004, 10:00 am
Eckhart Hall, Room 110, 5734 S. University Avenue

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ABSTRACT

The purpose of this paper is to empirically study the performance of Deviance Information Criterion with the application of stochastic volatility models. First, a simulation study is completed to check the fitting of different volatility models and the DIC result. Second, some robustness check is made by changing the value of one model parameter and generating data from different true models. Finally, real data from financial markets in several countries are used to fit volatility models and compare how DIC performs in those situations. The results show that the DIC tend to prefer the more complex models in our candidate list, and the widely applied simple volatility model does not work well according to this criterion.