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Analysis of Dependence in Financial Markets by Using TVOC Model

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ABSTRACT
My thesis will discuss a method named time-varying optimal copula. This method is different from the classical method TVC. TVOC method helps us find the characters of dependence structure in the co-movement across markets at every time point. By using the Clayton copula and Gumbel copula, we will get the analysis of nonlinear negative dependence at every time point of financial market. It helps us to figure out the best-fitting copula at each time point. Applying the TVOC model to the security and the stock market in the reality to identify the dependence structure.