

Department of Applied Mathematics and Statistics
The Johns Hopkins University

STUDENT SEMINAR

Ming Ye
Dept. of Applied Mathematics & Statistics
The Johns Hopkins University

Tuesday, October 5, 2009
303 Whitehead Hall
4:00 p.m.

ON FORECASTING VOLATILITY IN FINANCIAL MARKETS

ABSTRACT

We present a method based on the combination of the Implied Volatility method and the GARCH model for forecasting the volatility of a stock price. In the method the volatility values obtained from the Implied Volatility method are incorporated into the GARCH model to compute the parameters of the model, which are, in turn, used to estimate the future volatility. Preliminary testings show very promising results.