



UNIVERSITY OF SYDNEY

SCHOOL OF MATHEMATICS AND STATISTICS

Statistics Seminar

Friday, 27 April 2007, 2.00pm

Carslaw 373

Comparison of Alternative ACD Models via Density and Interval Forecasts: Evidence from the Australian Stock Market

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Abstract

In this paper a number of alternative ACD models are compared using a sample of data for three major companies traded on the Australian Stock Exchange. The comparison is performed by employing the methodology for evaluating density and interval forecasts, developed by Diebold, Gunther and Tay (1998) and Christofersen (1998), respectively. Our main finding is that the generalized gamma and log-normal distributions for the error terms have similar performance and perform better than the exponential and Weibull distributions. Additionally, there seems to be no substantial difference between the standard ACD specification of Engle and Russell (1998) and the log-ACD specification of Bauwens and Giot (2000).

This is the joint work with David Allen (ECU), Michael McAleer (UWA) and Shelton Peiris (U of Sydney).

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