**FINN 6216 Homework Assignment #8**

**Same rules as always.**

1. Suppose that with and is white noise and is independent of all the for s Suppose, also, that this is an ARMA process. Write down and express in terms of For what values of a is this process causal? In the case where it is causal, write down the coefficients for all
2. For each of the time series for AAPL and SPY absolute shifts, compute and plot a *correlogram,* for Do this also for the *absolute values* of the absolute shifts. Are banks right to be using an unconditional VaR model for this data? Make your answer more rigorous by using the Ljung-Box test.

**This assignment is due Thursday, March 29.**