

2.1 Data Analysis

1. Load the prices for two stocks of your choice. Convert prices into returns.
2. Plot the distribution of the returns with the normal density superimposed.
3. Plot the QQ plot of the returns.
4. Conduct an appropriate statistical test to check for normality.
5. Plot the autocorrelation function of returns and returns squared for each stock.
6. Conduct an appropriate statistical test to check for volatility clusters.

Hint: look up the following R functions: `hist`, `qqplot`, `jarque.bera.test`, `acf`, `Box.test`.

2.2 Conditional volatility model: MA

1. Calculate two moving average volatility models using a 20 and a 60 day window.
2. Plot and analyse your results.

Assignment Project Exam Help

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