

5 Multivariate Conditional Correlation Models

1. Get historical prices from two stocks of your choice, convert them into log returns, and de-mean the log returns.
2. Estimate the GARCH(1,1) conditional variance for each stock.
3. Estimate a moving average conditional correlation with $WE=100$.
4. Estimate a EWMA conditional correlation with $\lambda = 0.94$.
5. Estimate a BEKK(1,1) model for the two stocks.
6. Estimate a DCC model for the two stocks.
7. Compare the your results graphically.

Assignment Project Exam Help

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