Ráfaga™

Bao’s MRLRSV Model

- Estimate spot VIX from evolution of futures modulo strike price evaluation

Call(τ,K) = e^(-Integral{ r_s ds} over tau) * [F_τ * Π_1 – K * Π_2]

Model Metrics

- Ingests data from CBOE, Bloomberg and Yahoo! Finance
- Calculates per-strike value in two seconds on 8GB RAM
- RMSE in initial testing is 3.543 for 30 day call on VIX

Computational Convergence

- Math does not always translate to code easily
- The limit may not yield improvement

Solution

- Machine learning on hyper-parameters to tune model