Special Issue

Fat tailed Probability Distributions: Applications in Asset Pricing and Financial Econometrics

Message from the Guest Editor

It is now widely established that financial time series, such as commodity prices and prices of company stocks, are better described by probability distributions that exhibit fat tails. In particular, modeling these time series with such distributions is superior to modeling with the much more commonly used Gaussian distributions.

The development of volatility models sparked a debate on whether fat tails were a consequence of volatility clustering exhibited by these models. However, the ensuing literature has convincingly established the suitability of modeling financial time series with fat-tailed distributions, in addition to modeling their time-varying volatility.

Ignoring fat tails, when present, leads to consequences for properties of estimators, such as incorrect standard errors, non-standard asymptotic distributions, and so forth. This has consequences for myriad issues related to modeling financial time series, such as testing for predictability of stock returns, measurements of value-at-risk, measurements of implied volatility, options prices, to name a few.

This Special Issue aims to publish high-quality current research at the forefront of this area.

Guest Editor

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Deadline for manuscript submissions

closed (15 March 2019)

About the Journal

Message from the Editor-in-Chief

I'm thrilled to take the leadership reins of the *International Journal of Financial Studies* and welcome the opportunity to make it one of the vanguard open-source scientific journals in our field. I eagerly look forward to working with the journal editorial team in building upon the quality instilled by my predecessor to develop the title further and broaden the appeal to other new finance research areas while keeping our core a high-quality finance journal that serves and highly values the scientific community, readers and authors alike. *IJFS* aims to publish high-quality manuscripts in both theoretical and empirical finance spanning all the major research areas in the field. It aims to provide an outlet for original finance scholarly research that promotes interaction among finance scholars and practitioners and bridges the divide that can exist between them.

Editor-in-Chief

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