Dipartimento di Metodi e Modelli
per l'Economia il Territorio e la Finanza
MEMOTEF

Sapienza
Università di Roma

DYNAMIC ASYMMETRIC DEPENDENCE IN FINANCIAL MARKETS

Giacomo Morelli[1]

Lea Petrella[2]

ABSTRACT

This paper introduces the skew Brownian motion, as a natural generalization of the Azzalini's skew Normal distribution, to model asymmetries in financial markets. Moreover, it discusses the skew Brownian copula and shows that the skew Brownian motion has continuous trajectories via a copula based argument.

Classification JEL: *C1, C46, C49*
Keywords: *Skew processes, Brownian motion, Copula*

Working Paper n° 161
Settembre 2019

[1] Department of Economics and Finance – Luiss University – Viale Romania, 32, 00197, Rome (e-mail: ✉ morellig@luiss.it).
[2] Department MEMOTEF – Sapienza University of Rome – Via del Castro Laurenziano, 9, 00161 Rome (e-mail: lea.petrella@uniroma1.it).