

Superiority of High Frequency Based Volatility Models: Empirical Evidence from an Emerging Market

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Abstract : The paper aims to find the best volatility forecasting model for stock markets in Turkey. For this purpose, we compare performance of different volatility models-both traditional GARCH model and high frequency based volatility models-and conclude that both in pre-crisis and crisis period, the performance of high frequency based volatility models are better than traditional GARCH model. The findings of paper are important for policy makers, financial institutions and investors.

Keywords : volatility, GARCH model, realized volatility, high frequency data

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