A Market Risk Model for Asymmetric Distributed Series of Return

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Title:	A Market Risk Model for Asymmetric Distributed Series of Return
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Abstract:	In this paper we propose to model short-term interest rates by taking into consideration both the asymmetric properties of returns, using Pearson's type IV distribution, and the time-varying volatility, using GARCH models. We show that conditional skewness is negatively related to spot price interest rates and that negative conditional skewness can lead the process to generate steady returns.