
Most recent update: September 18, 2015

1. Page 11, Table 1.2, daily simple returns, 3M: change “670/01/02” to “70/01/02”. That is, delete “6”.


3. Page 106, Exercise 2.11: change “monthly” to “weekly”.

4. Page 114, Section 3.3.1: the definition of $F$ is
   \[ F = \frac{SSR_0 - SSR_1}{SSR_1/(T - 2m - 1)} \]

5. Page 159, Table 3.4. The numbers shown are conditional variances, not volatility.
   
   Further, we reanalyzed the data using a new R program. The results are similar. We give the new results below just for reference. For Eq. (3.46), the new result is
   \[ r_t = 0.586 + a_t, \quad a_t = \sigma_t \epsilon_t, \quad \sigma_t^2 = 0.736 + 0.152a_{t-2}^2 + 0.833\sigma_{t-1}^2. \]
   
   Eq. (3.47) becomes
   \[ r_t = 0.702 + a_t, \quad a_t = \sigma_t \epsilon_t, \quad \sigma_t^2 = 1.607 + 0.190a_{t-2}^2 + 0.787\sigma_{t-1}^2 - 0.010(x_{t-1} - 1.24)^2. \]
   
   All estimates are statistically significant at the 5% level. With these new estimates and using volatility, Table 3.4 becomes

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</thead>
<tbody>
<tr>
<td>Model (3.46)</td>
<td>5.10</td>
<td>5.08</td>
<td>4.95</td>
<td>4.62</td>
<td>4.52</td>
<td>4.72</td>
</tr>
<tr>
<td>Model (3.47)</td>
<td>4.64</td>
<td>4.74</td>
<td>4.71</td>
<td>4.39</td>
<td>3.81</td>
<td>4.28</td>
</tr>
</tbody>
</table>

6. Page 161, Table 3.12: The label for y-axis should be volatility, not volume.

7. Page 207, line 4, change $m-p-q$ to $m$. Also, delete the sentence “Because the statistic ... is $m-p-q$”.

8. Page 252, first equation: change $\lambda_{u,t}$ to $\ln \left( \frac{\lambda_{u,t}}{1-\lambda_{u,t}} \right) = .

10. Page 272, Table 5.9. The estimates of $\alpha$ and $\kappa$ for the GACD model are not stable. The results suggest that generalized Gamma innovations are not needed. One can take a log transformation and model the resulting time series.

11. Page 343, line 1 above Equation (7.16). Change minimum to maximum.

12. Page 398, line −8. The $Q_2(.)$ statistics are $Q_2(1) = 10.90$, $Q_2(5) = 54.21$, and $Q_2(10) = 75.46$.

13. Page 398, line −6, the $p$ values are 0.028, 0.0001, and 0.0001, respectively.

14. Page 422, Table 8.6, case (b). Change the (1,2) element of $\Theta_1$ from $-0.05$ to $-0.15$.

15. Page 562, Theorem 11.1, RHS of Result 2. Change the second $\Sigma_{xx}$ to $\Sigma_{xy}$. That is, the correct formula is

$$\text{Var}(x|y) = \Sigma_{xx} - \Sigma_{xy} \Sigma_{yy}^{-1} \Sigma_{yx}.$$ 

16. Page 639, the equation before the 2nd Remark: add $\eta$ to the right hand side of the equation. That is, $\hat{h}_2(-2) = \alpha_1^2 (\ln \hat{h}_2 - \eta) + \eta$. 

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