

CENTRE FOR APPLIED FINANCE AND ECONOMICS

Seminar



HESTON-TYPE STOCHASTIC VOLATILITY WITH A MARKOV SWITCHING REGIME

**Professor Robert J. Elliott, University of South
Australia.**

We construct a Heston-type stochastic volatility model with a Markov switching regime to price a plain-vanilla stock option. A semi-analytic solution, which contains a matrix ODE is obtained and numerically calculated. Our model is flexible enough to provide a wide variety of volatility surfaces for the same volatility level but different regimes.

Biography: Robert J. Elliott received the bachelors and master's degrees from Oxford University, Oxford, U.K., and the Ph.D. and D.Sc. degrees from Cambridge University, Cambridge, U.K. He has held positions at Newcastle, Yale, Oxford, Warwick, Hull, Alberta, and visiting positions in Toronto, Northwestern, Kentucky, Brown, Paris, Denmark, Hong Kong, and Australia. From 2001 to 2009 he was the RBC Financial Group Professor of Finance at the University of Calgary, Canada, where he was also an Adjunct Professor in both the Department of Mathematics and the Department of Electrical Engineering. From 2009 to 2014 he was an Australian Professorial Fellow at the University of Adelaide. Currently he is a Research Professor at the University of South Australia.

Date: Monday 4th of December 2017

Time: 12.00pm – 1:30pm

Location: WL2-47 (Level 2, Room 47, Way Lee Building) City West [[campus map](#)]

For any further information and enquiries please contact

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