Calibration and simulation of Heston stochastic volatility model

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Heston stochastic volatility model is calibrated to market data using approach, which combines both global and local optimizers. The results are compared with parameters obtained by deterministic grid method based on brute-force search technique. Several simulation schemes are tested using the parameters obtained by calibration to real market data. Test is carried out by pricing European call options by Monte Carlo method.

References

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