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Modeling and predicting historical volatility in exchange rate markets

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Cover letter and Highlights

Highlights:

- GARCH family processes with different distributional assumptions, hybrid GARCH and ANN, and ANN trained with technical analysis indicators are compared in forecasting realized volatility of US exchange rates.
- ANN with technical analysis indicators performed the best.
- The proposed approach has the advantage of being assumptions-free, simple to implement, and accurate.