Readme File for "Stock Return Extrapolation, Option Prices, and Variance Risk Premium"

Adem Atmaz
Purdue University

March, 2021

Notes

- The MATLAB files in this directory replicates the results in Tables 2–8 in the paper using either closed-form solutions or simulations.
  - (Note that the Table 1 in the draft is the summary of the literature and does not require replication).
- There are 8 main MATLAB files named "Atmaz_Table_x_....m" for Table x (one for each Tables 2–7, one for Table 8 Panel A, and one for Table 8 Panel B)
- There are also 3 function files that are required to run the codes in main files for option prices and those require regressions based on simulated data (RN_OptionPrices.m, RN_OptionPsi.m, and olshac.m).