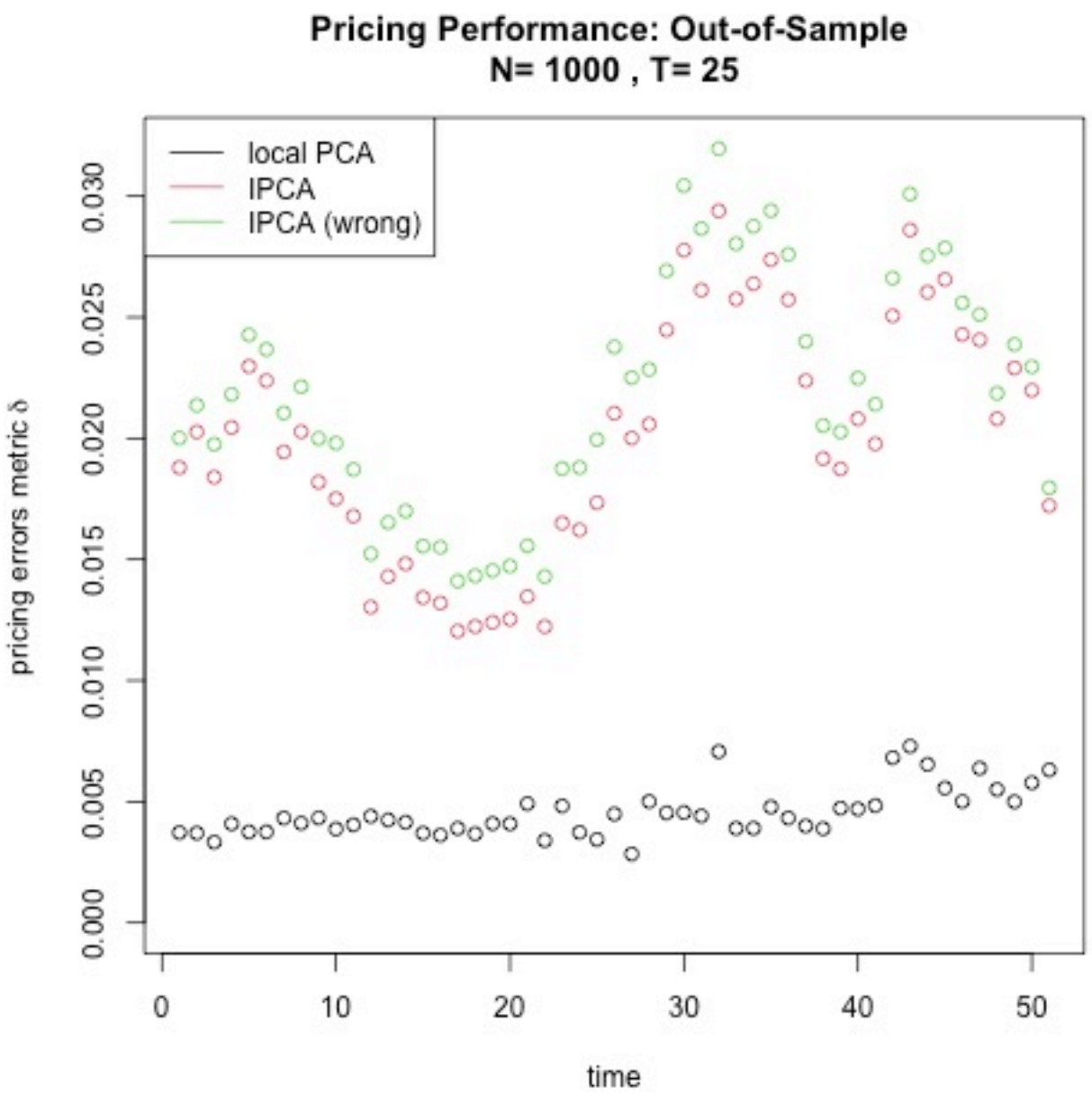
Pricing Performance: Out-of-Sample
N= 1000 , T= 25
local PCA
IPCA
IPCA (wrong)
pricing errors metric δ
0.000
0.005
0.010
0.015
0.020
0.025
0.030
0
10
20
30
40
50
time