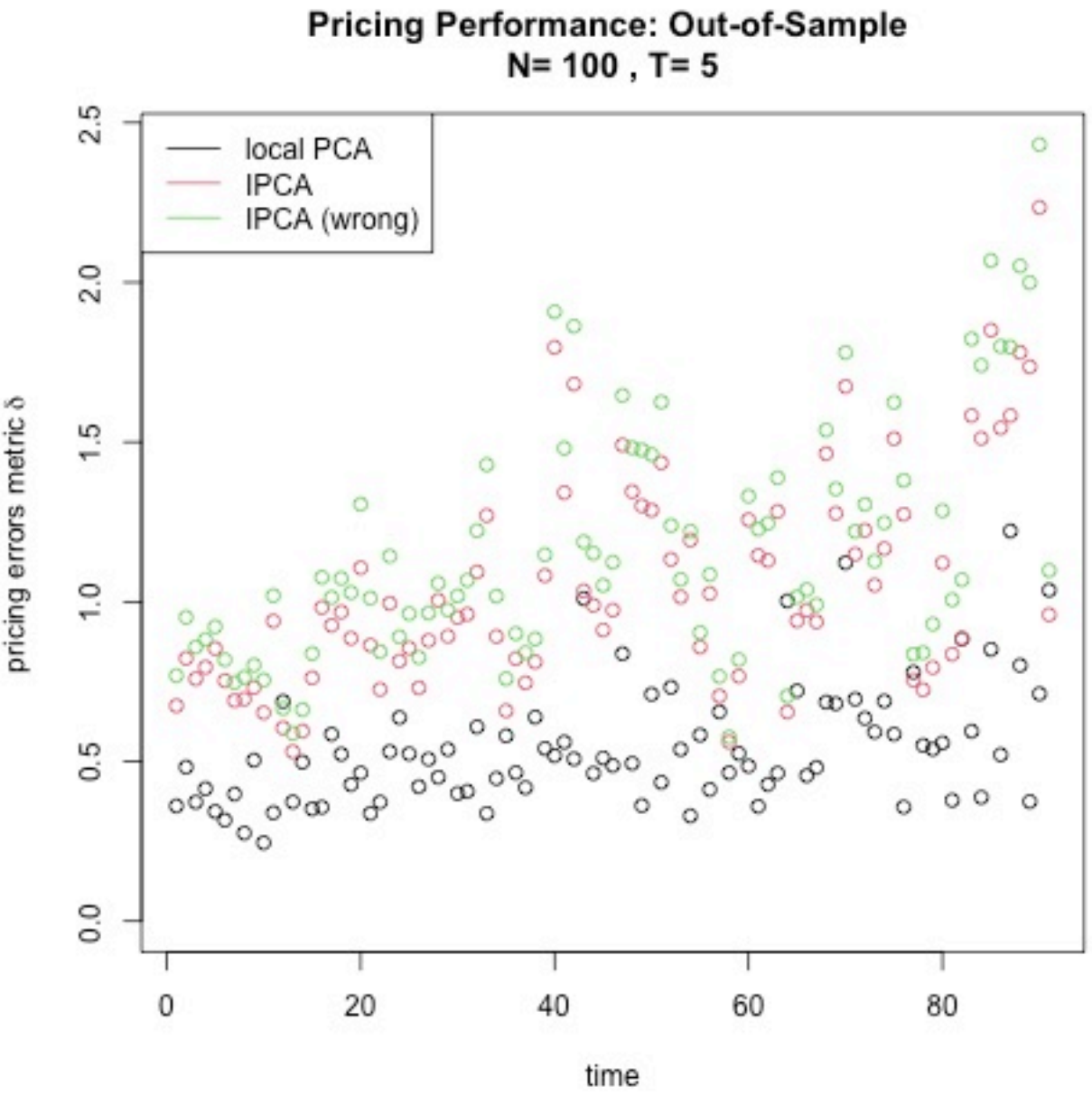
Pricing Performance: Out-of-Sample
N= 100 , T= 5
local PCA
IPCA
IPCA (wrong)
pricing errors metric δ
0.0
0.5
1.0
1.5
2.0
2.5
0
20
40
60
80
time