

Symmetry and Skewness Premium in Lévy Markets

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Abstract

We introduce a symmetry concept and study its relation with the Skewness premium introduced by Bates (1991) in a more general context using Lévy Processes. We obtain sufficient and necessary conditions for Bate's $x\%$ rule to hold. Then, we derive sufficient conditions for SK to be positive, in terms of the characteristic triplet of the Lévy Process under the risk neutral measure.

References

BATES, D. (1991): "The Crash of '87 – Was It Expected? The Evidence from Options Markets," *Journal of Finance*, 46(3), 1009–1044.

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