

Statistical Consequences of Fat Tails

Errata

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I. TYPOS

Equ. 4.8 $\{a_1, a_2, a_3, a_4\}$, a + and - signs were inverted between a_1 and a_2 .

4.13: $\mathbb{E}(X^{1/p})$ not $\mathbb{E}(X)^{1/p}$

Section 4.43 (derivations before Eq. 4.14): $\frac{MD}{STD}$ should be $\frac{STD}{MD}$.

Allora, for consistency, Eq. 4.14 (centering around the mean)

$$\frac{STD}{MD} = \frac{1}{2\sqrt{\alpha-2}(\alpha-1)^{\alpha-1}\alpha^{\frac{1}{2}-\alpha}},$$

by centering around the mean.

II. LESS RELEVANT (CLEANER PRESENTATION)

Some "distinctions without differences" and abuses of notation. Changed in the 2nd edition.

After Eq. 4.11: So we can see (removing constraints and/or allowing for negative values) how higher moments become rapidly explosive. [CLEARER]

Eq 4.12- Remove $1/n$ (depends on your definition of a norm)

Eq 2.3 and others defining kappa:

$$\kappa_{n_0, n} : \frac{\mathbb{M}(n)}{\mathbb{M}(n_0)} = \left(\frac{n}{n_0}\right)^{\frac{1}{2-\kappa_{n_0, n}}}$$

$\mathbb{P}(X > x) \sim L(x)x^{-\alpha}$ Should be = not \sim across definitions of power laws.