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Jun Deng, Huifeng Pan, Shuyu Zhang and Bin Zou*, 341 Mansfield Road U1009, Storrs, CT 06269. *Minimum-Variance Hedging of Bitcoin Inverse Futures.*

We formulate an optimal hedging problem of Bitcoin inverse futures under the minimum-variance framework. We obtain the optimal hedging strategy in closed forms for both short and long hedges, and compute hedging effectiveness under the optimal strategy. Our empirical analyses show that the optimal hedging strategy achieves superior effectiveness in reducing risk and outperforms the naïve hedge in all scenarios. (Received July 24, 2020)