Historical High-Low Volatility: Parkinson

http://www.happywednesday.org/portal/content/historical-high-low-volatility-parkinson

{Thenbsp; Parkinson formula for estimating the historical volatility of an underlying based on high and low prices.

{$\sigma = \sqrt{\frac{Z}{n4\ln 2}\sum_{i=1}^{n}\left(\ln\frac{H_i}{L_i}\right)^2}$

{where

{σ = Volatility
Z = Number of closing prices in a year
n = Number of historical prices used in the volatility estimate
H_i = The high
L_i = The low

{http://www.sitmo.com/eq/173