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Stein's Lemma for Skew-Normal Distributions: a Comment and an Example

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SUMMARY

In a recent paper in this journal, Pal, Chang and Lin (2008) present an extension to Stein's lemma for the skew-normal distribution. This short paper draws attention to the fact that the result is not new as there is a more powerful extension of Stein's lemma for the multivariate extended skew-normal distribution in Adcock (2007). The note also gives an example of an application for which the extended version of the distribution appears to provide a superior model.

Keywords and phrases: Hidden truncation models, minimum variance hedge ratio, multivariate extended skew-normal distribution, Stein's lemma.

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