

FORECASTING FINANCIAL MARKETS: ADVANCES FOR EXCHANGE RATES, INTEREST RATES AND ASSET MANAGEMENT

Aix-en-Provence, 21, 22 and 23 May 2008

Conference Programme

Programme Chairs:

Christian Dunis
(CIBEF and Liverpool John
Moore's University)

Michael Dempster (Centre
for Mathematical Sciences,
Cambridge University)

**Eric Girardin and Anne
Péguin-Feissolle**
(GREQAM and Université
Aix-Marseille II)

*Modelling with high frequency data and market
microstructure*

Fund management and trading rules

Funds of funds and balanced funds

*Advances in asset management and portfolio
optimisation*

Relative value and market neutral strategies

Modelling volatility and correlation

Risk analysis and credit trading

Derivatives pricing models and real options

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FORECASTING FINANCIAL MARKETS 2008

CONFERENCE PROGRAMME

Day 1: Wednesday 21 May 2008

SESSION 1 - ADVANCED MODELLING TECHNIQUES (I)

- 08:00** Registration and Coffee
- 08:45** Opening Address
- 09:00** *Robust Optimization of High Frequency Genetically Evolved Trading Strategies*, A. Vigier, Cooper Neff Alternative Managers, Paris, France, and S. Chmil, Fideuram Asset Management, Dublin, Ireland.
- 09:30** *Principal Component Analysis Based Volume Forecasting*, N. J. Manchaldore, Econophysica, London, UK.
- 10:00** *From Infinite Time to Finite Modelling*, H. G. Zimmermann, Siemens AG, München, Germany.
- 10:30** **Exhibits and Coffee**
- 10:45** *The Importance of Non-Linearities and Macroeconomic Uncertainty in Stress Testing*, M. Misina and D. Tessier, Bank of Canada, Canada.
- 11:15** *Relative Performance of VaR Models in the Presence of Regime Shifts in the Variance*, G. Spungin, Econophysica, London, UK.
- 11:45** *Intraday Trading Volume and International Spillover Effects*, H. Syed Mujahid, Hanken-Swedish School of Economics and Business Administration, Helsinki, Finland.
- 12:15** **Lunch and Exhibits**

PARALLEL SESSION 2 - ADVANCED MODELLING TECHNIQUES (II)

- 13:30** *To Mix Copulas or Not to Mix? That is the Question*, V. Arakelian, University of Cyprus, Cyprus, and D. Karlis, Athens University of Economics, Greece.
- 14:00** *Analytic Moments for Conditional and Aggregated GARCH Variances and Returns*, C. Alexander, E. Lazar and S. Stanescu, ICMA Centre, University of Reading, UK.
- 14:30** *A Bivariate Switching Regime Shift in Market Volatility*, R. Shami, Monash University, Caulfield East, Australia.
- 15:00** **Exhibits and Tea**
- 15:15** *Records Properties of Nonstationary Time Series*, A. E. Garcia Sipols, Universidad Rey Juan Carlos, Madrid, Spain.
- 15:45** *From Data Modelling to History Modelling*, H. G. Zimmermann, Siemens AG, München, Germany.
- 16:15** *Maximum Drawdown Value at Risk*, D. Edelman, University College Dublin, Ireland.
- 16:45** **Close of session**

PARALLEL SESSION 3 - EQUITY MARKETS

- 13:30** *Stock Market Volatility and Structural Breaks*, U. Hassler, Goethe University, Frankfurt, Germany.
- 14:00** *The Predictive Power of Stock Market Returns*, C. Salm, University of Münster, Germany.
- 14:30** *Forecasting Stock Returns with Sentiment Data: The Difference Between Private And Institutional Investors*, B. Zwergel, University of Augsburg, and C. Klein, University of Hohenheim, Stuttgart, Germany.
- 15:00** **Exhibits and Tea**
- 15:15** *The Co-Movements in International Stock Markets: New Evidence from Latin American Emerging Countries*, M. Aruri, University of Orléans, M. Bellahah, University of Cergy-Pontoise and D. K. Nguyen, ISC Paris School of Management, France.
- 15:45** *European Stock Market Integration: Panel Data Convergence and Stationarity Analysis*, N. Maraoub, EconomiX, Université Paris 10 Nanterre, France.
- 16:15** *ICSS-MGARCH Dynamic Conditional Correlation Model: Empirical Studies of Stocks Markets Spillovers and Crisis Contagion*, M. Bensafta and G. Semedo, Université François Rabelais, Tours, France.
- 16:45** **Close of session**
- 17:45** **Guided Tour of Aix-en-Provence**

Day 2: Thursday 22 May 2008

08:30 *Coffee*

PARALLEL SESSION 4 - FORECASTING AND TRADING SYSTEMS (I)

- 09:00 *Novel Stories About Forecasting International Stock Returns: Structural Breaks, Theory-Induced Restrictions and Cross-Country Linkages*, M. Wilner, Goethe University, Frankfurt, Germany.
- 09:30 *Using Copulae in Forecasting Credit Default: An Adaptive Approach*, D. Pham-Hi, ECE Graduate School of Engineering, Paris, France.
- 10:00 *Forecasting Economic and Financial Variables with Global VARs*, M. Pesaran, University of Cambridge, UK, T. Schuermann, Federal Reserve Bank of New York, USA, and V. Smith, University of Cambridge, UK.
- 10:30 *Exhibits and Coffee*
- 10:45 *Trading Rules and Performance for Emerging FX Markets*, Q. Wang, Centre for European Economic Research, Mannheim, Germany.
- 11:15 *Can Published Technical Analysis Predict Exchange Rate Movements in the London Intra-Day Foreign Exchange Market?*, M. Cleary, Anglia Ruskin University, Cambridge, UK.
- 11:45 *Optimisation of Technical Trading Systems*, E. Schumann and M. Gilli, University of Geneva, Switzerland.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 5 - FUND MANAGEMENT AND PORTFOLIO OPTIMISATION

- 09:00 *Asset Pricing and Portfolio Selection Based on the Multivariate Skew-Student Distribution*, C. Adcock, University of Sheffield, UK.
- 09:30 *Dynamic Programming to Solve the Multiperiod Mean-Variance Portfolio Selection Problem*, K. Bouwman, Erasmus University, Rotterdam, The Netherlands.
- 10:00 *Time Varying Factor Sensitivities*, R. Brown, Quantitative Finance Ltd., London, UK.
- 10:30 *Exhibits and Coffee*
- 10:45 *Pension Fund Management*, Y. Watanabe, Kochi University of Technology, Kochi, Japan.
- 11:15 *Can the Ratings Forecast Fund's Performance?*, C. Toque and V. Terraza, University of Luxembourg, Luxembourg.
- 11:45 *Dynamic Hedge Fund Style Analysis with Errors in Variables*, L. Bodson, University of Liège, Belgium, A. Coën, UQAM, Montréal, Canada, and G. Hubner, University of Liège, Belgium.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 6 - FORECASTING AND TRADING SYSTEMS (II)

- 14:00 *Forecasting Comparison of GARCH Models versus Kalman Filter Method: Evidence From US Daily Time-Varying Data*, T. Choudhry and H. Wu, University of Southampton, UK.
- 14:30 *Forecasting High Frequency Short-Term Inflation*, G. Moretti, Banca d'Italia, Rome, Italy.
- 15:00 *Application of News Based Sentiment to Market Forecasting*, G. Stiglic and P. Kokol, University of Maribor, Slovenia.
- 15:30 *Exhibits and Tea*
- 15:45 *Out-of-Sample Evaluation of Explanatory Models of Financial Return Variability*, G. Sucarrat, Universidad Carlos III de Madrid, Spain.
- 16:15 *Market Change Point Detection by Wavelet Transform*, O. Soloviev, Econophysics, London, UK.
- 16:45 *Nonlinear ACD Model and Informed Trading: Evidence from Shanghai Stock Exchange*, W. K. Wong, Cardiff Business School, UK, D. Tan and Y. Tian, University of Electronic Science and Technology, Shanghai, China.
- 17:15 *Market Makers as Information Providers: The Natural Experiment of STAR*, P. Perotti and B. Rindi, Università Bocconi, Milan, Italy.
- 17:45 *Close of Session*

PARALLEL SESSION 7 - MODELLING FOREIGN EXCHANGE (I)

- 14:00 *Analysing Currency Risk Premia*, A. Rezessy, European Commission, Joint Research Centre, Brussels, Belgium.
- 14:30 *Country Risk and Early Warnings on Contagion*, S. Barthélémy and S. Lunven, TAC Financial, Saint Hilaire des Landes, France.
- 15:00 *In Search of the Currency Risk Premium in Latin America*, S. Colliac, TAC Financial, Saint Hilaire des Landes, France.
- 15:30 *Exhibits and Tea*
- 15:45 *Day-Trading the Main Currency Pairs with a News Based Model of Exchange Rates*, M. Tivegna, University of Teramo, Italy.
- 16:15 *On Finding Training and Trading Time Set for Optimal Profits in Currency Trading Using Technical Analysis*, D. Pelusi, University of Teramo, Italy.
- 16:45 *Detecting the Positioning of the Median Currency Manager and its Possible Implications for Future Market Dynamics*, P. Lequeux, ABN AMRO Asset Management, London, UK.
- 17:15 *Higher Order and Recurrent Neural Architectures for Trading the EUR/USD Exchange Rate*, G. Sermpinis and C. Dunis, Liverpool John Moores University, UK.
- 17:45 *Close of session*

Day 3: Friday 23 May 2008

08:30 *Coffee*

PARALLEL SESSION 8 - MODELLING FOREIGN EXCHANGE (II)

09:00 *European Central Bank Communication and the Foreign Exchange Market*, E. Girardin, GREQAM, Marseille, France, T. Peltonen, European Central Bank, Frankfurt, Germany and M. Sager, University of Warwick, UK.

09:30 *The Dynamic Interaction of Order Flows and the CAD/USD*, N. Gradojevic and C. Neely, Federal Reserve Bank of St. Louis, USA.

10:00 *A Monetary Exchange Rate Model*, D. Sondermann, University of Münster, Germany.

10:30 **Exhibits and Coffee**

10:45 *Modelling and Trading the EUR/USD Exchange Rate at the ECB Fixing*, G. Sermpinis and C. Dunis, Liverpool John Moores University, UK.

11:15 *Macroeconomic Announcements, Communication and Order Flow for the Hungarian Foreign Exchange Market*, M. Frömmel, N. Kiss and K. Pinter; Magyar Nemzeti Bank, Budapest, Hungary.

11:45 *Structural Change and the Implied-Realized Volatility Relation*, N. Kellard, University of Essex, UK, and M. Wohar, University of Nebraska, Omaha, USA.

12:15 **Lunch and Exhibits**

PARALLEL SESSION 9 - BOND PRICES AND INTEREST RATES

09:00 *Controllability and Persistence of Interest Rate Spreads: Evidence from Euro Area Money Market Rates*, U. Busch and D. Nautz, Goethe University, Frankfurt, Germany.

09:30 *Leptokurtic Properties of JGB Yield Processes*, Y. Kagraoka, Musashi University, Tokyo, Japan.

10:00 *An Examination of Long-Term Bond and Share Option Selling Strategies*, D. Simon, Bentley College, Waltham, Mass., USA.

10:30 **Exhibits and Coffee**

10:45 *No-Arbitrage Restrictions and Yield Curve Forecasting*, A. Carriero, Queen Mary, University of London, and I. Kaminska, Bank of England, London, UK.

11:15 *Two-country No-Arbitrage Term-Structure Models*, M. Pericoli, Banca d'Italia, Rome, Italy.

11:45 *The Bond Duration-Convexity Approximation Revisited*, R. Yves, ECE Graduate School of Engineering, Paris, France.

12:15 **Lunch and Exhibits**

SESSION 10 - DERIVATIVES, OPTIONS AND VOLATILITY MODELLING

14:00 *Oil Volatility Risk and Asset Returns*, M. Koubouros, City College and University of Liverpool, UK, and I. Sarantis, University of Piraeus, Greece.

14:30 *Option Pricing for Nonlinear GARCH Processes*, D. Kubudi and A. Veiga, Pontifical Catholic University of Rio de Janeiro, Brazil.

15:00 *Smiled Dynamics of the Smile*, F. Ielpo, Dexia SA, Paris, France, and G. Simon, SGAM A.I., Paris, France.

15:30 **Exhibits and Tea**

15:45 *The Use of Commodity Futures Contracts in Hedging Jet Kerosene Price*, J. Laws and J. Thompson, Liverpool John Moores University, UK.

16:15 *Expansion Option Valuation of a Copper/Molybdenum Mine in Chile*, M. Mendez, Universidad Complutense de Madrid, Spain.

16:45 *Early Unwinding in Pure Arbitrage on Futures*, G. Desvilles, Conservatoire National des Arts et Métiers Graduate School of Engineering, Paris, France.

17:15 **End of Conference**

Publication of Papers:

Conference papers will be available on the Conference Proceedings Cd-Rom, a copy of which will be given to each delegate. Authors are also invited to submit their work to the *European Journal of Finance* (E.J.F.) which will publish a special proceedings issue containing selected papers from the Conference.

Conference Venue:

**La Baume les Aix
Chemin de la Blaque
F-13090 Aix-en-Provence**

Registration Fees:

Presenters registration fees: EUR 200 (academics) and EUR 350 (non-academics and dual academic/non-academic employment). For papers with multiple authorship, only one presenter can pay this reduced fee. Please note that when submitting a paper you implicitly agree to present it if accepted, and payment of registration fees will thus be required unless you withdraw by Tuesday 15 April 2008.

Standard delegate fees: EUR 1000. Academics are entitled to a 50% discount (letter on University letterhead required). The fee includes all refreshments and lunches and a guided tour of Aix on Wednesday 21 May.

All participants including presenters are responsible for their own travel and accommodation expenses.

Please note that payment must be received at least one week before the Conference begins.

A Conference dinner is organised on Thursday 22 May 2008 for which there will be an additional fee of EUR 40 (please register on site on the first day of the Conference).

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Payment:

- Cheque in EUR on a French bank payable to: Association d'Econométrie Appliquée, attention Henri Serbat (re. FFM2008), 53 rue Saint Denis, 75001 Paris, France (please send by regular landmail, *not* registered)

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Exhibitors:

We have a spacious exhibition area available throughout the Conference. For further information and costs, please contact Christian Dunis at cdunis@tiscali.co.uk or on +44 (0)20 7228 6128.

Hotel Accommodation:

Delegates are advised to book a room as soon as possible as many conferences take place in Aix-en-Provence in May/June. Hotel information is available on our website www.cibef.com in the 'FFM Conference' section.

Any further questions relating to the Conference can be addressed to:

- Marie-Hélène Roth, GREQAM, Château Lafarge, Route des Milles, 13290 Les Milles, France

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