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

London 26, 27, 28 May 1999

Organisers:
Christian Dunis
STATQ & Liverpool Business School
Berç Rustem
Department of Computing
Imperial College

Co-sponsors:
University of Cambridge
Cambridge Systems Associates
Applied Econometrics Association

Modelling with high frequency data
Non linear models, Chaotic dynamics
Applications of neural networks and genetic algorithms
Advances in asset management and portfolio optimisation
Modelling and forecasting volatility
Risk analysis and and credit trading
Day 1: Wednesday 26 May 1999

08:00 Registration & Coffee
08:40 Opening Address
  Christian Dunis (STATQ & Liverpool Business School) & Berç Rustem (Imperial College)
Session 1
ADVANCES IN ASSET MANAGEMENT
Chairman: Alan Kirman (GREQAM, Marseille)
09:00 The Changing Home Country Bias: Insights from Individual Pension Funds’ Foreign Equity Holdings, Alan Timmermann, London School of Economics, David Blake, University of London.
09:30 Investment Styles in the European Equity Markets, Monica Billio, Domenico Sartore, University Ca Foscari, Venice, Roberto Casarin, GRETA, Venice.
11:00 Questions
11:15 Coffee
11:30 Risk Neutral Forecasting, Spyros Skouras, European University Institute, Florence.
12:00 Non-Parametric Estimation of Two Dimensional Diffusions in Finance, Renato G. Flôres, Solvay Business School, ULB, Brussels, Cristian Huse, EPGE/FGV, Rio de Janeiro.
12:30 Questions
12:30 Luncheon

Parallel Session 2
HIGH FREQUENCY TRADING
Chairman: Michael Dempster (Judge Institute, University of Cambridge)
14:00 Real Trading Volume and Price Action in the FX Markets, Pierre Lequeux, BNP, London.
15:00 Non Linear Components in High Frequency Data and Econometric and Neural Networks Forecasts’ Quality, Riccardo Bramante & Maria Paola Viola, Universita Cattolica del Sacro Cuore, Milan, Giampaolo Gabbi, Universita di Siena.
15:30 Questions
15:45 Tea
16:00 A Comparative Study of Foreign Exchange Quotes Indicative Versus Market Quotes, Emmanuel Acar, Dresdner Kleinwort Benson, London.
16:30 Liquidity and Market Makers : An Analysis with Ultra High Frequency Data, Jose G. Montalvo, Universitat de Valencia.
17:00 Questions

Parallel Session 3
NON LINEAR MODELS AND MARKET BUBBLES 1
Chairman: Chris Adcock (EJF & University of Bath)
14:00 On the transitory nature of gurus, Alan Kirman, GREQAM, Marseille.
14:30 Self-Organisation in Opinion Aggregation Models, Sergio Focardi, The Intertek Group, Paris, Michele Marchesi, DIEE, University of Cagliari.
15:00 A Methodology To Materialise Psychological Elements of Foreign Exchange Market Dynamics, Yann Lepape, Université Aix-Marseille.
15:30 Questions
15:45 Tea
16:00 Gegenbauer Processes: Estimation and Forecasting, L. Ferrara, Université Paris 13, Dominique Guégan, Université de Reims, ENSAE-CREST.
16:30 Currency Forecasting Based on An Error Components-Seemingly Unrelated Nonlinear Regression Model, Winston T.Lin, State University of New York at Buffalo.
17:00 Questions
17:15 End of Day 1

Day 2: Thursday 27 May 1999

Parallel Session 4
TRADING AND RISK - BONDS AND EQUITIES
Chairman: Carl Chiarella (University of Technology, Sydney)
09:00 Coffee
11:00 Questions
11:15 Coffee
12:30 Questions

Parallel Session 5
NON LINEAR MODELS AND MARKET BUBBLES 2
Chairman: Alan Timmermann (London School of Economics)
09:00 Coffee
09:30 Currency forecasting, Sunspots, and Markov-Switching Regimes, Olivier Jeanne and Paul Masson, Research Department, International Monetary Fund, Washington, DC.
10:00 A Test of the Random Walk Hypothesis on High Frequency Stock Prices, Thierry Michel, Direction de la Prévision and TEAM, Paris, Laurent Augier, Université de la Rochelle and TEAM.
10:30 Exchange Rate Dynamics and Structural Breaks, Cem Ertur et Zaka Ratsimalahelo, Université de Bourgogne, Dijon.
11:00 Questions
11:15 Coffee
11:30 Forecasting daily dollar exchange rates, Liangyue Cao, University of Western Australia, Nedlands, Abdul S. Soofi, University of Wisconsin-Platteville.
12:00 Modelling economic high-frequency time-series with STAR-STGARCH models, Stefan Lundbergh and Timo Teräsvirta, Stockholm Schools of Economics.
12:30 Questions
12:45 Luncheon

Parallel Session 6
TRADING CURRENCIES AND GLOBAL RISK MANAGEMENT
Chairman: Renato Flôres (Ecole de Commerce Solvay, Bruxelles & E.P.G.E./F.G.V., Rio de Janeiro)
14:00 Analysis of time varying exchange rate risk, Ramaprasad Bahr, University of New South Wales, Sidney, Carl Chiarella, University of Technology, Sidney.
14:30 Non linear analysis for forecasting currencies, Foort Hamelink, Tilburg University.
15:00 Bootstrap Predictability of Daily Exchange Rates, Demosthenes N. Tambakis, City University Business School, Anne-Sophie Van Royen, University College London.
15:30 Questions
15:45 Tea
16:00 An Extreme Value Theory Approach to Calculating Minimum Capital Risk Requirements, C. Brooks, A.D. Clare and G. Persand, University of Reading.
16:30 Sensitivity Analysis of VAR Procedures, Joana Caldas, EPGE/FGV, Rio de Janeiro.
17:00 Questions

Parallel Session 7
FUND MANAGEMENT AND TRADING RULES
Chairman: Stephen Satchell (Trinity College, University of Cambridge)
14:00 Empirical Tests for Differences in Downside and Symmetric Equilibrium Risk Measures, with Application to Surviving Small and Large UK Companies, Christian S. Pedersen.
15:00 A Non Parametric Approach to Pricing and Hedging Derivative Securities with an Application to LIFFE Data, J.A. Barria, S.G. Hall, Imperial College, London.
15:30 Questions
15:45 Tea
17:00 Questions
17:15 Close of Session
19:30 Conference Dinner
Day 3: Friday 28 May 1999

Parallel Session 8
MODELLING VOLATILITY AND CORRELATION
Chairman: Dominique Guégan (ENSAE, Paris)

09:00 Coffee
09:30 Function Approximation and Bayesian Inference Techniques in the Sequential Tracking of Options Prices, M. Niranjan, University of Sheffield, J.F.G de Freitas, University of Cambridge.
10:00 Factor GARCH, Regime Switching and Term Structure Models, David Khabie-Zeitoun and Nicos Christofides, Imperial College, London.
11:00 Questions
11:15 Coffee
11:30 Large Scale Problem in Conditional Correlation Estimation, Frédéric Bourgoin, UBK Asset Management, London.
12:00 The Pitfalls in Fitting GARCH processes, Gilles Zumbach, Olsen & Associates, Zürich.
12:30 Questions

Parallel Session 9
APPLICATIONS OF NEURAL NETWORKS AND GENETIC ALGORITHMS
Chairman: John Moody (Oregon Graduate Institute of Science & Technology, Portland)

09:00 Coffee
10:00 FX Forecasting by Market Modelling, H.G. Zimmermann, R. Neuneier, Siemens AG, Munich.
11:00 Questions
11:15 Coffee
11:30 Self Organised Genetic Algorithm in Stock Market Forecast, K.Y. Szeto, P.X. Luo, The Hong Kong University of Science and Technology.
12:00 Minimizing Downside Risk via Stochastic Dynamic Programming, John Moody, Matthew Saffel, Oregon Graduate Institute of Science and Technology, Portland, OR.
12:30 Questions
12:45 Luncheon

Session 10
RISK MODELLING
Chairman: Nicos Christofides (Imperial College, London)

14:00 Local models for segmentation and prediction of financial time series, Mehdi Azzouzi, Ian Nabney, Aston University.
14:30 State Space Models in Finance, Ragnar H. Lesch, David Lowe, Aston University, Birmingham.
15:00 The Expected Slipage in the Financial Market Transaction, Gregory Chernizer, CVTM Inc, USA.
15:30 Questions
15:45 Tea
16:00 An Ordered Probit Analysis of Future Price Formation under Floor and Electronic Trading, Owain ap Gwilyn and Stephen Thomas, University of Southampton.
17:00 Forecasting with the ARFIMA-ARCH Model, Michael A. Hauser, University of Economics and Business Administration, Vienna.
17:15 Questions
17:30 Closing Remarks
17:45 End of Conference
Conference Venue:
The Harrington Centre
Harrington Hall
5-25 Harrington Gardens
London SW7 4JW

Registration Fees:
Standard delegate fee 660 € (+ VAT 20.60%) Total: 796 €. Academics are entitled to a 50% discount. The fee includes all refreshments & lunches. A Conference dinner is organised on Thursday 27 May 1999.

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

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