

FORECASTING FINANCIAL MARKETS:

ADVANCES FOR EXCHANGE RATES, INTEREST RATES AND ASSET MANAGEMENT

Aix-en-Provence, 31 May, 1 and 2 June 2006

Conference Programme

Programme Chairs:

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

Michael Dempster (Judge
Institute, University of
Cambridge)

Eric Girardin
(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*

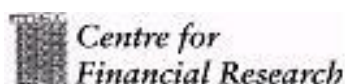
Relative value and market neutral strategies

Modelling volatility and correlation

Risk analysis and credit trading

Derivatives pricing models and real options

Sponsors:



FORECASTING FINANCIAL MARKETS 2006

CONFERENCE PROGRAMME

Day 1: Wednesday 31 May 2006

SESSION 1 - FORECASTING IN FINANCIAL MARKETS

- 08:00** Registration and Coffee
- 08:45** Opening Address
- 09:00** *Functional Forecasting of the Yield Curve*, R. J. Hyndman and P. S. Kalev, Monash University, Australia.
- 09:30** *Forecasting International Yield Curves*, M. Willner, Goethe University Frankfurt, Germany.
- 10:00** *On the Accuracy of Loss Given Default Prediction Intervals*, S. Alvarez and J. S. Baixauli, Universidad de Murcia, Spain.
- 10:30** **Exhibits and Coffee**
- 10:45** *Feature Dependency in Short Term Exchange Rate Forecasting*, H. G. Zimmermann, Siemens AG, Germany.
- 11:15** *Forecasting Inter-Related Energy Product Prices*, M. E. Malliaris, Loyola University Chicago and S. G. Malliaris, Yale University, USA.
- 11:45** *Forecasting Daily Volatility with Intraday Data*, B. Frijns and D. Margaritis, Auckland University of Technology, New Zealand.
- 12:15** **Lunch and Exhibits**

PARALLEL SESSION 2 - DERIVATIVES, OPTIONS AND VOLATILITY MODELLING (I)

- 13:30** *The Impact of Derivatives on the Exchange Rate Volatility in Emerging Markets*, G. Giorgioni and J. Laws, Liverpool John Moores University, UK.
- 14:00** *Effects of Exchange Rate Volatility on the Volume and Volatility of Bilateral Exports*, C. Baum, Boston College, USA and M. Caglayan, University of Glasgow, UK.
- 14:30** *Foreign Exchange, Fractional Cointegration and the Implied-Realized Volatility Relation*, N. Kellard, University of Essex, C. Dunis, Liverpool JMU and N. Sarantis, London Metropolitan University, UK.
- 15:00** **Exhibits and Tea**
- 15:15** *Modelling Volatility Dynamics and Comovements in Financial Markets within a Mixed-State Factor Analysis Framework*, M. Saidane and C. Lavergne, Université Montpellier II, France.
- 15:45** *Testing Volatility Interactions in a Constant Conditional Correlation GARCH Model*, T. Nakatani and T. Terasvirta, Stockholm School of Economics, Sweden.
- 16:15** *Estimating Volatility of Stock Indices Using Generalised Dynamic Factors Model Approach*, F. Focker, Banca d'Italia, and U. Triacca, University of L'Aquila, Italy.
- 16:45** **Close of session**

PARALLEL SESSION 3 - CAPITAL MARKETS AND ASSET PRICES (I)

- 13:30** *The Hedging Effectiveness of Dynamic Hedging from Selected European Stock Futures*, M. S. Hasan, Sheffield Hallam University, UK.
- 14:00** *Estimating The Correlation of International Equity Markets With Multivariate Extreme and Garch Models*, S. D. Bekiros and D. A. Georgoutsos, Athens University of Economics and Business, Greece.
- 14:30** *Hedging Tranchéd Index Products: Illustration of the Model Dependency*, J. Houdain, Fortis Investments and D. Guégan, Ecole Normale Supérieure, Paris, France.
- 15:00** **Exhibits and Tea**
- 15:15** *Long-Memory Processes for Daily Exchange Rate Series*, H. Boubaker, ISG de Sousse, Tunisia.
- 15:45** *Does Intervention Alter Private Behaviour*, E. Girardin, Université de la Méditerranée Aix-Marseille II, France. and R. K. Lyons, UC Berkeley, USA.
- 16:15** *The Components of Electronic Order-Driven Spot FX Bid-Ask Spreads Pre- and Post-EMU*, F. McGroarty, University of Southampton, O. Gwilym, University of Wales and S. Thomas, University of Southampton, UK.
- 16:45** **Close of session**
- 17:45** **Guided Tour of Aix-en-Provence**

Day 2: Thursday 1 June 2006

08:30 *Coffee*

PARALLEL SESSION 4 - DERIVATIVES, OPTIONS AND VOLATILITY MODELLING (II)

- 09:00 *Heterogeneous Expectations and Long Range Correlation of the Volatility of Asset Returns*, J. Coulon and Y. Malevergne, University of Lyon 1, France.
- 09:30 *Volatility Forecasts: The Role of Asymmetric and Long-Memory Dynamics and Regional Evidence*, T. Evans, University of Wales and D. G. McMillan, University of Durham, UK.
- 10:00 *Trading Intensity and Intraday Volatility on the Prague Stock Exchange: Evidence from an Autoregressive Conditional Duration Model*, V. Bubak and F. Zikes, Charles University Prague, Czech Republic.
- 10:30 *Exhibits and Coffee*
- 10:45 *Realised Volatility and Market Microstructure Noises*, B. Seo, University of California Santa Barbara, USA.
- 11:15 *Relation between Bid-Ask Spread, Impact and Volatility in Double Auction Markets*, J.-P. Bouchaud, Capital Fund Management, Paris.
- 11:45 *Wishart Multi-Dimensional Stochastic Volatility*, J. Da Fonseca, ESILV, France, M. Grasselli, Università degli Studi di Padova and C. Tebaldi, Università degli Studi di Verona, Italy.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 5 - CAPITAL MARKETS AND ASSET PRICES (II)

- 09:00 *Understanding the Investment Opportunity Set*, P. Lequeux and I. Petej, ABN AMRO Asset Management, London, UK.
- 09:30 *CAPM Revisited*, J. Laws and J. Thompson, Liverpool John Moores University, UK.
- 10:00 *Customer Order Flow, Information And Liquidity On The Hungarian Foreign Exchange Market*, Á. Gereben, G. Gyomai and M. Norbert, The Central Bank of Hungary, Hungary.
- 10:30 *Exhibits and Coffee*
- 10:45 *Canonical Term-structure Models with Observable Factors and the Dynamics of Bond Risk Premia*, M. Pericoli and M. Taboga, Banca d'Italia, Italy.
- 11:15 *Anglo-Saxon Financial Markets Integration*, M. K. Bensafra and G. Semedo, Université François Rabelais de Tours, France.
- 11:45 *The Relationship between Capital Structure and Risk in Emerging Market Banks*, K. Floquet and N. Biekpe, University of Stellenbosch, South Africa.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 6 - ADVANCED MODELLING TECHNIQUES (I)

- 14:00 *A Copula-VAR Approach for Industrial Production Modelling and Generalized Impulse Response Functions*, C. Bianchi, D. Fantazzini, M. E. Giuli and M. A. Maggi, University of Pavia, Italy.
- 14:30 *Validating the Backtests of Risk Measures*, J. Cotter and Y. P. Zhong, University College Dublin, Ireland.
- 15:00 *A Correlation Analysis of Order Aggressiveness*, C. Ekinci, Aix-Marseille III University, France.
- 15:30 *Exhibits and Tea*
- 15:45 *Calibration of Option Valuation Models using Sequential Monte Carlo Methods*, E. Lindström, J. Ströjby, M. Brodén, M. Wiktorsson and J. Holst, Lund University, Sweden.
- 16:15 *Multivariate GARCH Process: An Elliptical Approach*, T. Bodnar, European University Viadrina, Germany.
- 16:45 *Modelling Conditional Heteroskedasticity with Smooth Time-Varying Structure*, C. Amado, Stockholm School of Economics, Sweden.
- 17:15 *Empirical Analysis of Collateralized Debt Obligations and Spreads Estimations*, M. Benfaida, DaimlerChrysler AG, Germany.
- 17:45 *Close of Session*

PARALLEL SESSION 7 - INVESTMENT AND TRADING STRATEGIES

- 14:00 *Trading Futures Spread Portfolios: Applications of Higher Order and Recurrent Networks*, C. L. Dunis, J. Laws and B. Evans, Liverpool John Moores University, UK.
- 14:30 *Evolving Trading Rules with Genetic Programming Extensive Tests in Stock Markets and Foreign Exchange Markets*, S. H. Chen, National Chengchi University, T. W. Kuo, Aletheia University and K. M. Hoi, National Chengchi University, Taiwan.
- 15:00 *Frequencies in Ultra-High-Frequency Trading*, W. L. Ng, University of Muenster, Germany.
- 15:30 *Exhibits and Tea*
- 15:45 *Technical Trading Rules Over a Portfolio of Futures Markets*, R. Batchelor and Z. Haarland, Cass Business School, London.
- 16:15 *Volatility Filters for FX Portfolio Trading: The Impact of Alternative Volatility Models*, J. Miao and C. L. Dunis, Liverpool John Moores University, UK.
- 16:45 *On Individual and Institutional Noise Trading*, R. Beaumont, Radboud University Nijmegen, M. van Daele, Maastricht University, B. Frijns, AUT University, and T. Lehnert, Maastricht University, Netherlands.
- 17:15 *Asymmetric Correlations of Hedge Funds Strategies*, F. Pochon and Jerome Teiletche, IXIS CIB, Paris, France.
- 17:45 *Close of session*

Day 3: Friday 2 June 2006

08:30 Coffee

PARALLEL SESSION 8 - MODELLING FOREIGN EXCHANGE MARKETS

- 09:00 *Farther Away From the Random Walk: The Impact of News on the Pound and the Euro Exchange Rates*, S. Di Colli, University of Rome and M. Tivegna, University of Teramo and LUISS Guido Carli, Rome, Italy.
- 09:30 *Stochastic Structure of Brokered Foreign Exchange Auction*, R. Wada, Otaru University of Commerce, Japan.
- 10:00 *Filtering the Market Expectation Concerning the Final Fixing*, A. Naszódi, The Central Bank of Hungary, Hungary.
- 10:30 **Exhibits and Coffee**
- 10:45 *Benchmark Index of Risk Appetite*, M. Misina, Bank of Canada, Canada.
- 11:15 *Using Copulas to Construct Bivariate Foreign Exchange Distributions with an Application to the Sterling Exchange Rate Index*, M. Hurd, M. Salmon and C. Schleicher, Bank of England, UK.
- 11:45 *Twofold Trump Decision Making Model as Exchange Market Inefficiency Verifier*, A. V. Rutkauskas and V. Stasytytė, Vilnius Gediminas Technical University, Lithuania.
- 12:15 **Lunch and Exhibits**

PARALLEL SESSION 9 - FUND MANAGEMENT AND PORTFOLIO OPTIMISATION

- 09:00 *On Portfolio Selection Under Extreme Risk Measure: The Heavy-Tailed ICA model*, S. Clemençon, Universités Paris VI et VII, and S. Slim, Université Paris X Nanterre, France.
- 09:30 *Asymmetric Risk and International Portfolio Choice*, S. Thorp, University of Technology Sydney and G. Milunovich, Macquarie University Sydney, Australia.
- 10:00 *Multivariate Risk Exposure: Risk Premium, Optimal Decisions and Mean-Variance Implications*, A. Martins, Universidade Catolica Portuguesa, Lisbon, Portugal.
- 10:30 **Exhibits and Coffee**
- 10:45 *A Data-Driven Optimisation Heuristic for Portfolio Choice Problems*, M. Gilli, University of Geneva and E. Kellezi, Mirabaud & Cie, Geneva, Switzerland.
- 11:15 *Measuring Portfolio Performance Using Modified Measures of Risk*, C. Adcock, The University of Sheffield, UK.
- 11:45 *Multi-Horizon Markowitz Portfolio Performance Appraisal: A General Approach*, W. Briec, University of Perpignan and K. Kerstens, CNRS_LABORES, France.
- 12:15 **Lunch and Exhibits**

SESSION 10 - ADVANCED MODELLING TECHNIQUES (II)

- 14:00 *Extending the Variance Ratio Test to Visualise Structure in Data: An Application to the S&P 100 Index*, A. Lindemann, C. L. Dunis and P. Lisboa, Liverpool John Moores University, UK.
- 14:30 *Detection of Long Memory in Crude Oil Series*, M. Chaouachi, University Panthéon-Assas Paris-II, France.
- 15:00 *Tree Structured Autoregressive Mixture Models for Financial Time Series*, E. Mendes, A. Veiga and M. Medeiros, Pontifical Catholic University of Rio de Janeiro, Brazil.
- 15:30 **Exhibits and Tea**
- 15:45 *From Default Probabilities to Credit Spread Through Scaling Laws*, M. M. Dacorogna, S. Denzler, U. A. Müller and A. McNeil, Converium Ltd, Zürich, Switzerland.
- 16:15 *Quantitative-Behavioural Modelling of High-Frequency Market Data by Means of Doubly Stochastic Markov Process*, M. Hütl, O. Loistl and J. Prix, Vienna University of Economics and Business Administration, Austria.
- 16:45 *The Statistics of the Information Ratio*, P. Bertrand, GREQAM, University of Montpellier 1, and C. Protopopescu, GREQAM, University of Aix-Marseille 2, 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). In the case of a paper with multiple authorship, only one presenter can pay this reduced fee.

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 31 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 1 June for which there will be an additional fee of EUR 40 (please register on site on the first day of the Conference).

Surname:

First name:

Institution:

Telephone:

Address:

Fax:

E-mail:

Payment:

- Cheque payable to: Association d'Econométrie Appliquée, attention Henri Serbat (re. FFM2006), 53 rue Saint Denis, 75001 Paris, France (please send by regular landmail, *not* registered)

- Bank transfer to: Association d'Econométrie Appliquée

Bank Name: CREDIT LYONNAIS (CODE: 30002)

Address: Agence CL PARIS FRIEDLAND (code: 00423)

188, Boulevard Hausmann - 75008 Paris, France

Account Name: Association d'Econométrie Appliquée (Mention: FFM2006)

Account Number: 0000006248L

IBAN: FR54 3000 2004 2300 0000 6248L50

BIC: CRLYFRPP

- Visa card: Send the exact amount to be debited, your 16-digit Visa card number, card holder name, end date and security number (last 3 digits on back of card) to Association d'Econométrie Appliquée (by landmail or at aea06@fed-eco.org)

When completed this form should be returned to:

ffm2006@cibef.com or to Nicky Hovell, CIBEF, Liverpool John Moores University, John Foster Building, Liverpool L3 5UZ (United Kingdom), Fax: +44151 231 3339.

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:

We recommend that delegates who wish to attend the Conference book a room as soon as possible as many conferences are taking place in Aix-en-Provence in May/June. Hotel information is available on our website www.cibef.com.

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

- Yves Doazan, GREQAM, 2 rue de la Charité, F-13236 Marseille Cedex 02

e-mail: doazan@univmed.fr, Telephone: +334 9114 0731, Fax: +334 9190 0227

- Nicky Hovell, CIBEF, Liverpool John Moores University, John Foster Building, Liverpool L3 5UZ

e-mail: n.g.hovell@ljmu.ac.uk, Telephone: +44151 231 3659, Fax: +44151 231 3339

Conference information can also be found on our website: www.cibef.com.

Cancellation Policy: Should a delegate be unable to attend, a substitute may attend the Conference in his/her place. Notification of cancellation must be given in writing by letter or fax. Full refunds are available up to 21 days before the Conference, subsequently no refund will be given.