

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

Luxembourg, 27, 28 and 29 May 2009

Conference Programme

Programme Chairs:

Christian Dunis
(CIBEF and Liverpool
Business School, Liverpool
John Moores University)

Michael Dempster
(Centre for Mathematical
Sciences, University of
Cambridge)

Virginie Terraza
(Université du Luxembourg,
Luxembourg School of
Finance)

*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 2009

CONFERENCE PROGRAMME

Day 1: Wednesday 27 May 2009

SESSION 1 - FUND MANAGEMENT AND PORTFOLIO OPTIMIZATION (I) – ROOM BS003

Chairman: E. Girardin, GREQAM, Marseille, France

- 08:00** Registration and Coffee
08:45 Opening Address
09:00 *Information Content of Order Flow and Cross-Market Portfolio Rebalancing*, E. Girardin, GREQAM, Marseille, France, and T. Dijun, University of Electronic Science and Technology of China, Chengdu, China.
09:30 *Effect of the Asset Change on the Portfolio Return in Presence of Transaction Costs*, Y. Rakotondratsimba, ECE Graduate School of Engineering, Paris, France.
10:00 *Optimal Allocation and Risk Assessment in Stochastic Programming: An Application to Asset-Liability Management for Pension Funds*, A. Veiga and D. M. Valadão, PUC-Rio, Rio de Janeiro, Brazil.
10:30 **Exhibits and Coffee**
10:45 *Regime Switching Models of Hedge Fund Returns*, S. Blazsek, Universidad de Navarra, Pamplona, Spain.
11:15 *Detecting the Unobserved Actions of Portfolio Managers*, A. Ekholm, Hanken School of Economics, Helsinki, Finland.
11:45 *Asset Allocation with Gross Exposure Constraints for Vast Portfolios*, J. Fan, J. Zhang and K. Yu. Princeton University, Princeton, USA.
12:15 **Lunch and Exhibits**

PARALLEL SESSION 2 - FORECASTING MARKETS – ROOM BS003

Chairman: A. Veiga, PUC-Rio, Rio de Janeiro, Brazil

- 13:30** *Stock Market Forecasting with Multivariate Regression Model*, S. Bonini, Bocconi University, Milan, Italy.
14:00 *Forecasting a Set of Emerging Equity Indexes and a US market Index*, J. Caicedo, Université Paris X, Paris, France.
14:30 *Study over the Forecasting Performance of the Individual Participants in the Blue Chip Financial Forecasts*, A. Chun, HEC Montréal, Montréal, Canada.
15:00 **Exhibits and Tea**
15:15 *Forecasting the Effects of Monetary Policy Surprises on the Financial Variables in the European and the US Economies*, S. Apak, Beykent University, Istanbul, Turkey, and F. Sezgin, Mimar Sinan University, Istanbul, Turkey.
15:45 *Evaluating the Predictability of Stock Market Returns via STARX-Tree Models*, A. Veiga and C. Epprecht, PUC-Rio, Rio de Janeiro, Brazil.
16:15 *Adaptive Model Combinations for Volatility Forecasts*, Y. Okhrin and V. Golosnoy, University of Bern, Switzerland.
16:45 **Close of session**
17:30 **Bus Hop On Hop Off – City Tour of Luxembourg-City**
(departure from the University of Luxembourg, 162a, avenue de la Faiencerie, L-1511 Luxembourg)

PARALLEL SESSION 3 - NEURAL NETWORKS – ROOM BS006

Chairman: C. Dunis, Liverpool John Moores University, UK

- 13:30** *Forecasting with Neural Network*, S. Wang, University of Southampton, Southampton, UK.
14:00 *Forecasting the Dow Jones with Historical Consistent Neural Networks*, H. G. Zimmermann, Siemens AG, Munich, Germany.
14:30 *Forecasting, Risk and Uncertainty in Option Pricing*, H. G. Zimmermann, Siemens AG, Munich, Germany.
15:00 **Exhibits and Tea**
15:15 *Modelling Commodity Value at Risk with Higher Order Neural Networks*, G. Sermpinis, J. Laws and C. Dunis, Liverpool John Moores University, Liverpool, UK.
15:45 *Modelling and Trading the Realised Volatility of the FTSE100 Futures with Higher Order Neural Networks*, G. Sermpinis, J. Laws and C. Dunis, Liverpool John Moores University, Liverpool, UK.
16:15 *Modelling the Volatility and the Mean of the Greek Stock Market Using Different Types of Hybrid-Neural Network Models*, A. Karathanasopoulos, J. Laws and C. Dunis, Liverpool John Moores University, Liverpool, UK.
16:45 **Close of session**
17:30 **Bus Hop On Hop Off – City Tour of Luxembourg-City**
(departure at the University of Luxembourg, 162a, avenue de la Faiencerie, L-1511 Luxembourg)

Day 2: Thursday 28 May 2009

08:30 Coffee

PARALLEL SESSION 4 - FUND MANAGEMENT AND PORTFOLIO OPTIMIZATION (II) – ROOM BS006

Chairman: S. Barthélémy, TAC Financial Research, Rennes, France

- 09:00 *Selection of The Optimum Portfolio with a Goal Programming Approach*, F. Sezgin, Mimar Sinan University, Istanbul, Turkey, and S. Apak, Beykent University, Istanbul, Turkey.
- 09:30 *Entropy Pooling Approach to the Optimization of Multi-Period Portfolios Under Transaction Costs and Liquidity Threshold Constraints*, G. Gadzinski, IUM, Monte Carlo, Monaco.
- 10:00 *Dynamic Consumption and Portfolio Decisions with Estimated Low Frequency Movements of Asset Returns*, W. Semmler, New School, New York, USA, and C.-Y. Hsiao, University of Technology, Sydney, Australia.
- 10:30 **Exhibits and Coffee**
- 10:45 *Analytical Factor Stochastic Volatility Modelling for Portfolio Allocation*, N. Nikolaev, University of London, London, UK, and E. Smirnov, Maastricht University, Maastricht, The Netherlands.
- 11:15 *Assessing IAS Compliant Performance Measures*, R. Bramante (Università Cattolica del Sacro Cuore, Milan, Italy) and G. Dallago (Informatica Bancaria Trentina, Trento, Italy)
- 11:45 *Discounted Cash-Flow, Relative Valuation and Terminal Value*, L. Blanco, Universidad de La Rioja, Logrono, Spain.
- 12:15 **Lunch and Exhibits**

PARALLEL SESSION 5 - EQUITY MARKETS (I) – ROOM BS204

Chairman: A. Cosma, University of Luxembourg, Luxembourg School of Finance

- 09:00 *Price Clustering in New Equity Assets*, T. Verousis, Swansea University, Swansea, UK.
- 09:30 *The Causal Relationship Between Stock Prices and Exchange Rates - The Case of India*, V. Masuna, National Institute of Industrial Engineering (NITIE), Bombay, India.
- 10:00 *Heat Waves or Meteor Showers: Empirical Evidence from the Indian Stock Market*, V. Varadi and B. Nanarjuna, University of Hyderabad, Hyderabad, India.
- 10:30 **Exhibits and Coffee**
- 10:45 *Measurement of Stock Market Co-Exceedances*, R. Vermeulen, University of Luxembourg, Luxembourg.
- 11:15 *News and Correlations: An Impulse Response Analysis*, B. Sévi, University of Angers, Angers, France, and Y. Le Pen, University of Nantes, Nantes, France.
- 11:45 *Stock Market Integration Between New EU Members and the Eurozone*, C. Savva, Cyprus University of Technology, Nicosia, Cyprus.
- 12:15 **Lunch and Exhibits**

PARALLEL SESSION 6 – DERIVATIVES – ROOM BS304

Chairman: H. G. Zimmermann, Siemens AG, München, Germany

- 14:00 *Derivative Design*, H. J. v. Mettenheim and M. H. Breitner, Leibniz Universität Hannover, Hannover, Germany.
- 14:30 *Contagion in the Credit Default Swap Market: The Case of the GM and Ford Crisis in 2005*, V. Coudert and M. Dex, Banque de France, Paris, France.
- 15:00 *The Relative Informational Efficiency of Stocks, Options and Credit Default Swaps*, T. Lehnert, Maastricht University, Maastricht, The Netherlands.
- 15:30 **Exhibits and Tea**
- 15:45 *Does the Spanish Stock Futures Market Overreact?* A. Rodrigo and A. R. González, Valencia University, Valencia, Spain.
- 16:15 *An Analytical Pricing Formula for VIX Futures and its Empirical Applications*, G. Lian and S.-P. Zhu, University of Wollongong, Wollongong, Australia.
- 16:45 *Hedging Residual Value Risk Using the Gaussian Copula Methodology*, S. Prado, Paris X University-EconomiX, Paris, France.
- 17:15 *Option Pricing with Ensembles of Recurrent Neural Networks*, H. G. Zimmermann, Siemens AG, München, Germany.
- 17:45 **Close of Session**
- 19:30 **Dinner at the Restaurant Come Prima (32 rue de l'Eau, L-1449 Luxembourg, tel : 00352/24 17 24)**

PARALLEL SESSION 7 - ASPECTS OF INTERNATIONAL FINANCE – ROOM BS006

Chairman: J. Schiltz, University of Luxembourg, Luxembourg School of Finance

- 14:00 *An Eigenvalue Approach to Risk Regimes in Currency Markets*, P. Lequeux and M. Menon, Fortis Investments, London, UK.
- 14:30 *A New Global Tactical Asset Allocation Approach to Implement in a Global Macro Hedge Fund*, J. Laborda, Abante Asesores, Madrid, Spain.
- 15:00 *The Relationship Between Sovereign Credit Default Swaps and Exchange Rate Volatility and Jump Risk*, S. Wu, G. Dotsis and J. C. Nankervis, University of Essex, Colchester, UK.
- 15:30 **Exhibits and Tea**
- 15:45 *Dornbusch or Frankel: The same model?* G. Desvilles, Conservatoire National des Arts et Métiers, Paris, France
- 16:15 *The Effect of the Financial Integration on the Expected Gains from International Portfolio Diversification: Is it Really Ambiguous? Evidence from a Conditional ICAPM*, W. Atef, Université de Sciences Economiques et de Gestion de Jendouba, Jendouba, Tunisia.
- 16:45 *Market Making Behaviour of FX Dealers in the Tunisian FX Market*, S. Gtifa, University of Management and Economics of Tunis, Tunis, Tunisia.

- 17:15** *Volatility Spillovers between Equity and Forex Markets: Indian Experience with International Markets*, P. C. Padhan, XLRI, School for Business and Human Resources, Jamshedpur, India.
- 17:45** *Close of session*
- 19:30** **Dinner at the Restaurant Come Prima (32 rue de l'Eau, L-1449 Luxembourg, tel : 00352/24 17 24)**

Day 3: Friday 29 May 2009

08:30 *Coffee*

PARALLEL SESSION 8 - EQUITY MARKETS (II) – ROOM BS201

Chairman: G. Giorgioni, Liverpool John Moores University, UK

- 09:00** *Momentum Effect Using Logit Analysis*, G. Siganos, Glasgow University, Glasgow, UK.
- 09:30** *Dynamics in Systematic Liquidity*, B. Hagströmer, R. G. Anderson, J. M. Binner and B. Nilsson, Aston University, Birmingham, UK.
- 10:00** *The Anomalous Behavior of the S&P Covered Call Closed End Fund*, D. Simon, Bentley University, Waltham, USA.
- 10:30** *Exhibits and Coffee*
- 10:45** *Performance of Shariah-Compliant Indexes in London and NY Stock Markets and Their Potential for Diversification*, G. Giorgioni, S. Kok and J. Laws, Liverpool John Moores University, UK.
- 11:15** *Volatility and Long Term Relations in Equity Markets: Empirical Evidence from Germany, Switzerland, and the UK*, F. Guidi, The Polytechnic University of the Marche, Ancona, Italy.
- 11:45** *Impact of Stock Spams on Volumes*, T. Bouraoui, Université Paris X, Paris, France.
- 12:15** *Lunch and Exhibits*

PARALLEL SESSION 9 - TRADING STRATEGIES AND INTEREST RATES – ROOM BS303

Chairman: J. Laws, Liverpool John Moores University, UK

- 09:00** *Trading the Platinum-Gold Spread Using a Fair Value Co-Integration Model*, J. Laws, B. Ghimire and C. Dunis, Liverpool John Moores University, Liverpool, UK.
- 09:30** *Effectiveness of Filter Trading as an Intraday Trading Rule*, K. Lam, Hong Kong Baptist University, P. L. H. Yu and L. Xin, The University of Hong Kong, Hong Kong, China.
- 10:00** *Nonlinear Predictability of Intraday Stock Returns*, J. Reboredo, Universidad de Santiago de Compostela, Santiago de Compostela, Spain.
- 10:30** *Exhibits and Coffee*
- 10:45** *Yield Curve Forecasting Based on Markov Regime Switching Model*, O. Soloviev, J. Manchaldore and A. Markov, Econophysica Ltd., Brentford, UK.
- 11:15** *Testing Models of Short-Term Interest Rates*, X. Zheng, Shanghai Jiao Tong University, Shanghai, China.
- 11:45** *Testing Model Specification for the Short-Term Interest Rate within a Value-at-Risk Framework*, J. Cotter and Y. P. Zhong, University College Dublin, Dublin, Ireland.
- 12:15** *Lunch and Exhibits*

SESSION 10 - ADVANCED MODELLING – ROOM BS303

Chairman: V. Terraza, University of Luxembourg, Luxembourg School of Finance

- 14:00** *Semi-Parametric Estimation of Joint Large Movements of Risky Assets*, A. Dias, University of Warwick, Warwick, UK.
- 14:30** *A New Non Linear Model on Financial Price Modelling*, L. Jehlen, Université Paris Dauphine, Paris, France.
- 15:00** *The Asset Pricing Model of Exchange Rate and its Test on Survey Data*, A. Naszodi, MNB - Central Bank of Hungary, Budapest, Hungary.
- 15:30** *Exhibits and Tea*
- 15:45** *Financial Modelling With Fractional Ornstein Processes*, O. Onalan, Marmara University, Istanbul, Turkey.
- 16:15** *Accounting for Higher Moments in Asset Pricing Models with General Discrepancy Functions*, D. Kubudi, C. Almeida and R. Garcia, Getulio Vargas Foundation, Rio de Janeiro, Brazil.
- 16:45** *Systematic Risk and Risk Discount Mixed with Risk Attitude: THE D-U-CAPM*, M. Goudarzi and F. R. Roodposhti, Islamic Azad University, Tehran, Iran.
- 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:

Université du Luxembourg - Science Building
162a Avenue de la Faïencerie
L-1511 Luxembourg

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 Wednesday 15 April 2009.

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

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

Please note that payment must be received at least 2 weeks before the Conference begins.

A Conference dinner is organised on Thursday 28 May 2009 for which there will be an additional fee of EUR 45 (please register on site on the first day of the Conference).

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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 Luxembourg in May. Hotel information is available on www.ffm-conference.com and www.cibef.com (in the 'FFM Conference' section).

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

- Caroline Herfroy, Research-Luxembourg School of Finance, 4 rue Albert Borschette, L-1246 Luxembourg

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