FORECASTING FINANCIAL MARKETS N°7:
ADVANCES FOR EXCHANGE RATES,
INTEREST RATES AND ASSET MANAGEMENT

Seventh International Conference sponsored by
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Program Chairs:
- Christian Dunis(Infacts/StatQ and Liverpool Business School)
- John Moody (Oregon Graduate Institute)
- Allan Timmermann(UCSD)
- Neil Burgess (London Business School)

Industrial Chairs:
- Patrick Nam (Elseware)
- Darren Toulson(Intelligent Financial Systems Ltd.)

Topics:
- Fund management and trading rules
- Advances in asset management and portfolio optimisation
- Relative value and market neutral strategies
- Modelling volatility and correlation
- Modelling with high frequency data
- Risk analysis and credit trading
- Derivatives pricing models
- Special Session: Weather derivatives

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Day 2: Thursday 1 June 2000
08:30 Coffee

PARALLEL SESSION 2
TRADING STRATEGIES
09:00 21 Methodologies to Beat the Market, G. T. Albanis et al., City University Business School, London.
09:50 FXYI2: An FX Investing Index, M. Levitt, High Frequency Finance, Sunnyvale, California.
10:15 Poster Preview, Exhibits and Coffee
FX MARKETS
11:10 Structural Change and Long Memory in Volatility, M. Beine et al., Lille 2 University and SES, MRW, Belgium.
12:00 Lunch, Exhibits and Poster Session 2

PARALLEL SESSION 3
ESTIMATING PROBABILITY DENSITIES
9:00 Recovering the Density Function of Asset Prices Using GARCH as Diffusion Approximations, F. Fornari et al., Bank of Italy and University of Cambridge.
10:15 Poster Preview, Exhibits and Coffee
CREDIT RISK ANALYSIS
11:10 A New Approach to Corporate Loan Default Prediction from Financial Statements, A. Fan et al., University of Melbourne.
11:35 An Equity-Based Neural Network Loan Default Prediction Model, A. Atiya et al., Caltech, Pasadena, California.
12:00 Lunch, Exhibits and Poster Session 2

PARALLEL SESSION 4
DERIVATIVE PRICING
14:55 Error Bounds on Tree Methods for Calculating Options Prices, D. Baxterfield, Oregon Graduate Institute, Portland.
15:45 Posters, Exhibits and Tea

TERM STRUCTURE MODELS
16:15 Bootstrap Results from State Space Form Representation of the HJM Model, R. Bhar et al., University of Technology, Sydney.
17:05 Nonparametric Modelling of Parametric Short Term Interest Rate Models, F. Altissimo et al., Bank of Italy, Rome.
17:30 Close of session

PARALLEL SESSION 5
CONTROLLING DOWNSIDE RISK
14:30 Building a Mean Downside Risk Portfolio Frontier, G. M. de Athayde, EPGE/FGV, Rio de Janeiro.
14:55 Implementing Dynamic Investment Strategies with Downside Risk, M. Persson, Lund University, Sweden.
15:20 Portfolio Optimization in a Downside Risk Framework, R. Bramante et al., University Cattolica del Sacro Cuore, Milan.
15:45 Posters, Exhibits and Tea
VOLATILITY AND CORRELATION MODELLING
16:15 The Jumping Interest Rate: Testing, Modeling and Forecasting, R. D. de O. Brito et al., EPGE/FGV, Rio de Janeiro.
17:05 Forecasting FX Volatility Using Canonical Variate Analysis, B. Pilgram et al., University of Western Australia.
17:30 Close of session

Day 3: Friday 2 June 2000
08:30 Coffee

PARALLEL SESSION 6
ASSET PRICING MODELS
09:00 Factor Representing Portfolios in Large Asset Markets, E. Sentana, CEMFI, Madrid.
10:15 Poster Preview, Exhibits and Coffee
STRESS TESTING VALUE-AT-RISK
10:45 Value-at-Risk under Non-normality and Non-linearity, I. Mauleon, Universidad Rey Juan Carlos I, Madrid.
11:35 VaR-based Asset Allocation using Neural Networks, N. Chapados et al., University de Montréal.
12:00 Lunch, Exhibits and Poster Session 3
PARALLEL SESSION 7
ADVANCED PORTFOLIO ALLOCATION

09:00 Portfolio Selection Based on the Multivariate Skew Normal Distribution, C. J. Adcock et al., University of Bath.
09:25 Multi-Level Risk-Controlled Sector Optimisation, R. D & Vari et al, State Street Research and Management, Boston.
10:15 Poster Preview, Exhibits and Coffee.

ADVANCED FORECASTING METHODS

10:45 A Financial Stock Index Trend Prediction Approach with Temporal Considerations, G. Banavas et al, University of Plymouth.
11:10 Nonlinear Estimation for Linear Prediction, M. Safell et al., Oregon Graduate Institute, Portland.
12:00 Lunch, Exhibits and Poster Session 3.

SESSION 8
VOLATILITY, RISK AND ASSET MANAGEMENT

14:00 Invited Speaker: M. Dempster (Judge Institute, Cambridge), Dynamic Model-Based Asset Liability Management.
14:25 Scenario-Based Valuation of Credit Event-Linked Securities, K. Gieseke, Humboldt University, Berlin.
15:00 Value-at-Risk with Heavy-Tailed Risk Factors, P. Glasserman et al., Columbia University, New York.
15:25 Posters, Exhibits and Tea
15:50 FX Volatility Forecasts and the Informational Content of Market Data for Volatility, C. Dunis et al., Liverpool Business School.
16:40 Invited Speaker: F. Diebold (Stern School of Business, New York), The Distribution of Stock Return Volatility.
17:15 End of Conference

Poster Session 1 (Wednesday) - Derivatives Pricing, Portfolio Management, Asset Allocation and Volatility
Risk-Neutral Pricing of Credit Derivatives, M. Jost et al. (WEDIT Deloitte and Touche, Düsseldorf); Methods of Symbolic Dynamics in Options Trading, P. Tito et al. (Austrian Research Institute for Artificial Intelligence); An Icosahedral Lattice Method for Three-Factor Models, L. A. McCarthy et al. (University of New South Wales); Index Tracking, J. E. Beasley et al. (Imperial College, London); Risk Characteristics of Actively Managed Market Neutral Portfolios, M. Lundin et al. (Fortis Investment Management); Risk-Averse Asset Allocation Using Reinforcement Learning, R. Neuner et al. (Siemens); Nonparametric Specification Tests for Conditional Duration Models, M. Fernandes (European University Institute); Predicting High Performance Stocks Using Dimensionality Reduction Techniques Based on Neural Networks, G. T. Albanis et al. (City University Business School, London); Estimation Methods in Generalized Long Memory Processes, L. Ferrara et al. (Paris 13 University); Modeling Realized Volatility, R. Oomen (European University Institute); Long-Run Volatility Dependencies in Intraday Data and Mixture of Normal Distributions, A. Boubel et al. (Eötvös University); Volatility Estimation Using High, Low and Close Data - A Maximum Likelihood Approach, M. Magdon-Ismail et al. (RPI, New York); Volatility Models and Time-Varying Parameters, J. del Hoyo et al. (Universidad Autonoma, Madrid); Using White's Reality Check with GARCH Models, L. Souza et al. (University of Warwick); Modeling Outliers and Extreme Observations for ARMA-GARCH Processes, P. Verhoven et al. (Curtin University of Technology).

Poster Session 2 (Thursday) - Option Pricing, Trading Strategies and Risk Measurement
The Valuation of Point Barrier Options in a Path Integral Framework, C. Chiarella et al. (University of Technology, Sydney); A Neural Network-Based Approach to Extracting Risk-Neutral Densities and to Derivative Pricing, C. Schittenkopf (Austrian Research Institute for AI); Short Term Interest Rate Option Pricing: An Empirical Analysis of the Relative Accuracy of Implied Volatilities Across Contracts, G. Cifarelli (University of Brescia); The Quality of Option Price Forecasts: A Dynamic Approach, G. Capelle-Blancard et al. (Paris 1 University); Exploiting Computational Intelligence Techniques within a Framework for Statistical Arbitrage, A. N. Burgess (London Business School); Anomalous Scaling in a Stock Market Model with Endogenous Trading Activity Dynamics, G. Iori, (University of Essex); Expected Utility Maximization and Time Diversification, B. Hansson et al. (Lund University); Profitability and Market Stability in the Presence of a Technical Trading Rule, D. Goldbaum (State University of New Jersey); Extreme Value Theory for Tail-Related Risk Measures, E. Kellezi et al. (University of Geneva); Measuring DAX Market Risk: A Neural Network Volatility Mixture Approach, K. Bartimae et al. (DaimlerChrysler AG); (Un)Conditionality and Risk Forecasting, J. Danielsson (London School of Economics); Comparing Different Methods for Estimating Value-At-Risk for Nonlinear Real Portfolios, M. Coronado (Universidad Comillas, Madrid); An Efficient and Feasible VaR Method for Highly Nonlinear Securities, L. Iversen et al. (BG Bank, Copenhagen); Specific Simulation Based on Default Intensities for Risk Measurement of Credit Portfolios, M. Benfaida (DaimlerChrysler AG); Modeling Liquidity Risk in A Monetary Policy Environment, C. Caglio et al. (University Bocconi, Milan).

Poster Session 3 (Friday) - Forecasting, Market Analysis and Volatility
Combining Heterogeneous Classifiers for Stock Selection, G. T. Albanis et al. (City University Business School, London); Optimizing Forecasting Models for Trading Using Meta-Parameters, N. Towers et al. (London Business School); Dynamical Desseasonalization in OTC and Localized Exchange-Traded Markets, W. Breymann et al. (Olsen and Associates, Zurich); On Out-of-Sample Statistics for Time Series, F. Gingras et al. (Université de Montréal); Asymmetries as a New Explanation for the Forward Premium Puzzle, J. Coakley et al. (London Guildhall University);
High Frequency Data in Financial Markets - An Academic Review, B. Roche, (University of Bruxelles);
The Stable Paretian Hypothesis and The Asian Currency Crisis, D. Basterfield et al. (Oregon Graduate Institute);
Chile's Downward-Sloping Term Structure of Interest Rates: a Non-Parametric View, V. Fernandez (Catholic University of Chile);
Comparing Data-Driven Spot and Integrated Volatility Estimators with Different Sampling Frequencies and the Design of Optimal Filters, E. Andreou et al. (University of Manchester);
GARCH, Implied Volatilities and Implied Distributions: An Evaluation for Forecasting Purposes, J. Aguilar (Sveriges Riskbank, Stockholm);
Multivariate GARCH with Nonparametric Conditional Correlations, C. Huse et al. (EPGE, Rio de Janeiro);
On the Relevance of Modeling Volatility for Pricing Purposes, M. Moreno (Universitat Pompeu Fabra, Barcelona);
A Volatility Forecasting Model Based upon the Least Common Action Principle, G. Chernizer (CVTM Inc., New York);
The Bed Spread Common Volatility, Volatility Spillovers, Price Discovery and Implications for Trading Strategies, B. Campbell et al. (Concordia University, Montréal);
Revisiting the Finite Mixture of Gaussian Distributions in Futures Markets, T. An et al. (Paris 9 University).

Conference Venue:
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Registration Fees:
Standard delegate fee: GBP 600. Academics are entitled to a 50% discount (letter on university letterhead required). The fee includes all refreshments and lunches. Additional fee for tutorials: GBP 100.
Please note that payment must be received at least one week before the Conference begins.
A conference dinner is organised on Thursday 1 June 2000 for which there will be an additional fee of £25 (please register on site on the first day of the conference).

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