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

London 30, 31 May, 1 June 2001

Programme Chairs:
Christian Dunis
(Infacts/StatQ and Liverpool Business School)
Michael Dempster
(Judge Institute, University of Cambridge)

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

Modelling with high frequency data
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

Sponsors:
Day 1: Wednesday 30 May 2001

08:00  Registration & Coffee
08:45  Opening Address

SESSION 1 – FUND MANAGEMENT AND FUNDS OF FUNDS

09:00  PensionMetrics: Stochastic Pension Plan design and Value-at-Risk during the Accumulation Phase, David Blake, Birkbeck College, London, Andrew Cairns, Heriot-Watt University, Kevin Dowd, Nottingham University.
09:30  Classifying Hedge Funds Using Kohonen Mapping, Bertrand Maillot, Patrick Rousset, University of Paris I Panthéon Sorbonne.
10:00  Investment Performance of Domestic Funds Invested in International Securities: The French Case, Vanessa Serret, Université de Droit, d’Economie et des Sciences d’Aix – Marseille.
10:30  Poster Preview, Exhibits and Coffee
11:45  Hedge Funds: A Look behind the Screen, C.M. Jones, Gensec International Asset Management & Judge Institute, University of Cambridge.
12:15  Lunch, Exhibits and Poster Session 1

PARALLEL SESSION 2
ESTIMATING RETURN DISTRIBUTIONS

14:00  Multivariate Distributional Tests in Risk Management: an Empirical Characteristic Function Approach, Mascia Bedendo, Stewart D. Hodges, University of Warwick.
14:30  Extreme Value Theory (EVT) for Risk Managers: Pitfalls and Opportunities in the Use of EVT in Measuring VaR, Maria Coronado, ICDE, Universidad P. Comillas de Madrid.
15:00  Extreme Value Calculations of European Futures Margin Requirements, John Cotter, University College Dublin.
15:30  Posters, Exhibits and Tea
15:45  Moment Condition Failure: Australian Evidence, Jan Annaert, University of Antwerp, Marc De Ceuster, University of Antwerp, Deloitte & Touche, Allan Hodgson, Griffith University, Brisbane.
16:45  Multi-period Conditional Distribution Functions for Heteroscedastic Models with Applications to Value-At-Risk, Dominique Guégan, University of Reims.
17:15  Close of session

PARALLEL SESSION 3
CREDIT RISK AND TRADING STRATEGIES

14:00  Credit Spreads Between German and Italian Zero Coupon Government Bonds - Empirical Assessment of a Three-Factor Defaultable Term Structure Model, Anna Kalemanova, Bernd Schmid, Risklab GmbH, München.
14:30  Emerging Markets: Investing with Political Risk, Ephraim Clark, Radu Tunaru, Middlesex University Business School.
15:30  Posters, Exhibits and Tea
15:45  Forecasting Stock Market Volatility and the Application of Volatility Trading Models, Jason Laws, CIBEF, Liverpool Business School, Andrew Gidman, George Petch, Griffith University, Brussels.
16:15  Forecasting Volatility States and Active Portfolio Strategies, Birger Nilsson, Mattias Persson, Lund University.
17:15  Close of session

Day 2: Thursday 31 May 2001

08:30  Coffee

PARALLEL SESSION 4
MARKET DYNAMICS AND INVESTMENT

09:00  Derivatives and Information, M. Billio, G. Bison, A. Giacomelli, L. Pelizzon, D. Sartore, GRETA Associati and Venice University.
09:30  Forecasting Equity Correlations: Geographic vs. Sector Evidences, Riccardo Bramante, Università Cattolica del Sacro Cuore, Giampaolo Gabbi, Università degli Studi di Siena.
10:00 The Fall and Rise of the US Stock Indexes in April 2000 - Changes in Expectations and Risk-Aversion Measures, Jorge Barros Luís, University of York and Banif Investimento.

10:30 Poster Preview, Exhibits and Coffee

10:45 A Scale of Market Shocks: An Application to Stock Data, Bertrand Maillet, Thierry Michel, University of Paris I Panthéon-Sorbonne.


11:45 Explaining and Forecasting the Euro/Dollar Exchange Rate Using Threshold Models to Capture Non-Linearities Triggered by Business Cycle Developments and Equity Markets Dynamics, Asmara Jamaleh, Banca Commerciale Italiana, Milano.

12:15 Lunch, Exhibits and Poster Session 2

PARALLEL SESSION 5
CONTINUOUS TIME FINANCE AND DERIVATIVES PRICING

09:00 Time Changes, Lévy Processors and Asset Price Modeling, Hélyette Géman, Essec et Université Paris IX Dauphine.

09:30 A Continuous Time Evolutionary Model of Trading in Auction Markets, Giulia Iori, Kings College, London, Carl Chiarella, University of Technology, Sidney.

10:00 On Measuring Volatility and the GARCH Forecasting Performance, Emilio Barucci, Università di Pisa, Roberto Reno, Scuola Normale Superiore, Pisa.

10:30 Poster Preview, Exhibits and Coffee


11:45 An Autoregressive Conditional Binomial Option Pricing Model, J.L. Prigent, Université de Cergy-Pontoise, O. Renault, London School of Economics, O. Scaillet, Université Catholique de Louvain.

12:15 Lunch, Exhibits and Poster Session 2

PARALLEL SESSION 6
FX MARKETS

14:00 The Information Content of Risk Reversals, Christian Dunis, Pierre Lequeux, CIBEF, Liverpool Business School.

14:30 Technical Analysis in Foreign Exchange Markets: Linear Versus Nonlinear Trading Rules, Fernando Fernández-Rodríguez, Universidad de Las Palmas de Gran Canaria, Julián Andrade-Félix, Universidad de Las Palmas de Gran Canaria, Simón Sosvilla-Rivero, Universidad Complutense de Madrid.

15:00 Consistent High-Precision Volatility from High-Frequency Data, Fulvio Corsi, Gilles Zumbach, Ulrich Müller, Michel Dacorogna, Olsen & Associates, Zürich.

15:30 Posters, Exhibits and Tea

16:15 Information Dynamics and Runs Analysis in Financial Time Series, Andrzej M. Skulimowski, IAC UMM, Cracow.

16:45 Impact of Money and Income in the Forward Market, Nicholas Biekpe, University of Stellenbosch, South Africa.

17:15 Close of session

PARALLEL SESSION 7
ADVANCED FORECASTING METHODS

14:00 Forecasting Nonlinear Functions of Returns using LINEX Loss Functions, Soosung Hwang, City University Business School, John Knight, University of Western Ontario, S.E. Satchell, Cambridge University.

14:30 Combining Statistical Classifiers to Predict Stock Returns in UK Industrial Sectors, George T. Albanis, Roy A. Batchelor, Enron Europe Limited, City University Business School.

15:00 Selecting Explanatory Variables of Price Changes Using Independent Component Analysis, Thierry Ané, HEC Lausanne.

15:30 Posters, Exhibits and Tea

16:15 Financial Decisionmetrics: Towards a Decision-Based Approach to Financial Econometrics, Spyros Skouras, Santa Fe Institute.


17:15 Close of session

Day 3: Friday 1 June 2001

08:30 Coffee

PARALLEL SESSION 8
PORTFOLIO OPTIMISATION AND RETURN MODELLING

09:00 Scenario Optimization Asset and Liability Modeling for Endowments with Guarantees, Stavros Zenios, University of Cyprus and The Wharton School, Philadelphia, Andrea Consiglio, University of Calabria, Flavio Cocco, Prometeia Calcolo.

10:00  Portfolio Optimization with Drawdown Constraints, Stanislav Uryasev, Alexei Chekhlov, Michael Zabarankin, University of Florida.

10:30  Poster Preview, Exhibits and Coffee

10:45  Practical Experience with Scenario Generation, Kjetil Hoyland, Gjensidige-NOR Asset Management, Oslo, Michal Kaut, Stein W. Wallace, Norwegian University of Science and Technology, Trondheim.

11:15  The Capital Asset Pricing Model And Factors of Return, Chris Adcock, University of Sheffield.


12:15  Lunch, Exhibits and Poster Session 3

PARALLEL SESSION 9
VOLATILITY AND CORRELATION

09:00  Multivariate Correlated ARCH, George Christodoulakis, City University Business School, London.

09:30  Are There Multiples Regimes in Financial Volatility?, Marcelo C. Medeiros, Alvaro Veiga, PUC, Rio de Janeiro.

10:00  Modeling Stock Returns with Multivariate LSTGARCH Models, Gilles Dufrenot, Velayoudoum Marinmoutou, Anne Peguin-Feissolle, GREQAM-CNRS, Marseille.

10:30  Poster Preview, Exhibits and Coffee

10:45  Forecasting Relationships Between Indexes of Different Countries: a New Approach to the Multivariate Garch, Gustavo de Athayde, Banco Itaú, São Paulo.


11:45  Modelling Financial Time Series using GARCH-type models and a Skewed Student Density, Philippe Lambert, Université Catholique de Louvain, Sébastien Laurent, Université de Liège.

12:15  Lunch, Exhibits and Poster Session 3

SESSION 10 – ADVANCED MODELLING TECHNIQUES

14:00  Daily Trading Model with Bayesian Variant MLP Network, Ian T. Nabney, Aston University, Birmingham, H.W. Cheng, University of Macau.

14:30  Forecasting High-Dimensional Dynamical Systems by Error Correction Neural Networks with a focus on the German Yield Curve, Ralph Grothmann, University of Bremen, Ralph Neuneier, Hans-Georg Zimmermann, Siemens AG, München.

15:00  Prediction of FX Volatility via an RBF Neural Network with Closed-Form Regularization, Gordon H. Dash, Nina Kajiji, University of Rhode Island, Kingston.

15:30  Posters, Exhibits and Tea


17:15  End of Conference

Poster Session 1 (Wednesday) – Fund Management

Italian Equity Funds: Efficiency and Performance Persistence, Roberto Casarin et al. (GRETA Associati, Venice); Bias in Earnings Forecasts and its Implications for Returns: A Study for the Brazilian Market, Franco Delano (Dreyfus Brascan Asset Management, Rio de Janeiro); Valuing Information using Utility Functions: How Much Should We Pay for Forecasts of Returns?, Soosung Hwang et al. (City University Business School, London); Multi-Moment CAPM: Some Basic Results, Emmanuel Jurczenko et al. (University Paris I Panthéon-Sorbonne); Domestic versus International Integration in the Process of Financial Liberalisation, Gulnur Muradoglu et al. (University of Manchester); Cointegration between Saving and Investment: an Application to the OECD Countries, Stefania P. S. Rossi (Istituto Universitario Navale, Naples); Operational Risk and Bernoulli Laws: Thoughts Towards New Frontiers and Challenges, Stefano Serra (PriceWaterhouse Cooper, London); Risk Analysis for Asset Managers: Historical Simulation, the Bootstrap Approach and Value at Risk Calculation, Raffaele Zenti et al. (RAS Asset Management S.p.A.); Risk Management in an Asset Management Company: a Practical Case, Dario Brandolini et al. (RAS Asset Management S.p.A.).

Poster Session 2 (Thursday) - Derivatives Pricing and Volatility

A Framework for Valuing Exotic Asian and Basket Options, Giuseppe Castellacci et al. (OpenLink Financial, Mitchelfield); Filtering Equity Risk Premia from Derivative Prices, Carl Chiarella et al. (University of Technology, Sidney); Modelling European Credit Spreads, Marc De Ceuster et al. (University of Antwerp); Intraday Value-at-Risk, Pierre Giot (Maastricht University); Monetary Policy Expectations from Option Prices on USD Interest Rate Futures in 1998-2000, Jorge Barros Luis (University of York); G@RCH 2.0: An Ox Package for Estimating and Forecasting Various ARCH Models, Sébastien Laurent et al. (University of Liège); Fallback Options, Oleg A. Soloviev et al. (Queen Mary University, London); Asset-Liability Management for Pension Funds using CVaR Constraints, Stan Uryasev et al. (University of Florida); Heterogeneous Volatility Cascade in Financial Markets, Gilles Zumbach et al. (Olsen & Associates, Zürich); Managing the Risk Side of a Medium Size Portfolio Showing GARCH Effects, Carolina Castagnetti, University of Pavia and Fideuram Capital SpA, Milan.

Poster Session 3 (Friday) – Financial Markets and Asset Pricing

Optimal Portfolio Choice under Changing Risk, Giampaolo Gabbi et al. (Università degli Studi di Siena); Tactical Asset Allocation and Time Diversification for Euro Bond and Equity Markets, Giampaolo Gabbi et al. (Università degli Studi di Siena); Momentum in the UK Stock Market, Mark Hon (University of Bristol); Exchange Rates Barometers, Giorgio Radaelli (Bank One, London); Heterogeneous Expectations, Currency Options and the Euro/Dollar Exchange Rate, Bronka Rzepkowski (CEPII, Paris); A Multicriteria Model for Portfolio Management, Joao Oliveira
Estimating State Price Densities by Hermite Polynomials: Theory and Application to Italian Equity Option Markets, Roberto Violi (Banca d’Italia, Rome); A Perspective on Empirical Studies of Contagion and Interdependence, Marcello Pericoli et al. (Bank of Italy); Multi-moment Approximate Option Pricing Models: a General Comparison of Pricing and Hedging Performances, Bertrand Maillet et al. (University Paris I Panthéon-Sorbonne).
Conference Venue:
The Harrington Centre
Harrington Hall
5-25 Harrington Gardens
London SW7 4JW

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.
Please note that payment must be received at least one week before the Conference begins.
A conference dinner is organised on Thursday 31 May 2001 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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Exhibitors: We have a spacious exhibition room available throughout the Conference. For further information and costs please contact Mylène Bazsalicza at Elseware on +331 4458 9340.

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Telephone: +331 4458 9340 Fax: +331 4296 6868 E-mail: mylene@elseware.fr

Hotel Accommodation:
We recommend that delegates who wish to stay at Harrington Hall for the duration of the Conference book a room as soon as possible as many conferences will be taking place in London during May.

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