

FORECASTING FINANCIAL MARKETS:

ADVANCES FOR EXCHANGE RATES, INTEREST RATES AND ASSET MANAGEMENT

Marseilles, 1, 2 and 3 June 2005

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

Fund management and trading rules

Funds of funds and balanced funds

*Advances in asset management and portfolio
optimisation*

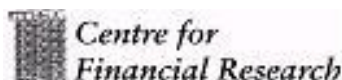
Relative value and market neutral strategies

Modelling volatility and correlation

Risk analysis and credit trading

Derivatives pricing models and real options

Sponsors:



FORECASTING FINANCIAL MARKETS 2005

CONFERENCE PROGRAMME

Day 1: Wednesday 1 June 2005

- 08:00** Registration and Coffee
08:45 Opening Address

SESSION 1 - FUND MANAGEMENT AND PORTFOLIO OPTIMISATION (I)

- 09:00** *Return Forecasts and Optimal Portfolio Construction: A Quantile Regression Approach*, L. Ma and L. Pohlman, PanAgora Asset Management, Boston, USA.
09:30 *Time-Varying Factor Models for Equity Portfolio Construction*, M. Ebner and T. Neumann, Deka Investment GmbH, Frankfurt, Germany.
10:00 *Volatility Filters for Dynamic Portfolio Optimisation*, J. Miao and C. Dunis, Liverpool John Moores University, UK.
10:30 *Exhibits and Coffee*
10:45 *Optimal Portfolios Under Various Risk Measures*, O. Larsson, Lund University, Sweden.
11:15 *A Quantitative Approach for Strategic Asset Allocation*, M. Møller Andersen and M. Madsen, Copenhagen Business School, Denmark.
11:45 *Allocating by Liquidity and Time Horizon*, P. Lequeux and I. Petej, ABN AMRO Asset Management, London, UK.
12:15 *Lunch and Exhibits*

PARALLEL SESSION 2 - FUND MANAGEMENT AND PORTFOLIO OPTIMISATION (II)

- 14:00** *Credit Portfolio Risk and PD Confidence Sets through the Business Cycle*, S. Trück, Universität Karlsruhe, Germany, and S. Rachev, University of California, Santa Barbara, USA.
14:30 *Correlation Breakdowns in Asset Management*, R. Bramante, Università Cattolica del Sacro Cuore, and G. Gabbi, Università L. Bocconi, Milan, Italy.
15:00 *Timing Inconsistencies in the Calculation of Funds of Funds Net Asset Value*, L. Neuberg, Fortis Investments, Luxembourg, V. Terraza, Université du Luxembourg, and C. Louargant, Université de Metz, France.
15:30 *Exhibits and Tea*
15:45 *Filtering Futures Spread Trading Portfolios: Correlation and Hybrid Filters*, B. Evans, C. Dunis and J. Laws, Liverpool John Moores University, UK.
16:15 *The Role of Currencies in the Net Alpha Generation Process*, J. Laborda Herrero, Barclays Bank, Madrid, Spain.
16:45 *Real Exchange Rate Mean Reversion and International Portfolio Allocation*, M. Airaudo, LUISS-‘Guido Carli’, Rome, Italy, and M. Buscaglia, Universidad de San Andres, Buenos Aires, Argentina.
17:15 *Close of session*

PARALLEL SESSION 3 – INVESTMENT AND TRADING STRATEGIES

- 14:00** *Is There a Hedge Funds Bubble?*, A. Beltratti, Università L. Bocconi, Milan, and C. Morana, Università del Piemonte Orientale, Novara, Italy.
14:30 *Volatility Conditional on Price Trends*, G. Zumbach, Consulting in Financial Research, Saconnex, Switzerland.
15:00 *Random Portfolios for Evaluating Trading Strategies*, P. Burns, Burns Statistics, London, UK.
15:30 *Exhibits and Tea*
15:45 *Investment Risk Analysis in Developing Countries*, F. Boujedra, Laboratoire d'Economie d'Orléans, France.
16:15 *Capitalizing on Analyst Earnings Estimates and Recommendation Announcements in Europe*, A. S. Au, State Street Global Investors, Boston, USA.
16:45 *Target Zone Rearrangements and Exchange Rate Behaviour in an Options-based Model*, A. Naszódi, Central Bank of Hungary, Budapest, Hungary.
17:15 *Close of session*

Day 2: Thursday 2 June 2005

08:30 *Coffee*

PARALLEL SESSION 4 - CAPITAL MARKETS AND ASSET PRICES

- 09:00 *International Nonlinear Causality Between Stock Markets*, M.Beine, Université Lille 2, G. Capelle-Blancard and H. Raymond, Université Paris 10, France.
- 09:30 *The Regime-Switching Impact of Global Financial Markets on China's Stock Market*, E. Girardin, Université de la Méditerranée, Aix-en-Provence, France and Z. Liu, People's University of China, Beijing, China.
- 10:00 *An Investigation into the Dynamic Market Interdependencies of International Stock Markets and Managed Futures Indices: A UK Investor Perspective*, K. Tee, University of Aberdeen Business School, UK.
- 10:30 *Exhibits and Coffee*
- 10:45 *Where do Informed Traders Trade? Evidence from French Markets*, P. Alphonse, Université Lille 2, G. Capelle-Blancard, Université Paris 10 and S. Vandelanoite, Université Lyon 2, France.
- 11:15 *The Impact Of The NAPF Combined Code Of Good Corporate Governance Code On The Share Price Performance Of UKFTSE350 Companies 1999-2002*, C. Adcock, University of Sheffield, and C. Mallin, University of Birmingham, UK.
- 11:45 *The CAPM and the Risk Appetite Index: Theoretical Differences and Empirical Similarities*, M. Pericoli and M. Sbracia, Bank of Italy, Rome, Italy.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 5 - FORECASTING IN FINANCIAL MARKETS (I)

- 09:00 *Magic Numbers in the Dow*, R. Bachelor and R. Ramyar, Cass Business School, London, UK.
- 09:30 *Stock Prices, Inflation and Stock Returns Predictability*, C. Boucher, Université Paris-Nord, France.
- 10:00 *Forecasting Market Behaviour*, A. Rutkauskas and I. Trumpaite, Vilnius Gediminas Technical University, Lithuania.
- 10:30 *Exhibits and Coffee*
- 10:45 *Predicting Financial Crises in Emerging Markets with a Composite Non-Parametric Data Mining Model*, T. Apoteker and S. Barthélémy, TAC Financial, Saint Hilaire des Landes, France.
- 11:15 *ARIMA Forecasts of Implied Volatilities on Australian Options on Share Price Index Futures*, P. Lajbcygier and S. Wong, Monash University, Clayton, Australia.
- 11:45 *Univariate and Multivariate GARCH Type Models for Euro Exchange Rate Volatility Forecasting*, M. K. Bensafra, Hassiba Ben Bouali University, Chlef, and A. Zatout, National Institute of Planning Statistics, Algiers, Algeria.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 6 - BOND, INTEREST AND FOREIGN EXCHANGE MARKETS

- 14:00 *The Timing and Magnitude of the Japanese Monetary Authority Interventions on the Yen/Dollar Market*, M. Fekih, Université Louis Pasteur, Strasbourg, France.
- 14:30 *The Microstructure of the Italian Overnight Money Market*, G.Iori and O. Precup, King's College, London, UK, and G. Gabbi, Università L. Bocconi, Milan, Italy.
- 15:00 *Central Bank Intervention and Volatility in the Money Markets*, J. Laws and J. Thompson, Liverpool John Moores University, UK.
- 15:30 *Exhibits and Tea*
- 15:45 *Macroeconomic Factors and the Term Structure in the Euro Area and the United States: Myths and Facts*, M. Pericoli and M. Taboga, Banca d'Italia, Rome, Italy.
- 16:15 *Forward-Looking Estimation of Default Probabilities with Italian Data*, C. Pederzoli and C. Torricelli, Università di Modena e Reggio Emilia, Italy.
- 16:45 *Estimating and Allocating Credit Risk for a Typical Italian Banking Book: A Comparative Analysis with Basle II*, P. A. Di Clemente, Università 'La Sapienza', Rome, and C. Romano, Capitalia Bank Holding, Rome, Italy.
- 17:15 *Diversified Active Investment Decision-Making in Global Bond and Currency Markets: The Case of the Central Bank of Estonia*, A. Vesilind, Central Bank of Estonia, Tallinn, Estonia.
- 17:45 *Close of session*

PARALLEL SESSION 7 - ADVANCED MODELLING TECHNIQUES (I)

- 14:00 *Probability Distribution Architectures for Trading Silver*, A. Lindemann, C. Dunis and P. Lisboa, Liverpool John Moores University, UK.
- 14:30 *Changing-Regime Volatility: A Fractionally Integrated SETAR Model*, G. Dufrénot, Université Paris 12, D. Guégan, Ecole Normale Supérieure de Cachan, and A. Péguin-Feissolle, GREQAM-CNRS, Marseille, France.
- 15:00 *Financial Markets Dynamic Distribution Function, Predictability and Investment Decision-Making*, G. M. Chernizer, Financial Markets Universal Dynamics, Manchester, New Jersey, USA.
- 15:30 *Exhibits and Tea*
- 15:45 *Nonparametric Stochastic Volatility Modelling*, R. Renò, Università di Siena, Italy.
- 16:15 *Exponential Multivariate Autoregressive Conditional High Frequency Data Model*, G. S. Raposo and Á. Veiga, Catholic University of Rio de Janeiro, Brazil.
- 16:45 *Detecting Autoregressive Conditional Heteroskedasticity in Non-Gaussian Time Series*, B. Raunig, Oesterreichische Nationalbank, Vienna, Austria.
- 17:15 *Emerging Markets of South-East and Central Asia: Do they Still Offer a Diversification Benefit?*, G. Shannon and C. Dunis, Liverpool John Moores University, UK.
- 17:45 *Close of session*

Day 3: Friday 3 June 2005

08:30 *Coffee*

PARALLEL SESSION 8 - ADVANCED MODELLING TECHNIQUES (II)

- 09:00 *Choosing Factors in a Multifactor Asset Pricing Model when Returns Are Nonnormal*, J. Parmler, Stockholm University of Economics, and S. Karlsson, Örebro University, Sweden.
- 09:30 *Two-Factor Utility Modelling - An Application to Catastrophe Bonds Valuation*, A. Jakubowski, Systems Research Institute, Polish Academy of Sciences, Warsaw, Poland.
- 10:00 *Is GARCH(1,1) as Good a Model as the Accolades of the Nobel Prize Would Imply?*, C. Stărică, Chalmers University of Technology, Gothenburg, Sweden.
- 10:30 *Exhibits and Coffee*
- 10:45 *STAR-Tree Model: A Proposal of a Nonlinear Model to Forecast the Returns of Brazilian Assets*, J. Corrêa da Rosa, Federal University of Parana, Á. Veiga, and G. Ramos, Catholic University of Rio de Janeiro, Brazil.
- 11:15 *Validating the Expectations Hypothesis as a Set of Uncertain Restrictions*, A. Carriero, Università L. Bocconi, Milan, Italy.
- 11:45 *A Further Extension of Duration Dependence Models*, A. Isogai, MTB Investment Technology Institute, Tokyo, S. Kanoh, Hitotsubashi University, Tokyo, and T. Tokunaga, Nanzan University, Nagoya, Japan.
- 12:15 *Lunch and Exhibits*

PARALLEL SESSION 9 - FORECASTING IN FINANCIAL MARKETS (II)

- 09:00 *Market Forecasting by Dynamical Consistent Neural Networks*, H.G. Zimmermann, R. Grothmann, A. Schaefer and C. Tietz, Siemens AG, München, Germany.
- 09:30 *Higher-Order Neural Networks with Bayesian Confidence Measure for Prediction of EUR/USD Exchange Rate*, A. Knowles, A. Hussain, P. Lisboa and C. Dunis, Liverpool John Moores University, UK.
- 10:00 *Direction-of-Change Forecasting Using a Volatility Based Recurrent Neural Network*, S. D. Bekiros and D. A. Georgoutsos, Athens University of Economics and Business, Greece.
- 10:30 *Exhibits and Coffee*
- 10:45 *Forecasting High Frequency Data with Wavelets and an Evolutionary Artificial Neural Network*, S. Hayward, Ecole Supérieure de Commerce de Dijon, France.
- 11:15 *Forecasting Rises and Drops or Forecasting Relative Movements?*, D. Guégan and N. Huck, Ecole Normale Supérieure de Cachan, France.
- 11:45 *Forecasting Exchange Rates: A Robust Regression Approach*, A. Preminger, Université Catholique de Louvain, Belgium, and R. Franck, Bar Ilan University, Ramat Gan, Israel.
- 12:15 *Lunch and Exhibits*

SESSION 10 - DERIVATIVES, OPTIONS AND VOLATILITY MODELLING

- 14:00 *State Space Form with Stochastic Multiple Regimes Modelling Volatility*, A. G. Cunha and Á. Veiga, Catholic University of Rio de Janeiro, Brazil.
- 14:30 *Hedging Foreign Currency Transactions Via Forward, Currency/Asian Options*, J. Laws, J. Thompson and D. Chen, Liverpool John Moores University, UK.
- 15:00 *CDS Spreads and Equities: A Changing Relationship According to Credit Rating*, S. Musti, Università di Foggia, R. Morgan, and R. D'Ecclesia, Università La Sapienza, Rome, Italy.
- 15:30 *Exhibits and Tea*
- 15:45 *Implied Volatility in Oil Markets*, S. A. Borovkova and F. J. Permana, Delft University of Technology, The Netherlands.
- 16:15 *Valuation of Option Contracts under Risk and Uncertainty*, R. Martinkute, Vilnius Gediminas Technical University, Lithuania.
- 16:45 *Path Dependent Option Pricing under Levy Processes Applied to Bermudan Options*, C. O'Sullivan, University College Dublin, Ireland.
- 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 de la Méditerranée
Palais du Pharo
58, Boulevard Charles Livon
F-13007 Marseille

Registration Fees:

Standard delegate fee: 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.

Authors of the papers selected for the Conference are asked to pay a nominal fee of EUR 150 to cover expenses.

In the case of a paper with multiple authorship, the reduction applies to a single presenter only.

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

A Conference dinner is organised on Thursday 2 June 2005 for which there will be an additional fee of EUR 35 (please register on site on the first day of the Conference).

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Payment:

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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@totalise.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 Marseilles in June. Hotel information is available on our website www.cibef.com.

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

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