

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

Hannover, 29, 30 and 31 May 2013

Conference Programme

Programme Chairs:

Christian Dunis
(Horus Partners Wealth Management, Geneva and Liverpool JMU University)

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

Michael H. Breitner,
Hans-Jörg von Mettenheim,
Daniel Rösch
(Leibniz Universität, Hannover)

Jason Laws (University of Liverpool Management School)

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

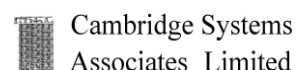
Relative value and market neutral strategies

Modelling volatility and correlation

Risk analysis and credit trading

Derivatives pricing models and real options

Sponsors:



FORECASTING FINANCIAL MARKETS 2013

CONFERENCE PROGRAMME

Day 1: Wednesday 29 May 2013

SESSION 1 - FUND MANAGEMENT

- 08:00** Registration and Coffee
- 08:45** Opening Address
- 09:00** *Prudent Universal Portfolios*, P. O'Sullivan and D. Edelman, University College, Dublin, Ireland.
- 09:30** *Portfolio Optimization Under a Partitioned-Beta Model*, R. Bramante and D. Zappa, Catholic University, Milan, Italy.
- 10:00** *Estimation of the Global Minimum Variance Portfolio in High Dimensions*, T. Bodnar, Humboldt-University, Berlin, N. Parolya and W. Schmid, European University Viadrina, Germany.
- 10:30** **Exhibits and Coffee**
- 10:45** *Venture Capitalist Portfolio Selection under Probabilistic and Possibilistic Risk*, J. Kinnunen and I. Georgescu, Åbo Akademi University, Finland.
- 11:15** *Portfolio Selection Using Directional Distance Function and FDH Approach*, N. Nalpas, A. Vanhems, Toulouse Business School, France, and L. Simar, Université Catholique de Louvain-la-Neuve, Belgium.
- 11:45** *Allocating Commodities in Inflation Hedging Portfolios: A Core Driven Global Macro Strategy*, N. Fulli-Lemaire, Amundi Asset Management, France.
- 12:15** **Lunch and Exhibits**

PARALLEL SESSION 2 - EQUITY MARKETS

- 13:30** *Secular Mean Reversion and Long-Run Predictability of the Stock Market*, V. Zakamulin, University of Agder, Norway.
- 14:00** *The Impact of Equity Block Trade Transactions on Security Prices. Evidence from Poland*, B. Kurek, Cracow University of Economics, Poland.
- 14:30** *Up or Down? Riding International Stock Markets with Binary Choice Models*, A. Veress, University of Liechtenstein.
- 15:00** *Do Financial Markets Reward Cash Rich Companies: an International Comparison?*, J. Laws and A. Goyal, University of Liverpool, UK.
- 15:30** **Exhibits and Tea**
- 15:45** *Disappointment Aversion and the Equity Premium Puzzle: The International Evidence*, A. A. Pantelous, University of Liverpool, UK.
- 16:15** *Time Series Analysis for Crisis Times: A Case Study with the IBOVESPA Stock Index(1999-2012)*, M. Zeuli, Banco Central do Brasil, A. C. Figueiredo and M. C. Klotze, PUC, Rio de Janeiro, Brazil.
- 16:45** *The Impact of Financial Depth on Tehran's Stock Market Price Indexes*, S. Shahverdiyani, Islamic Azad University, Tehran, Iran.
- 17:15** *Impact of Financial Crisis on Moroccan Stock Markets: an Application of Multivariate GARCH Model*, A. El Ghini, Department of Economics, UM5S, and Y. Saidi, Bank Al-Maghrib, Rabat, Morocco.
- 17:45** **Close of session**

PARALLEL SESSION 3 - FORECASTING

- 13:30** *Forecasting Renminbi Quotes in the Revised Chinese FX Market - Do we get Implications for the Onshore/Offshore Spread-behaviour?*, C. v. Spreckelsen, F. Kunze, T. Windels, Norddeutsche Landesbank, H.-J. v. Mettenheim, Leibniz University, Hannover, Germany.
- 14:00** *Can Internet Search Queries Help to Predict Stock Market Volatility?*, T. Dimpfl, University of Tübingen and S. Jank, Frankfurt School of Finance and Management, Germany.
- 14:30** *Macroeconomic Forecast Accuracy: Idiosyncratic Predictability and Analyst Characteristics*, D. Hess and S. Orbe, University of Cologne, Germany.
- 15:00** *Detecting and Forecasting High Frequency Price Jumps in the Stock Market*, T. Moyaert, Louvain School of Management, Belgium.
- 15:30** **Exhibits and Tea**
- 15:45** *Do Combination Forecasts Outperform the Historical Average? Economic and Statistical Evidence*, A. Thomadakis, University of Surrey, UK.
- 16:15** *International Market Volatility in Predicting the Directional Changes in the Australian Bank, Industrial and Resources Stock Market Return*, N. Kulendran and R. Erdugan, College of Business, Victoria, Australia.
- 16:45** *Comparing Model Selection Techniques: Simulation Results and GDP Forecasting Application*, C. Epprecht, A. Veiga, PUC, Rio de Janeiro, Brazil, and D. Guégan, Paris School of Economics, France.
- 17:15** *Revisiting Dividend Growth Predictability Via Dividend Yield*, E. Tsiritakis, P. Asimakopoulos, University of Piraeus, Athens, Greece, and S. Asimakopoulos, University of Glasgow, UK.
- 17:45** **Close of session**
- 18:15** **Guided Tour of Hannover**

Day 2: Thursday 30 May 2013

08:00 *Coffee*

PARALLEL SESSION 4 - MODELLING WITH NEURAL NETWORKS

08:30 *Filtering Seasonality Trades with Reinforcement Learning*, D. Eilers, H.-J. v. Mettenheim, M. H. Breitner, Leibniz University of Hannover, Germany, and C. L. Dunis, Horus Partners Wealth Management, Geneva, Switzerland.

09:00 *Correlation Based Networks Representing DAX 30 Stock Price Returns: Analysis*, J. Birch, A. A. Pantelous, University of Liverpool, UK, and K. Soramäki, Financial Network Analytics, Barcelona, Spain.

09:30 *Pricing and Forecasting of High-frequency Options on Currency Futures with Fast Neural Networks*, C. v. Spreckelsen, Norddeutsche Landesbank, H.-J. v. Mettenheim and Michael H. Breitner, Leibniz University, Hannover, Germany.

10:00 *Exhibits and Coffee*

10:15 *Advances in Forecasting with Neural Networks*, H. G. Zimmermann, Siemens, München, Germany.

10:45 *An Integrated Approach to Time Series Forecasting with Neural Network Architectures*, R. Jammazi, University of Sousse, Tunisia, and D. K. Nguyen, IPAG Business School, Paris, France.

11:15 *Forecasting Short-Term Stock Price Movements Using Evolutionary Algorithms and Neural Networks*, I. Gheyas and J. Williams, University of Aberdeen, UK.

11:45 *Lunch and Exhibits*

PARALLEL SESSION 5 - RISK AND VOLATILITY

08:30 *A Risk Index for Global Private Investors*, S. Stöckl, M. Hanke and M. Angerer, University of Liechtenstein.

09:00 *Keep Value at Risk calculation simple: An Alternative Approach Based on RV*, C. Lau, Martin-Luther University Halle-Wittenberg, Germany.

09:30 *Risk Horizon and Expected Market Returns*, T. Lejeune and G. Hübner, HEC-University of Liège, Belgium.

10:00 *Exhibits and Coffee*

10:15 *Modelling of Intraday Volatility and Durations Using the UHF-GARCH Structure: Evidence from the Polish Stock Market*, R. Huptas, Cracow University of Economics, Poland.

10:45 *Intraday Stealth Trading and Volatility*, B. Będowska-Sójka, Poznań University of Economics, Poland.

11:15 *Optimal Margin, Capital Requirement and Price Limits for Futures Clearinghouses: An Analysis of Tail-Related Risk Measures*, J. Cheng, Y. Hong and J. Tao, Xi'an Jiaotong-Liverpool University, Suzhou, China.

11:45 *Lunch and Exhibits.*

PARALLEL SESSION 6 - ADVANCED MODELLING (I)

13:30 *Modelling and Trading the EUR Exchange Rates with Hybrid Genetic Algorithms - Support Vector Regression Forecast Combinations*, G. Sermpinis, C. Stasinakis, University of Glasgow, A. Karathanasopoulos, London Metropolitan University, UK, and K. Theophilatos, University of Patras, Greece.

14:00 *Forecasting with Complex Valued Neural Networks in Economics*, H. G. Zimmermann, Siemens, München, Germany, and A. Minin, Siemens, St. Petersburg, Russia.

14:30 *Support Vector Regression Forecasting of Inflation and Unemployment with Genetically Adaptive Selection of Predictors*, C. Stasinakis, G. Sermpinis, University of Glasgow, UK, and K. Theophilatos, University of Patras, Greece.

15:00 *Football Betting Strategies Using an Evolutionary SVM-Fuzzy Inference Betting System*, K. Theophilatos, S. Likothanassis, University of Patras, Greece, A. Karathanasopoulos and G. Sermpinis, University of Glasgow, UK.

15:30 *Exhibits and Tea*

15:45 *An Investigation into Correlations Between Financial Sentiment and Price Movements in Financial Markets*, P. Gaskell, F. McGroarty and T. Tiropanis, University of Southampton, UK.

16:15 *Fooled by Data-Mining: The Real-Life Performance of Market Timing with Moving Averages*, V. Zakamulin, University of Agder, Norway.

16:45 *A Simple Out-of-Sample Test for the Martingale Difference Hypothesis*, P. Pincheira, Central Bank of Chile.

17:15 *Close of session*

PARALLEL SESSION 7 - BANKING, BONDS AND FINANCIAL CRISIS

13:30 *Valuation of Systematic Risk in the Cross-section of Credit Default Swap Spreads*, S. Löhr, A. Claußen, D. Rösch, Leibniz University, Hannover, Germany, and H. Scheule, University of Technology, Sydney, Australia.

14:00 *Does Bank Performance Contribute to Economic Growth in the European Union?*, C. Ferreira, Technical University of Lisbon, Portugal.

14:30 *A Test for Measuring the too Big to Fail Effect in the European Banks over the Financial Crisis*, P. Mattana and S. P. S. Rossi, University of Cagliari, Italy.

15:00 *Putting the "C" into Crisis: Contagion, Correlation and Copulas on EMU Bond Markets*, D. Filippas, European Commission, Milan, Italy.

15:30 *Exhibits and Tea*

15:45 *Interest Rate Forecasts and Central Bank Transparency: Empirical Evidence from the UK*, C. Wegener, N. Rudschuck, P. Sibbertsen, Leibniz University, Hannover, and T. Basse, Touro College, Berlin, Germany.

16:15 *Estimating a Banking-Macro Model for Europe Using a Multi-Regime VARA*, S. Mitnik, Ludwig Maximilians Universität München, Germany, and W. Semmler New School for Social Research, New York, USA.

16:45 *Are CDS Spreads Predictable? An Analysis of Linear and Non-linear Forecasting Models*, D. Avino, UCD Smurfit Business School, Dublin, Ireland, and O. Nneji, University of Reading, UK.

17:15 *Close of session*

Day 3: Friday 31 May 2013

08:00 *Coffee*

PARALLEL SESSION 8 - EMERGING MARKETS

08:30 *Dislocation, Disruption and Disassociation: Forward Markets in India and China During the Global Financial Crisis*, E. Girardin, Aix Marseille University, France and M.M. Hutchison, U.C. Santa Cruz, USA.

09:00 *Dynamics of the Sovereign Credit Default Swaps and the Evolution of the Financial Crisis in Central Europe*, A. Kliber, Poznan University of Economics, Poland.

09:30 *Liquidity and Volatility in an Emerging Interbank Market: A Study of the Kenya Interbank Rate*, C. Green, Loughborough University, Y. Bai, Nottingham University, UK, and K. Ngoka, Central Bank of Kenya.

10:00 *Exhibits and Coffee*

10:15 *Estimation of Economic Effects from Investments in Mega Infrastructure Projects*, D. J. .Dimitriou, J. C. Mourmouris and M. F. Sartzetaki, Democritus University of Thrace, Komotini, Greece.

10:45 *The Empirical Relationship Between Capital Structure and Profitability: Evidence from Nigerian Non-Financial Companies in the NSE 50 Index from 2007 to 2011*, B. Ghimire and O. Ilesanmi, London School of Business and Finance, UK.

11:15 *An Empirical Investigation of Ivorian SMEs Access to Bank Finance: Constraining Factors at Demand-Level*, B. Ghimire and A. R. Majoie, London School of Business and Finance, UK.

11:45 *Lunch and Exhibits*

PARALLEL SESSION 9 - TRADING STRATEGIES

08:30 *Intelligent Execution Adds Value to Fully Automated Trading Strategies*, A. Booth, F. McGroarty and E. Gerding, University of Southampton, UK.

09:00 *The Impact of Jumps and Thin Trading on Realised Hedge Ratios*, L. Hvozdyk, University College Dublin, Ireland, M. Dungey, University of Tasmania, Australia, and O. Henry, University of Liverpool, UK.

09:30 *Ultra High Frequency Statistical Arbitrage Across International Index Futures*, H. Alsayed and F. McGroarty, University of Southampton, UK.

10:00 *Exhibits and Tea*

10:15 *Can Hedging Explain the Intraday Behaviour of Liquidity and Trading Activity in Equity Options Markets?*, T. Verousis and O. ap Gwilym, Bangor University, UK.

10:45 *Information-Efficient Option Trading: A Density Forecasting Approach*, R. McGee and D. Edelman, University College Dublin, Ireland.

11:15 *Are Classical Option Pricing Models Consistent with Observed Option Second-order Moments? Evidence from High-Frequency Data*, M. Fengler and F. Audrino, University of St. Gallen, Switzerland.

11:45 *Lunch and Exhibits*

SESSION 10 - ADVANCED MODELLING (II)

13:30 *Is Imperfection Better? Evidence from Predicting Stock and Bond Returns*, K. Kvasnakova, Vienna Graduate School of Finance, Austria.

14:00 *A New Look at the Fama-French-Model: Evidence Based on Expected Returns*, M. Hanauer, C. Jäckel and C. Kaserer, Technische Universität München, Germany.

14:30 *Determinants of Swap Spreads Applying Bayesian Model Search*, J.-C. Curtillet, Talanx, Hannover, Germany.

15:00 *High Performance Computing in the Least Square Monte Carlo Approach*, G. Desvilles, Conservatoire National des Arts et Métiers, Paris, France.

15:30 *Exhibits and Tea*

15:45 *Commodities Prices Sensitivities under the Schwartz-Smith ST/LT model*, Y. Rakotondratsimba, ECE Paris Graduate School of Engineering, France.

16:15 *Modelling Carbon Spot and Futures Price Returns with GARCH and Markov Switching GARCH Models*, A. Zeitlberger, University of Graz, and A. Brauneis, Alpe-Adria University Klagenfurt, Austria.

16:45 *Yet Another Factor Model*, F. Niederstätter, Eberhard Karls University Tübingen, Germany.

17:15 *End of Conference*

Publication of Papers:

Conference papers will be available on the Conference Proceedings, 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.) or the *Journal of Forecasting* which will both publish a special proceedings issue containing selected papers from the Conference.

Conference Venue:

**Leibnizhaus
Holzmarkt 4-6
30159 Hannover (Germany)**

Registration Fees:

Presenters registration fees: EUR 300 (academics) and EUR 500 (non-academics and dual academic/non-academic employment). In the case of a paper with multiple authorship, only one presenter can pay this reduced fee. Please note that **when submitting a paper you commit to present it if accepted, and payment of registration fees will thus be required by Thursday 12 April 2013 unless you withdraw in writing before that date.**

Standard delegate fees: EUR 1100 (non-academics and dual academic/non-academic employment), EUR 550 (academics, letter on University letterhead required). The fee includes all refreshments and lunches.

Please note that payment of standard delegate fees must be received before 3 May 2013.

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

A Conference dinner is organised on Thursday 30 May 2013 for which there will be an additional fee of EUR 45.

In all cases, go to www.aea-eu.net/FFM/2013 and follow the relevant payment instructions.

Surname:

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Payments must be made to Association d'Econométrie Appliquée either by cheque in EUR from a Euro Zone bank only, by bank transfer or by Visa or Mastercard. In all cases, go to www.aea-eu.net/FFM/2013 and follow the relevant payment instructions.

When completed this form should be returned to:

J.Laws@liverpool.ac.uk or to Jason Laws, University of Liverpool Management School, Chatham Street, Liverpool L69 7ZH (UK), Fax: +44 151 795 3001.

Exhibitors:

We have a spacious exhibition area available throughout the Conference. For further information and costs, please contact Christian Dunis at christian.dunis@hpwmg.com or on +41 (0)79 935 0079.

Hotel Accommodation:

Hotel and other practical information can be found on our website: www.ffm-conference.com.

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

- Nicole Brand, Institut für Wirtschaftsinformatik, Königsworther Platz 1, 30167 Hannover (Germany)

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More information can be found on our website: www.ffm-conference.com.

Cancellation Policy for Non-Presenters: 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 3 May 2013, subsequently no refund will be given.