
The Newsletter of the EURO Working Group on Financial Modelling

NEWSFLOW

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NEWSFLOW

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Subscription is free for members of the EURO Working Group on Financial Modelling. See last page for information on membership.

Invitation to readers

Readers are invited to actively contribute to the newsletter. Examples are book reviews, announcements, opinions, lists of published papers, etc.

You can also find information about the Euro Working Group on the internet site
<http://www2.eur.nl/topics/finance//ewgfm/ewgfm.htm>

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Editorial

Coming back to the problem of markets efficiency

The human attempt to model the reality is applicable in all scientific knowledge. The economic science and the capital markets have not been oblivious to this desire.

All models applied in the capital markets had, as main objective, the prediction. The capacity and complexity of the developed models have progressed at the same time that mathematics due to both lineal models to temporal series and, more recently, fractal models.

Parallel to the application of lineal models in capital markets, and probably as a consequence of their low capacity to predict, an important part of the researches were directed to the study of the market efficiency. However, the conclusions in this line were confused and most of the time limited by the mathematical tools.

In the last years, the rapid rise experimented by the geometry has entailed the development of sophisticated models and its application in finance. These are fractal models, which have its maximum exponent in Mandelbrot's works.

Unfortunately, worried again about the apparent predictable capacity of these models, the works concerning market efficiency have been relegated in the background.

However, it is necessary to propose some new questions:

1. Have these models really capacity to predict market evolution?
2. And the most important; is it possible to predict in stock markets?

Maybe the use of new geometric tools can provide new evidence of the level of market efficiency.

Juan Evangelista Trinidad

Call for papers EJOR

Thus far, the European Journal of Operational Research has published a number of special issues on Financial Modelling:

Issue 74/2, edited by T. Martikainen, I. Virtanen and P. Yli-Olli;

Issue 91/2, edited by E. Castagnoli and J. Spronk. In 1998, the European Journal of Operational Research together with the EURO Working Group on Financial Modelling decided to start a more regular series of feature issues.

A feature issue on financial modelling is an issue of EJOR partly or wholly devoted to financial modelling. The intended frequency of these feature issues on financial modelling is once or twice per year.

Papers on financial modelling are solicited that help to solve financial-economic decision problems in practice. Papers may relate to new insights, both theoretical and empirical, into the environment in which decision makers operate, new tools available to the decision makers and to the integration of these tools within frameworks for financial-economic decision-making. Papers that stimulate and strengthen the interaction between financial economic theory and the practice of financial decision-making will be especially welcome.

The first feature issue was published as Issue Volume 114, Number 2, April 16, 1999, and edited by J. Spronk. A stream of issues followed this; some of which have been published and the others will follow soon.

Authors who want to submit to the upcoming feature issue are kindly invited to submit four copies of their paper to the Guest Editor Financial Modelling:

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With respect to format and other requirements of submitted work, the authors are kindly referred to the Instructions to Authors, which can be found in every issue of EJOR. For the feature papers there is a separate board of editors, consisting of

Wolfgang Bühler, University of Mannheim, Germany

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Almeria 14-16 October 2004

Program

The Program of this meeting and other information can be found on the Internet site:

<http://www.ual.es/congresos/ewalmeria/>

Information

This meeting is organized by:

Juan Evangelista Trinidad

For further information please contact the conference secretariat at:

Email: jetrinida@hotmail.com

Next meeting(s)

2005

The Autumn meeting will be held in Frankfurt (Germany).

2006

One of the meetings will be held in London (UK). Another possibility is Indonesia.

For more information about organising a meeting, please contact Jaap Spronk (spronk@few.eur.nl) or H el ene Molenaar (molenaar@few.eur.nl)

36th EWG Meeting

The 36th meeting will be held in Brescia (Italy), from 5-7 May 2005.

This meeting will be organized by:

Francesco M. Paris

For further information please contact the organizing committee at:

Email: paris@eco.unibs.it

More information about this meeting can be found on the Internet site, which is being set up at the moment. It will be regularly updated as information becomes available. Calls for papers, venue information, registration instructions, etc. will be posted on this webpage.

As soon as this website is available, it will be announced on:

<http://www.eur.nl/topics/finance/ewgfm/ewgfm.htm>

so please check this site on a regular basis.

News

Announcement

Interesting possibilities to publish your papers electronically, without losing your rights to submit these papers to journals:

www.ssrn.com

and

www.finance-research.net

Working Papers

ERIM

You can find publications of the Erasmus Research Institute of Management (ERIM) on the following website:

<http://www.fbk.eur.nl/ERIM>

ECFR

From the *Erasmus Center for Financial Research* (ECFR), Erasmus University Rotterdam, Room H11-01, P.O. Box 1738, 3000 DR Rotterdam, The Netherlands, some papers can be ordered:

For more information:

<http://www.few.eur.nl/few/research/ecfr/publications/>

TINBERGEN INSTITUTE

For more information:

<http://www.tinbergen.nl/>

EURO Working Group on Financial Modelling

The EURO Working Group on Financial Modelling was founded in September 1986 in Lisbon. The primary field of interest for the Working Group can be described as “financial models that help to solve problems faced by financial decision makers in the firm, intermediaries and the investment community. From this the following objectives of the Working Group are distinguished:

- providing an international forum for exchange of information and experience on financial modelling;
- encouraging research in financial modelling (new techniques, methodologies, empirical studies, software, etc.);
- stimulating and strengthening the interaction between financial economic theory and the practice of financial decision making;
- cooperating and exchanging information with other universities and financial institutions throughout Europe.

It can be stated safely that the Working Group has become an established one. To give an idea: over 400 members, 35 international meetings and an own newsletter (*NEWSFLOW*) are three examples of the success until now.

Meetings

The meetings of the Working Group are organized twice a year, in April/May and in October/November. Earlier meetings were held in Belgium, Curaçao, Cyprus, Finland, France, Hungary, Italy, Lithuania, the Netherlands, United Kingdom, Germany, Greece, Croatia, Poland and Spain. There are now members in 34 countries spread over 4 continents. The meetings are attended by 80-100 members on average, most of them scientists but also representatives from the financial institutions, and are usually organized on Thursday, Friday and Saturday morning. The organizers are expected to schedule three types of sessions: a round table session with invited speaker(s), regular sessions with the presentation of refereed papers and balloon sessions in which unrefereed papers, new topics and ‘loose’ ideas can be discussed.

Newsletter

NEWSFLOW, the newsletter of the Working Group is published twice a year, about one month before each meeting. Newsflow is also published on the Internet site

<http://www.eur.nl/topics/finance/ewgfm/ewgfm.htm>

It contains general information about the Working Group and the next meeting(s), letters from readers, announcements of financial seminars, calls for papers, a list of working papers, etc. For information about *NEWSFLOW* or for publication of your contributions please contact the editor: H  l  ne Molenaar, address below.

Membership

For information about membership of the EURO Working Group on Financial Modelling, you may write to:

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