

XIII FORO DE FINANZAS

17-18 DE NOVIEMBRE DE 2005
MADRID



PROGRAMA

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de Formación Financiera



BANCO DE ESPAÑA

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08:00	Registro / Registration			
	Sesión 1.1 / Session 1.1	Sesión 1.2 / Session 1.2	Sesión 1.3 / Session 1.3	Sesión 1.4 / Session 1.4
09:00 - 10:30	Aula / Room 1	Aula / Room 2	Aula / Room 3	Aula / Room 4
	Economía bancaria I / Banking I	Eficiencia de mercado I / Market efficiency I	Relaciones de dependencia entre activos financieros / Dependence between financial returns	Tipos de cambio / Exchange rates
10:30 - 10:45	Coffe break			
	Sesión 2.1 / Session 2.1	Sesión 2.2 / Session 2.2	Sesión 2.3 / Session 2.3	Sesión 2.4 / Session 2.4
10:45 - 12:15	Aula / Room 1	Aula / Room 2	Aula / Room 3	Aula / Room 4
	Finanzas empresariales I / Corporate finance I	Evaluación de fondos de inversión / Mutual fund performance	Activos derivados/ Derivatives	Microestructura de mercados / Market microstructure
12:25 - 13:25	Conferencia Revista de Economía Financiera. Prof. Arturo Bris The Euro is Good After All: Evidence from Firm Policies Aula / Room 1			
13:25 - 15:45	Almuerzo / Lunch. Hotel Velada			
	Sesión 3.1 / Session 3.1	Sesión 3.2 / Session 3.2	Sesión 3.3 / Session 3.3	Sesión 3.4 / Session 3.4
15:45 - 17:15	Aula / Room 1	Aula / Room 2	Aula / Room 3	Aula / Room 4
	Economía bancaria II / Banking II	Distribuciones de rentabilidades / Return distributions	Finanzas internacionales / International finance	Gobierno corporativo / Corporate governance
17:15 - 17:30	Coffe break			
	Sesión 4.1 / Session 4.1	Sesión 4.2 / Session 4.2	Sesión 4.3 / Session 4.3	Sesión 4.4 / Session 4.4
17:30 - 19:30	Aula / Room 1	Aula / Room 2	Aula / Room 3	Aula / Room 4
	Finanzas empresariales II / Corporate finance II	Riesgo de crédito I / Credit risk I	Valoración de activos / Asset pricing	Volatilidad / Volatility
21:00	Recepción en la Bolsa de Madrid / Reception at Madrid Stock Exchange			

09:00 - 11:00	Sesión 5.1 / Session 5.1 Aula / Room 1 Economía bancaria III/ Banking III	Sesión 5.2 / Session 5.2 Aula / Room 2 Eficiencia de mercado II / Market efficiency II	Sesión 5.3 / Session 5.3 Aula / Room 3 Opciones reales / Real options	Sesión 5.4 / Session 5.4 Aula / Room 4 Riesgo de crédito II / Credit risk II
11:00 - 11:15	Coffe break			
11:15 - 12:15	Sesión 6.1 / Session 6.1 Aula / Room 1 Capital riesgo / Risk capital	Sesión 6.2 / Session 6.2 Aula / Room 2 Estructura temporal tipos / Term structure	Sesión 6.3 / Session 6.3 Aula / Room 3 Macrofinanzas / Macrofinance	Sesión 6.4 / Session 6.4 Aula / Room 4 Mercado de la vivienda / Housing market
12:25 - 13:25	Conferencia Foro de Finanzas. Prof. Stephen A. Ross A Tale of Two Anomalies: Closed End Funds and Siamese Twins Aula / Room 1			
13:25 - 15:45	Almuerzo / Lunch. Hotel Confortel Alcalá Norte			
15:45 - 17:30	Mesa redonda organizada por el Banco de España / Panel session organised by Banco de España. O. Bover, M. Haliassos and T. Jappelli Analysis of recent trends in household financial decisions using micro data Aula / Room 1			
17:30 - 17:45	Coffe break			
17:45 - 19:15	Sesión 7.1 / Session 7.1 Aula / Room 1 Finanzas empresariales III / Corporate finance III	Sesión 7.2 / Session 7.2 Aula / Room 2 Instituciones de inversión colectiva / Collective investment institutions	Sesión 7.3 / Session 7.3 Aula / Room 3 Paradojas en finanzas internacionales / Puzzles in international finance	Sesión 7.4 / Session 7.4 Aula / Room 4 Regulación bancaria y riesgo sistémico / Banking regulation and systemic risk
19:15 - 20:15	Asamblea AEFIN / AEFIN meeting			
21:00	Cena y entrega de premios / Dinner and prize-giving act. Hotel Velada			

Sesión 1.1 / Session 1.1 Economía bancaria I / Banking I

Aula / Room: 1

► Determinantes de la Prima Pagada en las Fusiones y Adquisiciones de Entidades de Crédito Europeas

Presentador / Presenter: Belén Díaz Díaz (Universidad de Cantabria)

Coautor / Co-author: Sergio Sanfilippo Azofra (Universidad de Cantabria)

Resumen / Abstract: El objetivo de este trabajo consiste en analizar los determinantes de la prima pagada en las fusiones y adquisiciones (F&A) realizadas por las entidades de crédito europeas, de manera que se pueda ofrecer alguna indicación sobre los motivos de la oleada de F&A bancarias en la década de los 90.

El análisis empírico se realiza para una muestra de 81 operaciones de F&A realizadas por entidades de crédito europeas entre 1994-2000.

Los resultados muestran la existencia de diferentes variables que hacen atractiva a la entidad objetivo para el adquirente, como son el porcentaje de fondos propios, el porcentaje de préstamos y la rentabilidad financiera. Sin embargo, la mayor diversificación geográfica o de productos que puede alcanzarse a través de F&A no ha sido considerada por los adquirentes como un motivo que justifique el pago de primas superiores.

► Do Cross-Country Differences in Bank Efficiency Support a Policy of “National Champions”?

Presentador / Presenter: Santiago Carbó-Valverde (Universidad de Granada & Funcas)

Coautor / Co-author: David Humphrey (Florida State University); Rafael López del Paso (Universidad de Granada)

Resumen / Abstract: In a single European banking market, cross-country differences in banking efficiency can affect the future competitive position of banks and financial markets. Using data on 153 large banks in ten European countries over 1996-2002, we determine the relative importance that a country's business environment, technical influences, and internal bank productivity may have in explaining cross-country differences in cost efficiency. The conclusion is

that instead of trying to account for unexplained differences in cost efficiency by looking at balance sheet, corporate governance, or other possible sources, it is more productive to focus on measures of internal banking productivity.

► **How Accounting and Auditing Systems Can Counteract Risk-Shifting of Safety-Nets in Banking. Some International Evidence**

Presentador / Presenter: Francisco González (Universidad de Oviedo)

Coautor / Co-author: Ana Isabel Fernández (Universidad de Oviedo)

Resumen / Abstract: This paper suggests that accounting and auditing systems can be effective devices to counteract tendencies for firm risk-taking associated with bank safety nets. Results are obtained from a sample of 168 publicly traded banks from 23 countries after controlling for other regulatory control devices for bank risk such as restrictions on banking activities, minimum regulatory capital requirements and official discipline. The efficacy of accounting and auditing systems in controlling bank risk diminishes with bank charter value and increases with moral hazard stemming from a country's deposit insurance. The results also indicate that accounting and auditing systems are complements for minimum capital requirements, but substitutes for restrictions on bank activities and official discipline.

Sesión 1.2 / Session 1.2 Eficiencia de mercado I / Market efficiency I
Aula / Room: 2

► **Earnings Management and the Long-Run Performance of Spanish Initial Public Offerings**

Presentador / Presenter: Francisco Poveda Fuentes (Universidad de Alicante)

Coautor / Co-author: María Jesús Pastor Llorca (Universidad de Alicante)

Resumen / Abstract: The poor stock price performance of firms conducting initial public offerings is one of the recent puzzles in financial literature. We detect this market anomaly for Spanish IPO firms and we investigate whether earnings management around the time of the offering can explain these results. Consistent with this explanation, we notice that issuing firms make use of discretionary

accruals to report higher earnings in the IPO year. Moreover, firms with higher level of discretionary accruals experience more negative long-run abnormal returns. Thus, this evidence suggests that opportunistic earnings management explains, at least partially, the IPO anomaly in Spain.

► **Tendencia Post-Anuncio de Resultados Contables: Evidencia para el Mercado Español**

Presentador / Presenter: Carlos Forner (Universidad de Alicante)

Coautor / Co-author: Joaquín Marhuenda (Universidad de Alicante); Sonia Sanabria (Universidad de Alicante)

Resumen / Abstract: Este trabajo analiza si en el mercado bursátil español existe con posterioridad al anuncio de resultados contables una tendencia en las rentabilidades en la misma dirección que la sorpresa asociada a dicho anuncio. Para ello se han utilizado tres medidas de sorpresa alternativas basadas en: (i) la serie temporal de resultados contables, (ii) rentabilidades de mercado y (iii) predicciones de analistas. A excepción de con la segunda medida, con las otras dos observamos una fuerte y significativa tendencia post-anuncio, conteniendo ambas medidas poder explicativo marginal una vez se ha controlado la una por la otra. Los resultados son robustos a diferentes ajustes por riesgo incondicionales, así como a un ajuste por momentum. Sin embargo, cuando se condiciona al momento económico dicha anomalía parece desaparecer.

► **Football and Stock Returns**

Presentador / Presenter: Norli Oyvind (Norwegian School of Management)

Coautor / Co-author: Alex Edmans (Sloan School of Management at MIT); Diego García (Tuck School of Business at Dartmouth College)

Resumen / Abstract: This paper investigates the stock market reaction to the outcome of international football competitions, such as the FIFA World Cup, a variable shown in psychological literature to have a dramatic effect on mood. We document an economically and statistically significant market decline after football losses. Daily stock returns are 39 basis points lower than average following a loss in a World Cup elimination match. Controlling for the pre-game expected outcome, we are able to reject that the football-loss effect is caused by economic factors such as reduced productivity or lost revenues. Coupled with the size of the effect

and its concentration in small stocks, we suggest that the football-loss effect stems from the impact of football on investor mood.

Sesión 1.3 / Session 1.3 Relaciones de dependencia entre activos financieros / Dependence between financial returns

Aula / Room: 3

► Modelling Dependence in Latin American Markets Using Copula Functions

Presentador / Presenter: Eduardo Pedreira Collazo (Banco BBVA)

Coautor / Co-author: Miguel Angel Canela (Universidad de Barcelona)

Resumen / Abstract: Two important issues in the analysis of association among financial markets are the degree of dependence and the underlying shape commanding the cross-market dependencies. Any model used to describe this association must cope with both issues. We approach the modelling in two stages. First, we relies on modelling the dependence between the returns of two assets by means of a single Archimedean copula. Second we take advantage of the mixture between copulas to gain the necessary flexibility to capture different tail dependence patterns. Both stages have been followed in modelling the dependence among daily returns of six Latin American countries. Our findings have important implications for portfolio risk management.

► Price Discovery in the Future and Cash Metal Markets: an Application of the Gonzalo-Granger Decomposition

Presentador / Presenter: Isabel Figuerola-Ferretti (Business Department, Universidad Carlos III de Madrid)

Coautor / Co-author: Jesús Gonzalo

Resumen / Abstract: This article applies the Gonzalo-Granger (GG) decomposition to estimate and test common factor components attributable to spot and future prices within 6 non-ferrous metals traded in the London Metal Exchange (LME). This involves us showing that spot and future metal prices are cointegrated, suggesting that within the cost-of-carry framework the price differential is stationary. Our results show that for most metals, futures prices are

"information dominant" as common factor weights are consistently greater for future prices than for spot prices. The main contribution of this paper relies on the application of the GG methodology to commodity future and spot price data. This departs from the previous literature on price discovery in that only a minimal structure is imposed on the dynamics of the price series.

► Testing Dependence between Financial Returns. An Application to the Hedge Fund Industry

Presentador / Presenter: Javier Mencia (CEMFI)

Resumen / Abstract: This paper analyses the dependence structure that the multivariate Gaussian and Student t distributions impose between variables. Parametric tests are derived for both cases, using the Generalised Hyperbolic distribution as alternative hypothesis. These tests are based on intuitive and easily interpretable moment conditions. In addition, a Pseudo-Maximum likelihood approach is followed. Hence, no specific assumption is made about the marginal distributions. Finally, in an empirical application, the dependence between the Hedge fund industry and the market is studied.

Sesión 1.4 / Session 1.4 Tipos de cambio / Exchange rates

Aula / Room: 4

► ¿Tiene Importancia la Forma de Identificar las Crisis Cambiarias?

Presentador / Presenter: Pedro Álvarez (Servicio de Estudios. CAJAMADRID)

Coautor / Co-author: Covadonga Caso (Universidad de Oviedo); Saul de Vicente (Universidad de Oviedo); José Luis Pérez (Universidad de Oviedo)

Resumen / Abstract: Los estudios empíricos utilizan métodos muy diferentes para identificar en qué momento tienen lugar las crisis cambiarias. En trabajos anteriores mostramos que existen variaciones considerables entre las crisis que señala cada uno de ellos. En este trabajo utilizamos una amplia muestra de estos indicadores como variable dependiente en uno de los modelos más citados de Early Warning System y comprobamos que aparecen notables diferencias en las variables que permiten anticipar las crisis cambiarias

► Imperfect Common Knowledge in First Generation Models of Currency Crises

Presentador / Presenter: Gara Mínguez-Afonso (The London School of Economics)

Resumen / Abstract: First generation models assume the level of reserves of a Central Bank is common knowledge among consumers, and therefore the timing of the attack on the currency can be correctly anticipated. The collapse of the peg leads to no discrete change in the exchange rate. We relax the assumption of perfect information and introduce uncertainty about the willingness of a Central Bank to defend the peg. In this new setting, there is a unique equilibrium at which the fixed exchange rate is abandoned. The lack of common knowledge will lead to a discrete devaluation once the peg finally collapses.

► Implicit Bands In the Yen/Dollar Exchange Rate

Presentador / Presenter: Manuel Navarro-Ibáñez (Universidad de La Laguna)

Coautor / Co-author: Francisco Ledesma-Rodríguez (Universidad de La Laguna); Jorge Pérez-Rodríguez (Universidad de Las Palmas de Gran Canaria); Simón Sosvilla (Universidad Complutense)

Resumen / Abstract: This paper attempts to identify implicit exchange rate regimes for the Yen/Dollar exchange rate. To that end, we apply a sequential procedure that considers both the dynamics of exchange rates and central bank interventions to data covering the period from 1971 to 2003. Our results would suggest that implicit bands existed in two subperiods: April-December 1980 and March-December 1987, the latter coinciding with the Louvre Accord. Furthermore, the study of the credibility of such implicit bands indicates the high degree of confidence attributed by economic agents to the evolution of the Yen/Dollar exchange rate within the detected implicit band rate, thus lending further support to the relevance of such implicit bands.

Sesión 2.1 / Session 2.1 Finanzas empresariales I / Corporate finance I

Aula / Room: 1

► Bank Ownership and Informativeness of Earnings

Presentador / Presenter: Víctor González (Universidad de Oviedo)

Resumen / Abstract: This paper analyses the relations between earnings informativeness, measured by the earnings-return relation, and the bank ownership in Spain. Results show bank ownership is positively associated with earnings' explanatory power for returns. It is consistent with the role of banks as a monitoring institution. Additionally, it does not exist an entrenchment effect associated to high level of bank ownership. In general, the main shareholder ownership is negatively associated with earnings explanatory power for returns. I suggest that at medium level of main shareholder ownership the convergence-of-interest effect is dominant and the informativeness of earnings increases. However, at high level of main shareholder ownership, the entrenchment effect is dominant and as a result, the informativeness of earnings decreases.

► Eficiencia de la Legislación Concursal: una Aproximación Empírica desde la Perspectiva del Mercado

Presentador / Presenter: Carlos López Gutiérrez (Universidad de Cantabria)

Coautor / Co-author: Myriam García Olalla (Universidad de Cantabria), Begoña Torre Olmo (Universidad de Cantabria).

Resumen / Abstract: La valoración que el mercado realiza de los problemas de insolvencia se ve condicionada por las características de la legislación concursal, siendo tradicional la distinción entre normativas orientadas al deudor o a los acreedores. Sin embargo, resulta necesario atender también al propósito perseguido con cada medida concreta establecida para tratar de solucionar las dificultades financieras. En el presente trabajo se realiza una aproximación considerando los diferentes tipos de eficiencia de la normativa concursal, el carácter antagónico que en ocasiones tienen entre sí, y la valoración que el mercado realiza de cada uno de ellos a través de un análisis internacional.

► **No Linealidad de la Relación entre la Estructura de Capital y sus Determinantes**

Presentador / Presenter: Javier Sanchez Vidal (Universidad Politecnica de Cartagena)

Resumen / Abstract: El objetivo del trabajo es analizar si los factores que condicionan el endeudamiento de una empresa varían su influencia según el nivel de endeudamiento de aquella. Con una muestra de datos de panel incompleta de 28.326 empresas españolas para los años 1994 al 2002 se realizan las estimaciones mediante regresiones cuantílicas por el método LAD con el endeudamiento como variable dependiente y variables relativas a las diferentes teorías sobre estructura de capital como variables independientes. Los resultados muestran que la regresión cuantílica proporciona una perspectiva más completa de los determinantes del endeudamiento que la regresión MCO estándar. El apalancamiento se ve condicionado por un comportamiento jerárquico aunque el motivo de éste no sea un problema de información asimétrica. Se constata una cierta preocupación de las empresas por los costes de dificultades financieras pero no por el escudo fiscal.

Sesión 2.2 / Session 2.2 Evaluación de fondos de inversión / Mutual fund performance

Aula / Room: 2

► **El Riesgo y las Estrategias en la Evaluación de los Fondos de Inversión de Renta Variable**

Presentador / Presenter: Sílvia Bou (Universidad Autónoma de Barcelona)

Resumen / Abstract: El objetivo de este trabajo consiste en proponer una medida de performance adecuada para los fondos de inversión de renta variable. Las características específicas de este tipo de carteras inducen a tomar un enfoque basado en la L.M.C. por lo que se escoge como medida de riesgo el riesgo total de la cartera (). Se introducen las estrategias pasivas y activas en el análisis con lo que se consigue desarrollar una medida de performance que además de medir la rentabilidad por gestión efectiva, la pondera en función del grado de actividad asumido por la cartera a evaluar.

► **Los Fondos Híbridos de Brasil: Performance, Persistencia y Gestión**

Presentador / Presenter: Eleuterio Vallelado (Universidad de Valladolid)

Coautor / Co-author: Vicente Crisóstomo (Universidad de Valladolid; Universidade Federal do Ceará)

Resumen / Abstract: Our work investigates the multiportfolio funds (híbridos) in Brazil. Such funds require an active management in a developing financial market. We have analyzed performance, its persistence and the possible factors that determine the results. The findings show that such funds obtain superior profitability to that of the risk free rate. However they do not maintain their results in the short term. There are important performance differences in the group of funds. The ones that manage greater amounts of funds and have the highest commissions are the ones with better results.

► **A Note on Portfolio Performance: Factors or Benchmarks?**

Presentador / Presenter: Juan Carlos Matallín (Universidad Jaume I)

Resumen / Abstract: This paper analyzes the suitability of using factors or benchmarks as explicative variables in the linear models of portfolio performance measurement. Fama and French factors are constructed from the Russell U.S. equity indexes, which in turn are themselves directly employed as benchmarks. The interpretation of the factors as zero-investment benchmarks makes it difficult to explain performance measurement. The results reveal a similar presence of biases in extended Jensen's alphas in models with factors, as well as with benchmarks, and with convexity restrictions. The effect of selecting the replicate benchmark is more important than which type of model is chosen.

Sesión 2.3 / Session 2.3 Activos derivados / Derivatives

Aula / Room: 3

► Non-Dominated Portfolios in Oil-Linked Derivative Markets

Presentador / Presenter: Anna Downarowicz (Universidad Carlos III de Madrid)

Coautor / Co-author: Alejandro Balbás (Universidad Carlos III de Madrid)

Resumen / Abstract: We focus on the No-Arbitrage Approach and Stochastic Discount Factor based methods to study oil-linked derivatives available at NYMEX. We generalize some theoretical properties to capture the effects induced by the bid-ask spread, and then our extensions apply so that we can empirically analyze the existence of dominance in the market. Our results reveal the systematic presence of dominated prices. Additionally, the test yields pricing and portfolio choice methods. The conclusions have two characteristics: They are precise since we draw on perfectly synchronized bid/ask prices provided by Reuters. Besides, they do not depend on any assumption about the underlying asset price dynamics. Finally, despite we focus on oil derivatives, the methodology is general enough to apply to a broad range of markets.

► On The Sources of the Market Volatility Risk Premium: Disentangling the Overprice Charged by Option's Writers

Presentador / Presenter: Alfredo Ibáñez (Universidad Carlos III de Madrid)

Resumen / Abstract: Most studies on the market volatility risk premium focus on the whole volatility risk. Stochastic volatility (SV), however, is negatively correlated with market returns, i.e., the leverage effect. This paper focuses on the SV orthogonal component, since the correlated part is priced by arbitrage. First, the orthogonal SV risk premium can be traded in option markets, and there is a one-to-one relationship between this risk premium and the market volatility risk premium for a given correlation and equity premium. Second, we show that option prices rise if this orthogonal risk premium is negative. We relate these two results to option-pricing in incomplete markets, to the cost and risk implications of

dynamic hedging plans, and to optimal investment in derivatives. We conclude that options are expensive if the orthogonal premium is negative, which is empirically plausible.

► Option-Implied Preferences Adjustments and Risk-Neutral Density Forecasts. The Evidence for the Ibex 35

Presentador / Presenter: Roberto Blanco (Banco de España)

Coautor / Co-author: Francisco Alonso (Banco de España); Gonzalo Rubio (Universidad de Castilla La Mancha)

Resumen / Abstract: This paper analyses the value of information contained in prices of options on the IBEX 35 index. The forward looking information is extracted using implied risk-neutral density functions estimated by a mixture of two-lognormals and three alternative risk-adjustments. Our results show that at four-week horizon we can reject the hypothesis that between October 1996 and March 2000 the risk-neutral densities provide accurate predictions of the distributions of future realisations of the IBEX 35 index. When forecasting through risk-adjusted densities the performance of this period is statistically improved and we no longer reject that hypothesis. All risk-adjusted densities generate similar forecasting statistics. Then, at least for a horizon of four-weeks, the actual risk adjustment does not seem to be the issue. By contrast, at the one-week horizon risk-adjusted densities do not improve the forecasting ability of the risk-neutral counterparts.

Sesión 2.4 / Session 2.4 Microestructura de mercados / Market microstructure

Aula / Room: 4

► Factores Determinantes de la Realización de Splits: un Estudio para la Bolsa Española

Presentador / Presenter: María Eugenia Ruiz (Universitat Jaume I)

Coautor / Co-author: José Emilio Farinós (Universitat de Valencia); Constantino José García Martín (Universitat de Valencia)

Resumen / Abstract: El presente trabajo investiga las posibles motivaciones de

las empresas del SIBE para realizar un desdoblamiento del valor nominal de sus acciones. Si bien las encuestas a directivos destacan el uso del split para incrementar la liquidez de los títulos, la evidencia empírica no es concluyente. Nuestros resultados, obtenidos a partir de la regresión logit, el método Kaplan-Meier, la regresión de Cox y el análisis automático de interacciones, coinciden en apoyar las hipótesis de la señalización y del rango óptimo, si bien difieren en la significatividad de otras motivaciones. Estos resultados son consistentes con la evidencia mostrada por algunos estudios para la bolsa española y los mercados internacionales.

► Tax Report and Insider Trading

Presentador / Presenter: Ariadna Dumitrescu (ESADE Business School)

Coautor / Co-author: Jordi Caballé (Universitat Autònoma de Barcelona)

Resumen / Abstract: In this paper we analyze the effects of endogenizing the public signal on the performance of financial markets. We model the interaction between a firm and the tax agency, and highlight the role played by the tax report - outcome of this interaction - as a public signal. Our analysis permits us to identify three channels through which the information contained in the tax report is revealed: through the amount of taxes honestly paid, through the penalties paid and through the price set by the market maker. The endogeneity of the public signal and the mechanism of information transmission induce non-monotonicity of market indicators with respect to the riskiness of the firm.

► What Drives Information Dissemination in Continuous Double Auction Markets?

Presentador / Presenter: David Moreno (Universidad Carlos III)

Coautor / Co-author: Javier Gil-Bazo (Universidad Carlos III); Mikel Tapia (Universidad Carlos III)

Resumen / Abstract: In this paper, we construct a computer simulated market where only a small fraction of the population observe the risky asset's fundamental value with noise, while the rest of agents try to forecast the asset's price from past transaction data. Our main finding is that information can potentially disseminate in the market as long as: (1) informed investors' trades tilt transaction prices in the fundamental path direction; and (2) the median investor's expectation is very responsive to transaction prices. Otherwise, markets may

display crashes or bubbles. The first condition is severely limited by short selling and borrowing constraints.

Sesión 3.1 / Session 3.1 Economía bancaria II / Banking II

Aula / Room: 1

► How do Firms Choose Bank Lenders?

Presentador / Presenter: Javier Delgado (Banco de España)

Coautor / Co-author: Vicente Salas (Universidad de Zaragoza y Banco de España); Jesús Saurina (Banco de España)

Resumen / Abstract: In this paper we study the specialization of Spanish banks along two intertwined dimensions: size and ownership form. We find some interesting results at odds with the existing empirical literature. As commercial banks increase their size, they focus more on transactional lending technologies but that is not the case for mega-merger banks. For savings banks, the larger the size the more efficient is the use of relational lending technologies. Moreover, we find evidence of increasing risk taking as the size of commercial banks increases and the opposite among savings banks, where medium ones are riskier than larger ones.

► Productivity of Mutual Guarantee Societies in Spain

Presentador / Presenter: Fernando Gascón (Universidad de Oviedo)

Coautor / Co-author: Luís Carlos Sánchez (Asturgar SGR)

Resumen / Abstract: The Spanish system of Mutual Guarantee Societies (MGS) underwent important transformations after 1994. To adapt under the new environment, MGS had to redeploy resources and change their strategies towards increasing efficiency. This paper analyzes the sources of productivity growth between 1999 and 2004. We consider three alternative definitions of the production function to take into account the conflicting interests of MGS declared objectives, managers' interests and clients (entrepreneurs) objectives. We find that productivity has increased over the period a 42.30%, managers are successful in pursuing their own interests but entrepreneurs have had almost no improvement on average.

► The Determinants of Bank Margins: the Effects of Diversification

Presentador / Presenter: Francisco Rodríguez Fernández (Universidad de Granada y FUNCAS)

Coautor / Co-author: Santiago Carbó-Valverde (Universidad de Granada y Funcas)

Resumen / Abstract: Most of the theoretical and empirical literature on bank margins has dealt solely with interest margins. Applying the seminal Ho-Saunders model (JFQA, 1981) to a multi-output framework, we show that the relationship between bank margins and market power (controlling for risk) varies significantly across bank specializations. Using a set of both accounting margins and New Empirical Industrial Organization (NEIO) margins, we find that market power rises significantly as output becomes more diversified towards non-traditional activities. These results contribute to explain the paradoxical coexistence of decreasing interest margins and higher market power found in previous studies

Sesión 3.2 / Session 3.2 Distribuciones de rentabilidades / Return distributions

Aula / Room: 2

► Forecasting Densities: the Case of the Pes Distribution

Presentador / Presenter: Javier Perote (Universidad Rey Juan Carlos)

Coautor / Co-author: Trino-Manuel Níguez (Westminster Business School)

Resumen / Abstract: This paper introduces a transformation of the Edgeworth-Sargan series expansion of the Gaussian distribution, which we name Positive Edgeworth-Sargan (PES). The main advantage of this new density is that it is well defined for all values of the parameter space, besides of integrating up to one. Its performance for density forecasting is evaluated by graphical techniques through an empirical application for daily exchange-rate returns.

Our results show that the proposed function outperforms the Gaussian and the Student's t, providing then more reliable value-at-risk forecasts.

► Parametric Properties of Cornish Fisher Expansions, with an Application to Option Valuation

Presentador / Presenter: Unai Ansejo (Universidad del País Vasco)

Coautor / Co-author: Aitor Bergara (Universidad del País Vasco)

Resumen / Abstract: We study the parametric properties of the Cornish-Fisher Expansion (Cornish and Fisher, 1937), initially proposed as an approximation method to estimate quantiles for distributions from known moments. Truncating the Cornish-Fisher expansion we find the region of validity of its coefficients. We derive analytical formulas for its moments and density function and find that it covers a bigger region in the skewness-kurtosis plane than the truncated Gram-Charlier expansion of similar order. We apply the framework to both the estimation of a static model and a GARCH model where the innovations are Cornish-Fisher. We also apply the parametric Cornish-Fisher Density to valuate options.

► Risk Premium: Insights over the Threshold

Presentador / Presenter: Jose Luiz Barros Fernandes (Universidad Carlos III de Madrid)

Coautor / Co-author: Augusto Hasman (Universidad Carlos III de Madrid); Juan Ignacio Peña (Universidad Carlos III de Madrid)

Resumen / Abstract: The aim of this paper is twofold: First to test the adequacy of Pareto distributions to describe the tail of financial returns in emerging markets, and second to verify the existence of a risk premium associated with extreme distributional characteristics measured by Value at Risk and Expected Shortfall. We test the model using daily data from the Brazilian Stock Exchange, in the period from 2000 to 2004. The findings support the adequacy of Pareto distributions and the use of a log linear regression estimation of their parameters, instead of the usually employed Hill's estimator. We also report a positive and significant relationship between extreme distributional characteristics and expected returns.

Sesión 3.3 / Session 3.3 Finanzas internacionales / International finance

Aula / Room: 3

► Capital Flows and Capital Goods

Presentador / Presenter: Eliza Hammel (Harvard University)

Coautor / Co-author: Laura Alfaro (Harvard Business School)

Resumen / Abstract: We examine one of the channels through which financial integration can help promote growth. We study the effects of capital account liberalization on the imports of capital goods paying particular attention to equity market liberalization. We find that for the period 1980-1997, after controlling for trade liberalization and other macroeconomic policies and reforms, stock market liberalization leads to a significant increase in the share of imports of machinery and equipment and the varieties of capital goods imports. Hence, this paper provides evidence that increased access to international capital allows countries to enjoy the benefits embodied in international capital goods.

► Market Risk Dynamics and Competitiveness after the Euro: Evidence from Emu Members

Presentador / Presenter: Artur Tamazian (Universidad de Santiago de Compostela)

Coautor / Co-author: Davit Melikyan (Institute of Management and Economic Reforms); Juan Piñeiro Chousa (Universidad de Santiago de Compostela)

Resumen / Abstract: In this paper we propose an empirical model that considers theoretical facts on the relationship between real exchange rates and the net exports of the economy to supplement the interaction of a number of financial and economic factors with the stock market. We discuss the impact of exchange rate fluctuations on market risk in terms of Value at Risk (VaR). Our empirical findings show that common currency introduction produced increments in VaR whereas European stock returns are more sensitive to changes in competitiveness regarding the EMU rather than national exports. Finally, we show

that the synchronisation of variation in competitiveness through the introduction of a single currency has made these changes more decisive in explaining financial market fluctuations.

► What Determines the Mix of Foreign Bank Claims and does it Matter?

Presentador / Presenter: Alicia García Herrero (Banco de España)

Resumen / Abstract: This paper analyzes the determinants and implications for financial stability of the mix of international bank claims. We distinguish between local claims extended by international banks and cross-border claims. Using U.S., Spanish, and Italian bank claims across 90 countries, we find that the share of local claims across countries is primarily driven by the startup and regulatory costs of operating local affiliates. Informational costs also influence the composition of foreign bank financing. The mix of international bank claims has implications for financial stability, since foreign claim volatility is lower in countries with a larger share of local claims.

Sesión 3.4 / Session 3.4 Gobierno corporativo / Corporate governance

Aula / Room: 4

► Auditoría y Discrecionalidad Contable en la Gran Empresa Industrial Española

Presentador / Presenter: Félix López (Universidad de Valladolid)

Coautor / Co-author: Mauricio Jara Bertin (Universidad de Valladolid)

Resumen / Abstract: En el presente trabajo se analiza la incidencia de la función de auditoría sobre la calidad de la información contable suministrada por la empresa. Partiendo de una muestra de 237 empresas que cotizaron en las Bolsas españolas durante los años 2002 y 2003, nuestro estudio se puede estructurar en dos vertientes: características de la comisión de auditoría y relación de la empresa con los auditores externos. Nuestros resultados evidencian una estrecha relación entre independencia de la comisión de auditoría y la fiabilidad

de la información contable y un menos claro pero también beneficioso efecto del tamaño de dicha comisión. Asimismo, se observa que el prestigio de la empresa auditora mejora la calidad de los estados financieros y que existe un efecto experiencia vinculado a la duración del contrato con el auditor.

► Corporate Ethical Identity as Determinant of Firm Performance: a Test of the Mediating Role of Stakeholder Satisfaction

Presentador / Presenter: Josep A. Tribó (Universidad Carlos III de Madrid)

Coautor / Co-author: Pascual Berrone (Universidad Carlos III de Madrid); Jordi Surroca (Universidad Carlos III de Madrid)

Resumen / Abstract: In this paper we empirically assess the impact of the Corporate Ethical Identity (CEI) on the firm's financial performance. We argue that firms with a strong ethical identity achieve greater degree of stakeholder satisfaction, which in turn, positively influence the firms' financial performance. We further analyze two different dimensions of the CEI of firms: corporate revealed ethics and corporate applied ethics. Our results indicate that while revealed ethics has informational worth and enhance shareholder value, applied ethics has a positive impact through the improvement of stakeholder satisfaction. However, revealed ethics by itself is not sufficient to boost economic performance.

► Corporate Governance Mechanisms and their Impact on Managerial Value

Presentador / Presenter: Elida Maia Ramires (Universidad de Salamanca)

Coautor / Co-author: Esther del Brio (Universidad de Salamanca); Javier Perote (Universidad Rey Juan Carlos)

Resumen / Abstract: Previous studies have cast doubts on the effectiveness of the application of corporate governance codes in Continental-European countries, due to their Anglo-Saxon orientation. For this reason, we chose a Continental-European, such as Spain, and analyse which of the recommendations proposed in the Spanish Olivencia Code have positive effects on the value of the firm. We furthermore use panel data estimation to analyse this relationship as well as the

impact on firm's value of other corporate governance related variables. Results suggest a positive relationship between the variables of execution of good corporate governance practices and the value of the company. There is also evidence that the more transparent the company is and the more favourable audit reports they obtain, the better both the managerial performance and the firm's value.

Sesión 4.1 / Session 4.1 Finanzas empresariales II / Corporate finance II

Aula / Room: 1

► Capital Structure: Theory and Evidence from the Ownership Structure

Presentador / Presenter: Chabela de la Torre (Universidad de Salamanca)

Coautor / Co-author: Julio Pindado (Universidad de Salamanca)

Resumen / Abstract: This paper provides a complementary approach to the financial and strategy views of capital structure, according to which capital structure is partly determined by the incentives and the goals of those who are in control of the firm. Our results strongly support this view. As a consequence of entrenchment and expropriation phenomena, self-interested agents (entrenched managers and controlling owners) choose the capital structure according to the debt ratios more appropriate for their own best interest. Additionally, we find evidence of an interaction effect between insider ownership and ownership concentration, as well as between ownership and several firm-specific characteristics.

► Long Term Debt with Hidden Borrowing

Presentador / Presenter: Vicente Cuñat (Universitat Pompeu Fabra)

Coautor / Co-author: Heski Bar-Isaac (New York University - Stern School of Business)

Resumen / Abstract: We consider borrowers with the opportunity to raise funds from a competitive banking sector that shares information and from an alternative

hidden lender. The presence of the hidden lender restricts the contracts that can be obtained from the banking sector. In equilibrium some borrowers obtain funds from both the banking sector and the (inefficient) hidden lender simultaneously. We further show that as the cost of borrowing from the hidden lender increases, total welfare increases. We generalize the model to allow for a partially hidden lender and obtain qualitatively similar results.

► Moral Hazard and Dynamics of Insider Ownership Stakes

Presentador / Presenter: Branko Urosevic (Universitat Pompeu Fabra)

Resumen / Abstract: I analyze the ownership dynamics of N strategic risk-averse corporate insiders facing a moral hazard problem. A solution for the equilibrium share price and the dynamics of the aggregate insider stake is obtained in two cases: when agents can credibly commit to an optimal ownership policy and when they cannot commit (time-consistent case). In the latter case, the aggregate stake gradually adjusts towards the competitive allocation. The speed of adjustment increases with N when outside investors are risk-averse, and does not depend on it when investors are risk-neutral. Predictions of the model are consistent with recent empirical findings.

► M&As Performance in the European Financial Industry

Presentador / Presenter: Ignacio Hernando (Banco de España)

Coautor / Co-author: José Manuel Campa (IESE)

Resumen / Abstract: This paper looks at the performance record of M&As that took place in the European Union financial industry in the period 1998-2002. First, the paper reports evidence on shareholder returns from the merger. Merger announcements implied positive excess returns to the shareholders of the target company around the date of the announcement while returns to the acquiring firms were essentially zero. The paper also provides evidence on changes in the operating performance for the subsample of banking mergers. The transaction resulted in significant improvements in the target banks performance beginning on average two years after the transaction was completed.

Sesión 4.2 / Session 4.2 Riesgo de crédito I / Credit risk I

Aula / Room: 2

► Análisis del Spread entre las Cédulas Hipotecarias y el Activo Libre de Riesgo

Presentador / Presenter: Raquel Bujalance (Universidad Complutense de Madrid)

Resumen / Abstract: En este trabajo nos planteamos el análisis del spread que muestran las cédulas hipotecarias (CH) respecto a la curva del Tesoro español. Utilizando un modelo de riesgo de crédito, dentro del enfoque de los modelos reducidos, se ha calculado una "hazard implícita" a partir de la cual se ha analizado las características que deberían ser consideradas a la hora de modelizar adecuadamente la función de riesgo. Los tipos de interés y el ciclo económico parecen claves a la hora de estudiar la evolución de la hazard, no así, las características propias de cada activo. El análisis de componentes principales revela la necesidad de incluir tres factores, así como la pequeña contribución de la utilización de más factores.

► Construcción de Indicadores Sectoriales de Riesgo de Crédito a Partir del Mercado de Acciones: una Aplicación de los Modelos Estructurales.

Presentador / Presenter: Jose Manuel Marques Sevillano (Banco de España)

Coautor / Co-author: Francisco Alonso (Banco de España); Santiago Forte (ESADE Business School)

Resumen / Abstract: En este trabajo desarrollamos una metodología que permite construir indicadores sectoriales de riesgo de crédito a partir únicamente del mercado de acciones. Este indicador es la prima por riesgo de crédito media del sector, y por tanto una variable fundamental para determinar el coste de financiación medio de las empresas que lo forman. Aportamos además evidencia de que el mercado de acciones lidera al mercado de CDSs en la incorporación de nueva información sobre el riesgo de crédito.

► **The Market Price of Credit Risk in Stocks, Bonds and Cdss: Theory and Evidence**

Presentador / Presenter: Santiago Forte (ESADE Business School)

Coautor / Co-author: Juan Ignacio Peña (Universidad Carlos III de Madrid)

Resumen / Abstract: In this paper a procedure for computing homogenous measures of the market price of credit risk for stocks, bonds and CDSs is presented. The measures are based on bond spreads (CS), CDS spreads (CDS) and implied stock market credit spreads (ICS). We compute these measures for a sample of North American and European firms and find that in most cases the stock market leads the credit risk price discovery process with respect to bond and CDS markets.

Sesión 4.3 / Session 4.3 Valoración de activos / Asset pricing

Aula / Room: 3

► **¿Reaccionan los Inversores del Mercado Bursátil Español ante las Noticias de Responsabilidad Social de las Empresas?**

Presentador / Presenter: Vicent Aragó Manzana (Universitat Jaume I)

Coautor / Co-author: Ángeles Fernández Izquierdo (Universitat Jaume I); Juan Carlos Matallín (Universitat Jaume I); Luisa Nieto Soria (Universitat Jaume I)

Resumen / Abstract: El objetivo de este trabajo es analizar el impacto de las noticias de Responsabilidad social corporativa (RSC) sobre la cotización de las empresas españolas incluidas en los principales índices bursátiles de RSC. Se utiliza la metodología event study para estimar la rentabilidad diaria anormal, mientras que para medir el impacto de las noticias se han realizado diferentes tests paramétricos y no paramétricos. Adicionalmente se ha utilizado también la metodología basada en formación de carteras. De los resultados se deduce que no existen rendimientos anómalos con suficiente relevancia económica que pudieran ser imputables al efecto de las noticias de RSC.

► **Does it Pay to be Socially Responsible? Evidence from Spanish Retail Banking Sector**

Presentador / Presenter: Francisco José Callado Muñoz (Universitat de Girona)

Coautor / Co-author: Natalia Utrero González (Universitat Autònoma Barcelona)

Resumen / Abstract: This paper presents a theoretical and empirical analysis of strategic competition in retail banking when some of the financial firms are non profit organisations. Banking literature about competition is fairly large, but the strategic interaction between profit maximizing and non profit maximizers has not extensively analysed except for Purroy and Salas (1999). In this paper, we take a completely different approach. Using Hotelling's two stage model of spatial competition, we develop a model to take into account consumer perceptions respect to the two different types of financial institutions. The empirical analysis confirms that consumers take into account other features different from the price, such as social contribution or closer service to make a mortgage decision. These conclusions are of interest in the debate about firm social or ethical activities. It is shown that if consumers value social activities, firms improve their results by behaving socially responsible.

► **GMM Estimation of an Asset Pricing Model with Habit Persistence**

Presentador / Presenter: Jose Fillat (The University of Chicago); Hugo Garduño (The University of Chicago)

Resumen / Abstract: We estimate and test the model with habits using the Generalized Method of Moments (GMM) under three different circumstances. In the benchmark estimation we assume complete insurance among all the individuals using aggregate consumption data. Later we acknowledge that not all the households are actually trading and holding stocks, thus the model is estimated with household data. Finally we estimate the latter by also assuming market incompleteness among stockholders. We find evidence that, in a model that includes limited participation of agents in the stock market and incomplete consumption insurance among individuals, a SDF calculated as per capita marginal rate of substitution is better

able to explain the equity premium and does so with a lower value of the RRA coefficient than a model with complete markets.

► Negative Real Interest Rates and their Effects on Equity Risk Premiums

Presentador / Presenter: M Teresa Corzo (Universidad Pontificia Comillas)

Coautor / Co-author: Javier Gomez-Biscarri (Universidad de Navarra)

Resumen / Abstract: In this paper we show preliminary work on the study of the behaviour of equity returns in each of two states of the economy. The two states are related with the level of real interest rates, the level with low volatility is determined by negative interest rates. The behaviour of the returns also takes into account the probability of a change in the state. Here we show some evidence of the impact of interest rates in the Spanish market, where the economy have had negative interest rates for almost three years.

Sesión 4.4 / Session 4.4 Volatilidad / Volatility

Aula / Room: 4

► Asimetrías en Volatilidad, Beta y Contagios entre el Ibex-35 y el Ibex-Complementario

Presentador / Presenter: Helena Chuliá Soler (Universitat de València)

Coautor / Co-author: Hipòlit Torró Enguix (Universitat de València)

Resumen / Abstract: El presente trabajo analiza tres cuestiones que se interrelacionan entre sí. En primer lugar se estudia la transmisión de volatilidad entre empresas de gran tamaño y pequeño tamaño en el mercado de valores español a través de un modelo CAPM condicional GARCH-M multivariante asimétrico. En segundo lugar se explora la hipótesis del efecto feedback en la volatilidad como posible explicación de la asimetría de volatilidad de los rendimientos de las acciones. Finalmente, este estudio contrasta, por primera vez en la doctrina, que las estimaciones no condicionadas del coeficiente beta padecen un error de especificación significativo.

► Liquidez y Heterocedasticidad Condicional en las Rentabilidades del Ibex-35

Presentador / Presenter: María del Mar Miralles Quirós (Universidad de Extremadura)

Coautor / Co-author: José Luis Miralles Marcelo (Universidad de Extremadura); José Luis Miralles Quirós (Universidad de Extremadura)

Resumen / Abstract: El objetivo de este estudio consiste en analizar la influencia de la iliquidez agregada del mercado, así como las innovaciones en la iliquidez, en el esquema de heterocedasticidad condicional de las rentabilidades del índice IBEX-35. Proponemos la utilización de modelos GARCH asimétricos así como la consideración de la existencia de cambios de régimen en la volatilidad. Los resultados obtenidos nos indican que la persistencia en la volatilidad estaba sobreestimada a la vez que las innovaciones en la iliquidez tienen un efecto significativo sobre la varianza de la rentabilidad diaria del índice de mercado.

► Region Versus Industry Effects: Volatility Transmission

Presentador / Presenter: Pilar Soriano Felipe (Universitat de València)

Coautor / Co-author: Francisco J. Climent Diranzo (Universitat de València)

Resumen / Abstract: This paper has two main objectives. First, it analyses the relative importance of regional versus industrial effects, as opposed to country versus industrial effects, using a sample including the period after the bursting of the TMT bubble. Second, it analyses volatility transmission patterns within an industry across regions, in order to assess whether the same international linkages found in aggregate stock market indices exist at the industry level. The results confirm the overall dominance of regional effects over industry effects. In the volatility transmission analysis, the results are suggestive of spillovers, more or less important depending on the industry being analysed.

► Structural Breaks in Volatility: Evidence for the Oecd Real Exchange Rates

Presentador / Presenter: Simón Sosvilla (Universidad Complutense)

Coautor / Co-author: Amalia Morales Zumaquero (Universidad de Málaga)

Resumen / Abstract: This paper analyses whether volatility changes in the

bilateral and effective real exchange rates of the OECD industrial countries are associated with a specific nominal exchange rate regime. To that end, we examine the real exchange rate covering both the Bretton Woods system of fixed exchange rates and adoption of generalised floating exchange rates from 1973. We make use of an econometric methodology based on the Hansen (1997)'s approximation to the p-values of the supreme, exponential and average statistics developed by Andrews (1993) and Andrews and Ploberger (1994). Results suggest that there is evidence in favour of the non-neutrality hypothesis

Sesión 5.1 / Session 5.1 Economía bancaria III/ Banking III Aula / Room: 1

► A Test of the Law of one Price in Retail Banking

Presentador / Presenter: Alfredo Martín (Banco de España)

Coautor / Co-author: Vicente Salas (Universidad de Zaragoza y Banco de España); Jesús Saurina (Banco de España)

Resumen / Abstract: This paper investigates the level and determinants of retail banking interest rate differences among Spanish banks in the period 1988-2003. We find that interest rates of twenty five different bank loan and deposit products adjust rather rapidly to their long term values in response to external shocks, as the relative version of the Law of One Price predicts, but the evidence runs contrary to the absolute version of the Law. Different credit risk across banks and loan products is an important source of interest rate dispersion in the short and long run that puts limits to banking integration.

► Market Power and Bank Interest Rate Adjustments

Presentador / Presenter: Raquel Lago (Banco de España)

Coautor / Co-author: Vicente Salas (Universidad de Zaragoza y Banco de España)

Resumen / Abstract: Evidence is presented on the long and short run relationship between the money market interest rate and loan and deposit interest rates charged by individual Spanish banks between 1988 and 2003. The results

indicate that such relationships have been determined by a mixture of adjustment costs and market power of banks, which creates interest rate rigidity and asymmetries in the speed at which increases and decreases in the money market interest rate are translated into banking interest rates. We also find that the price adjustment speed first decreases and later increases with market concentration, which is consistent with predictions from models that assume quantity adjustment costs.

► Rivalidad por Clientes en el Mercado Cambiario Venezolano

Presentador / Presenter: Luis Enrique Pedauga (Banco Central de Venezuela)

Coautor / Co-author: Julio Pineda (International Monetary Fund); Miguel Dorta (Banco Central de Venezuela)

Resumen / Abstract: Se busca establecer la estructura del mercado cambiario venezolano, preguntándose si existe un grupo de agentes que posea la capacidad de modificar las condiciones del mercado a su favor. Para esto se asume que el flujo cambiario entre bancos sigue un proceso estocástico de Markov de primer orden, donde la competencia es entendida como un proceso dinámico de rivalidad por transar el mayor volumen de divisas bajo condiciones de libre convertibilidad. Usando flujos cambiarios en forma agregada de carácter longitudinal se estiman matrices de probabilidades de transición, las cuales pueden interpretarse como aproximaciones al grado de rivalidad entre bancos.

► The Cost of Market Power in Banking: Social Welfare Loss Vs. Cost Inefficiency

Presentador / Presenter: Joaquín Maudos (Universitat de Valencia e Ivie)

Coautor / Co-author: Juan Fernández de Guevara (Ivie)

Resumen / Abstract: This paper analyses the relationship between market power in the loan and deposit markets and efficiency in the EU15 countries over 1993-2002. Results show the existence of a positive relationship between market power and cost X-inefficiency, allowing rejection of the so-called quiet life hypothesis (Berger and Hannan, 1998). The social welfare loss attributable to

market power in 2002 represented 0.54% of the GDP of the EU15. Results show that the welfare gains associated with a reduction of market power are greater than the loss of bank cost efficiency, showing the importance of economic policy measures aimed at removing the barriers to outside competition.

Sesión 5.2 / Session 5.2 Eficiencia de mercado II / Market efficiency II

Aula / Room: 2

► Contribución de los Efectos Tamaño, Book-to-Market y Momentum a la Valoración de Activos: el Caso Español

Presentador / Presenter: María Begoña Font-Belaire (Universidad de Valencia)

Coautor / Co-author: Alfredo Juan Grau-Grau

Resumen / Abstract: Can size, book-to-market and momentum be risk factors than explain the returns in the Spanish Capital Market? This article attempts to get an answer to this issue studying two competitive rational hypothesis, and estimating several asset pricing models using both conditional and marginal measures. Our findings stress the importance of the role played by conditioning information into the asset pricing model as one way to capture those effects, and give support to rational explanations based on the predictive power of size, book-to-market and momentum to predict economic growth, and to explain risks associated to the firms' strategies of investment.

► Improving Moving Average Rules with Boosting and Ensemblelearning Methods

Presentador / Presenter: Julián Andrada-Félix (Universidad de Las Palmas de Gran Canaria)

Coautor / Co-author: Fernando Fernández-Rodríguez (Universidad de Las Palmas de Gran Canaria)

Resumen / Abstract: We present a system for combining the different types of predictions given by a wide category of mechanical trading rules through ensemble learning methods (Boosting, and several model averaging methods like

Bayesian's, or simple averaging methods). Ensemble learning methods supply better out of sample results than most of the single moving average rules in the NYSE Composite Index. Moreover, although the filtered Boosting model is not able to overcome the returns of the B&H strategy during rising period, it does overcome the B&H during the falling period and is able to absorb a considerable part of falls in the market.

► Momentum, Estado de Mercado y Comportamiento de los Inversores

Presentador / Presenter: Rafael Santamaría (Universidad Pública de Navarra)

Coautor / Co-author: Luis Muga

Resumen / Abstract: En el presente trabajo se muestra que el efecto momentum se manifiesta en la bolsa española tanto después de estados alcistas como bajistas del mercado, si bien sus rentabilidades revierten en el primero de los casos. Dicha evidencia, contraria a las predicciones de Cooper et al (2004), justifica la necesidad de considerar agentes con efecto disposición para la explicación del efecto momentum en un contexto de teorías del comportamiento.

► Outperforming Revealed Prices in Imperfect Markets

Presentador / Presenter: Silvia Mayoral (Universidad Carlos III de Madrid)

Coautor / Co-author: Alejandro Balbás de la Corte (Universidad Carlos III de Madrid); Iñaki Rodríguez Longarela (Stockholm School of Economics)

Resumen / Abstract: This paper focuses on imperfect markets and addresses the problem of improving the revealed quotes by arbitrage methods. We distinguish two cases, we assume that the bid-ask spread reflects all the transactions costs, and we incorporate more general imperfections. There are several conclusions. Firstly, the theory seems to be general enough to apply on many kinds of market. Secondly, the approach may be useful to academicians and practitioners, since it provides them a technique for pricing, hedging and investing. Thirdly, since we will modify revealed spreads, the theory may introduce new liquidity measures. The paper ends by reporting empirical results.

Sesión 5.3 / Session 5.3 Opciones reales / Real options

Aula / Room: 3

► Las Opciones Reales en la Valoración de Empresas Biotecnológicas. Un Análisis Empírico de Empresas Europeas.

Presentador / Presenter: Prosper Lamothe Fernandez (Universidad Autónoma de Madrid); Gracia Rubio Martín (Universidad Europea de Madrid)

Resumen / Abstract: Los intangibles de las compañías cada vez toman mayor relevancia en las diversas áreas de la disciplina económica. Su gestión, su cuantificación y valoración, conforman hoy uno de los principales retos a los que se enfrenta la economía y las finanzas. A través del presente trabajo vamos a evaluar modelos basados en la teoría de opciones reales para valorar activos intangibles de empresas, en concreto los proyectos de I+D de empresas biotecnológicas, con la finalidad de, tras un profundo estudio de la industria biotecnológica, realizar la parametrización de un modelo que nos sirva como medidor cuantitativo de la sobrevaloración o infravaloración de una muestra de compañías europeas de estas características respecto de sus cotizaciones bursátiles. Los resultados del análisis empírico son satisfactorios y apoyan la utilización del enfoque de opciones reales para valorar empresas biotecnológicas.

► Simulation and Risk Adjustment on a Real Options Valuation Model: a Case Study of an E-Commerce Company

Presentador / Presenter: Rocío Sáenz-Diez (Universidad Pontificia Comillas Madrid e ICADE)

Coautor / Co-author: Ricardo Gimeno Nogués (Banco de España)

Resumen / Abstract: We present a real options valuation model with original solutions to some issues that arise frequently in real life applications. We expand Copeland and Antikarov's (2001) model introducing an innovative risk neutral adjustment in order to maintain all simulated paths. Real options are introduced

with a nearest neighbours technique. We simulate uncertainty using a beta distribution that adapts better to company information. The model is applied to a real life e-commerce company. Results show that the expanded present value is higher than the traditional present value; that the presence of several real options make them interact so that their values are non-additive; and also that part of the expanded present value is explained by the presence of Jensen's inequality due to the convexity between the value of each year's cash flow and the uncertain variables.

► Tamaño, Flexibilidad y Riesgo de Incendio en la Valoración de una Explotación Forestal. El Caso de una Pequeña Plantación de Eucaliptos en Portugal

Presentador / Presenter: José Manuel Xavier (Universidad de Salamanca)

Coautor / Co-author: Susana Alonso Bonis (Universidad de Valladolid); Eleuterio Vallelado (Universidad de Valladolid)

Resumen / Abstract: Se valora una explotación forestal de reducidas dimensiones en un contexto contingente ya que nos permite considerar adecuadamente: la restricción asociada al tamaño, la flexibilidad asociada a la opción de aplazamiento en la tala de los árboles y el riesgo de incendio. Los modelos planteados se aplican a una explotación de eucaliptos de propiedad privada, situada en Portugal. El valor de la oportunidad de inversión disminuye como consecuencia de la restricción que supone el periodo de carencia y aumenta a medida que lo hace la incertidumbre asociada tanto al precio de la madera de eucalipto como al riesgo de incendio ya que en tal situación la flexibilidad que aporta la opción operativa crea valor para el propietario de la explotación forestal.

► Valuation of Energy Investments as Real Options: the Case of an Integrated Gasification Combined Cycle Power Plant

Presentador / Presenter: Luis M. Abadie (Bilbao Bizkaia Kutxa)

Coautor / Co-author: José M. Chamorro (Universidad del País Vasco)

Resumen / Abstract: In this paper we analyze the valuation of options stemming from the flexibility in an Integrated Gasification Combined Cycle (IGCC) Power

Plant. First we use as a base case the opportunity to invest in a Natural Gas Combined Cycle (NGCC) Power Plant, deriving the optimal investment rule as a function of fuel price and the remaining life of the right to invest. Additionally, the analytical solution for a perpetual option is obtained. Second, the valuation of an operating IGCC Power Plant is studied, with switching costs between states and a choice of the best operation mode. The valuation of this plant serves as a base to obtain the value of the option to delay an investment of this type. Finally, we derive the value of an opportunity to invest either in a NGCC or IGCC Power Plant, that is, to choose between an inflexible and a flexible technology, respectively.

Sesión 5.4 / Session 5.4 Riesgo de crédito II / Credit risk II

Aula / Room: 4

► Conformity and Competition in Financial Certification

Presentador / Presenter: Beatriz Mariano (Financial Markets Group)

Resumen / Abstract: This paper examines the reliability of information provided by certification intermediaries, such as rating agencies in the context of both a monopolistic and a duopolistic certification industry. It demonstrates that, in a simple model where the intermediary is concerned about reputation and there is asymmetric information on her ability, the intermediary may ignore private information about the quality of the firm and decide instead to conform to the public information. It also shows that an intermediary perceived by the other agents as more talented chooses to act more conservatively by sending unfavourable reports more frequently. Incentives to send out unfavourable reports and to conform with public information are mitigated by competition in the certification industry. The paper provides an explanation for why a rating agency may exhibit excess sensitivity to the business cycle and for differences in ratings across agencies.

► Do We Need to Worry About Credit Risk Correlations?

Presentador / Presenter: Abel Elizalde (CEMFI y Universidad Pública de Navarra)

Resumen / Abstract: Yes we do. This paper shows that any firm's credit risk is,

at a very large extent, driven by common risk factors affecting all firms. We use a sample of corporate bonds of 14 US firms, most of them investment grade firms, representing different industries during the period 2001/2004. The main result of the paper is the high portion of credit spreads explained by a very limited number of common risk factors, which shows that credit risk is, in a very large extent, driven by common factors affecting all firms. Therefore, credit risk correlations matter.

► Estimating Structural Bond Pricing Models Via Simulated Maximum Likelihood

Presentador / Presenter: Max Bruche (London School of Economics)

Resumen / Abstract: This paper describes how structural bond pricing models can be estimated using a Simulated Maximum Likelihood procedure developed by Durbin and Koopman (1997). The approach has the advantage that price data on any traded claim (such as bonds, equity, and credit default swaps) can be used in the estimation, improving efficiency, and allowing identification of components that are outside the scope of the model being estimated. Monte Carlo evidence as well as a small application to real data indicates that this approach is superior to both traditional estimation methods and recently proposed versions of Maximum Likelihood Estimation (Ericsson, Reneby 2002).

► The Impact of a Large Creditor and its Capital Structure on the Financial Distress of its Borrower

Presentador / Presenter: José L. Peydró-Alcalde (European Central Bank)

Resumen / Abstract: I analyze the influence of a large creditor (LC) on the likelihood of financial distress of its borrower. I show that a LC can increase this likelihood: Firstly, the LC may have high coordination problems with other creditors of the borrower. Secondly, the debtholders of the LC can make other creditors of the borrower behave more aggressively, thus increasing the probability of failure of the borrower. Furthermore, I show how differences in precision and nature of public information -which creditors observe- modify the probability of financial distress of both the borrower and the LC. In particular, I show a new channel by which an increase in precision of public information

amplifies the financial fragility of levered firms. Finally, I show how a precise public signal on endogenous information has destabilizing effects on the pricing of securities of highly leveraged firms.

Sesión 6.1 / Session 6.1 Capital riesgo / Risk capital

Aula / Room: 1

► Financing and the Protection of Innovators

Presentador / Presenter: Javier Suárez (CEMFI)

Coautor / Co-author: Gerard Llobet (CEMFI)

Resumen / Abstract: The protection that innovators obtain through intellectual property rights crucially depends on their incentives and ability to litigate infringers. Taking patents as a notable example, we study how the financing of legal costs can alter the incentives to litigate in defense of a patent and, thus, the prospects of infringement and the effective protection of the innovator. We compare the resort to a financier once the infringement has occurred (ex-post financing) with patent litigation insurance (PLI) as well as other ex-ante arrangements based on leverage. We show that the ex-ante arrangements can be designed (for instance, in the case of PLI, by including an appropriate deductible) so as to implement the innovator's second-best outcome: a situation in which patent predation is deterred without inducing excessive litigation.

► Risk-Adjusted Performance of Private Equity Investments

Presentador / Presenter: Alexander Groh (Darmstadt University of Technology)

Coautor / Co-author: Oliver Gottschalg (HEC)

Resumen / Abstract: We investigate the risk-adjusted performance of Private Equity (PE) investments on a sample of 133 transactions completed in the United States between 1984 and 2004. The benchmark for the risk adjustment is a levered mimicking strategy of investments in the S&P 500 Index. To set up the strategy, initial and final equity betas of the sample transactions are calculated, based on information usually not available to academic researchers. We conduct

a sensitivity analysis and investigate the role of debt and operating risk on the performance of the mimicking strategy. We find superior performance of the PE investments in some cases of the sensitivity analysis if PE funds structure deals transferring a substantial part of the risk to the lenders. In general, it is not adequate to measure the performance of PE investments without adjusting for leverage risks.

Sesión 6.2 / Session 6.2 Estructura temporal tipos / Term structure

Aula / Room: 2

► Efficient Nonparametric Estimation of the Term Structure of Interest Rates

Presentador / Presenter: M. Lourdes Gomez-del-Valle (Universidad de Valladolid)

Coautor / Co-author: Julia Martinez-Rodriguez (Universidad de Valladolid)

Resumen / Abstract: We propose a new approach to estimate both the drift and the market price of risk jointly. This approach consists on estimating nonparametrically the drift of the risk neutral process by means of the slope of the yield curve. Exactly we use a local linear regression estimator instead of a local constant regression estimator in order to avoid the well known boundary effects. Finally we simulate trajectories to investigate the finite sample properties of this approach. The results are shown to be significantly better than those of the classic nonparametric alternatives in the literature.

► Modelling Eonia Rate

Presentador / Presenter: Angel León (Universidad de Alicante)

Coautor / Co-author: Francisca Benito (Universidad de Alicante); Juan Nave (Universidad Castilla La Mancha)

Resumen / Abstract: This paper describes the evolution of EONIA by using the Poisson-Gaussian-ARCH and the autoregressive conditional jump intensity specifications. Both models are successful to capture the jumps due to several effects such as: (1) the end of maintenance period effect because of reserve

requirements, (2) the end of month effect, also known as the calendar day effect and finally, (3) the meeting effect caused by the ECB. Since the ECB's target is to keep the EONIA rate close to the official rate, we have modelled the conditional mean of the overnight rate series as a reversion process to the official rate, distinguishing two alternative speeds of reversion. We also analyse the market overreaction and the behaviour of the EONIA rate around the ECB's meetings.

Sesión 6.3 / Session 6.3 Macrofinanzas / Macrofinance

Aula / Room: 3

► Nominal Rigidities and Asset Pricing in New Keynesian Monetary Models

Presentador / Presenter: Francesco Sangiorgi (Universitat Pompeu Fabra)

Coautor / Co-author: Sergio Santoro

Resumen / Abstract: The aim of this paper is to inspect the asset pricing properties of basic New Keynesian monetary models. Because of monetary nonneutrality, expected returns on assets must pay a risk premium not only on technology shocks, as in RBC models, but also on monetary shocks. We provide closed form solutions for risk premia and show how the equity premium depends on the type of nominal rigidity considered. In particular, a model with staggered wages is shown to generate a higher equity premium than in the benchmark flexible equilibrium. The model produces unconditional pricing implications to be tested empirically.

► The Behavior of Prices after an Interest Rate Shock

Presentador / Presenter: Andre C. Silva (Universidade Nova de Lisboa)

Resumen / Abstract: I obtain price stickiness after an interest rate shock. The price level drops after the shock and a period of six months of low inflation follows. The real and nominal money demands adapt slowly to the shock. The shock is a permanent increase in the nominal interest rate. In the model, agents decide the timing to exchange bonds for money. This is equivalent to allow endogenous segmentation. The framework is a general equilibrium Baumol-Tobin

model with focus on the transition. I calibrate the model with U.S. data from 1900 to 1997.

Sesión 6.4 / Session 6.4 Mercado de la vivienda / Housing market

Aula / Room: 4

► House Prices and Rents in Spain. Some Alternative Asset Pricing Approaches

Presentador / Presenter: Juan Ayuso (Banco de España)

Coautor / Co-author: Fernando Restoy (Banco de España)

Resumen / Abstract: We obtain alternative equilibrium price-to-rent ratios in the housing market in Spain by considering different stochastic discount factors in models that resemble those used to explain price-dividend ratios in the financial literature. However, the higher rigidity of this market is taken into account. We find some regularities which are not discount-factor dependent: i) the increase in the price-to-rent ratio since the late nineties was a return to equilibrium, however ii) the price-to-rent ratio was between 16% and 32% above equilibrium by 2004, although iii) at that time it was only around 2% above its estimated adjustment path towards equilibrium

► The Interaction Between Housing Prices and Loans for House Purchase

Presentador / Presenter: Ricardo Gimeno Nogués (Banco de España)

Coautor / Co-author: Carmen Martínez-Carrascal (Banco de España)

Resumen / Abstract: The aim of this paper is to analyse the dynamic relationships between house prices and loans for house purchase in Spain, using a VECM. The results show that house prices adjust downward when housing borrowing is above the level implied by its determinants, while disequilibria in housing prices are corrected only via changes in this variable.

Sesión 7.1 / Session 7.1 Finanzas empresariales III / Corporate finance III

Aula / Room: 1

► Do Banking Relationships Improve Credit Conditions for Spanish Smes?

Presentador / Presenter: María José Casasola Martínez (Universidad de Salamanca)

Coautor / Co-author: Clara Cardone Riportella (Universidad Carlos III de Madrid); Margarita Samartín (Universidad Carlos III de Madrid)

Resumen / Abstract: The aim of this paper is to analyze the effects of banking relationships (BR) on the credit availability for Spanish SMEs. The bank-oriented financial system where they play and their context of information asymmetries make them to face the credit availability problem. So, the credit market seems to be the only reference for them. Previous literature has studied SMEs credit rationing by focusing on price rationing and quantity rationing. This research contributes to the extant literature analyzing the effects of BR on credit rationing measured by four proxies: quantity and price rationing (which has been considered previously) but also term and guarantees compensations. For this purpose, we use a sample of 386 Spanish SMEs listed in the Spanish Guide of Exporting Companie.

► La Calidad de los Ajustes por Devengo no Afecta al Coste Financiero de las Pymes Españolas

Presentador / Presenter: Manuel Illueca (Universitat Jaume I e IVIE)

Coautor / Co-author: Belén Gill-de-Albornoz (Universitat Jaume I)

Resumen / Abstract: En este trabajo se examina la relación entre la calidad del resultado y el coste de la deuda de una amplia muestra de empresas españolas para el periodo 1994-2004. A diferencia de otros trabajos previos, la evidencia empírica obtenida sugiere que no se puede aceptar con carácter general la existencia de una relación inversa entre ambas variables. Sólo se observa dicha

relación para las empresas que superan los 19 millones de euros de activo. Las diferencias en la calidad del resultado podrían explicar un diferencial de hasta 40 puntos básicos en el coste financiero soportado por estas empresas.

► Una Aproximación a los Determinantes de la Financiación de las Sociedades

Presentador / Presenter: Ana del Río (Banco de España)

Coautor / Co-author: Jose Manuel Marques Sevillano (Banco de España); Fernando Nieto (Banco de España)

Resumen / Abstract: En este trabajo se estima un modelo para analizar los determinantes de la financiación de las sociedades no financieras españolas a nivel agregado. Los resultados muestran que la financiación depende, en el largo plazo, positivamente del nivel de actividad económica y negativamente de los tipos de interés. La elasticidad a la variable de escala está en el rango de valores estimados para otros países, mientras que la semielasticidad al tipo de interés resulta ser relativamente elevada. En el corto plazo, se obtiene una relación negativa con los beneficios empresariales y con la evolución de los mercados de renta variable.

Sesión 7.2 / Session 7.2 Instituciones de inversión colectiva / Collective investment institutions

Aula / Room: 2

► Análisis de las Variables que Determinan las Comisiones en los Planes de Pensiones

Presentador / Presenter: Carmen Pilar Martí Ballester (Universitat Jaume I)

Coautor / Co-author: Ángeles Fernández Izquierdo (Universitat Jaume I); Juan Carlos Matallín (Universidad Jaume I)

Resumen / Abstract: El principal objetivo de este trabajo es analizar qué variables determinan las diferentes comisiones que soportan los Planes de Pensiones. Para ello, utilizamos datos individualizados de las comisiones de gestión y depósito de los distintos planes de pensiones individuales en España. El

mercado español de planes y fondos de pensiones se caracteriza por establecer límites máximos por imperativo legal en ambos tipos de comisiones, y por estar la comercialización y gestión (en su mayoría) en manos de entidades financieras. Los resultados alcanzados muestran cómo la naturaleza de la entidad gestora y el patrimonio gestionado son relevantes sobre la comisión de gestión. Referente a la comisión de depósito resulta destacable la influencia de la rentabilidad ajustada al riesgo y del patrimonio custodiado.

► **Determinantes de los Flujos de Entradas y de Salidas y del Riesgo Asumido por los Fondos de Inversión en España**

Presentador / Presenter: Ibai Urra (Grupo Santander)

Resumen / Abstract: El comportamiento de los inversores en el mercado español de fondos sigue las pautas que diversos trabajos han definido para otros mercados de fondos internacionales. Es decir, las decisiones de inversión se toman mayoritariamente teniendo en cuenta la rentabilidad histórica de los diferentes fondos sin ajustar por riesgo y las de desinversión se producen con menor intensidad de la que se podría esperar cuando el comportamiento del fondo es negativo. Esta asimetría o irracionalidad de los inversores en su toma de decisiones otorga a los gestores un incentivo a incrementar el riesgo de sus carteras.

► **Information Acquisition and Mutual Funds**

Presentador / Presenter: Diego García (Tuck School of Business at Dartmouth College)

Coautor / Co-author: Joel Vanden (Tuck School of Business at Dartmouth College)

Resumen / Abstract: We explain the size and the existence of the mutual fund industry by generalizing the standard competitive noisy rational expectations framework with endogenous information acquisition. Since informed agents optimally choose to open mutual funds in order to sell their private information, mutual funds are an endogenous feature of our equilibrium. Our model yields novel predictions on price informativeness, optimal fund fees, the equilibrium risk premium, and the size and competitiveness of the mutual fund industry. In

particular, we show that a sufficiently competitive mutual fund sector yields more informative prices and a lower equity risk premium. Thus, the paper explicitly links the existence of mutual funds to equilibrium prices in primary markets.

Sesión 7.3 / Session 7.3 Paradojas en finanzas internacionales / Puzzles in international finance

Aula / Room: 3

► **A Partially Linear Regression Approach to the Forward Premium Bias**

Presentador / Presenter: Juan Carlos Reboredo (Universidad de Santiago de Compostela)

Coautor / Co-author: German Aneiros-Perez (Universidad de A Coruña); Wenceslao Gonzalez-Manteiga (Universidad de Santiago de Compostela)

Resumen / Abstract: This paper proposes a test for the forward premium unbiasedness hypothesis based on a partial linear regression model. This model generalizes the traditional linear regression in returns by adding a nonparametric component with time as a covariate. We obtain the asymptotic distributions of the parametric and nonparametric estimators of the regression function allowing both heteroscedasticity and fractionally integrated behavior in the forward premium and in the errors of the model. Then, our theoretical results are applied to daily spot and three-month forward rates (US dollar against euro). In contrast with the empirical results found in the literature (but according to theoretical models of exchange rate), our findings suggest that the forward premium is an unbiased predictor of future changes in spot rates.

► **Non-Linear Adjustment to Purchasing Power Parity: an Analysis Using Fourier Approximations**

Presentador / Presenter: M. Dolores Robles Fernandez (Universidad Complutense de Madrid)

Coautor / Co-author: Juan Ángel Jiménez Martín (Universidad Complutense de Madrid)

Resumen / Abstract: We estimate the dynamics of adjustment to long run

purchasing power parity (PPP) using data for 18 major bilateral US dollar exchange rates, over the post-Bretton Woods period, in a non-linear framework. We use new unit root and cointegration tests that do not suppose a specific non-linear adjustment process. Using a first-order Fourier approximation, we find evidence of non-linear mean reversion in deviations from PPP. This approximation allows us to capture many features of the non-linear decay detected. Our results are consistent with theoretical arguments on international goods markets arbitrage under transaction costs as well as with an emerging strand of empirical literature. In this sense, this paper contributes towards forming a consensus on the presence of differing nonzero transaction costs across a broad range of countries.

► The Term Structure of Uncovered Interest Parity Regression Slopes in an Affine Economy

Presentador / Presenter: Antonio Diez de los Rios (Bank of Canada)

Resumen / Abstract: This paper introduces the concept of internationally affine term structure model in which, not only bond yields are linear functions of a set of state variables, but also the expected rate of depreciation (h -periods ahead) satisfies this linearity property. It is shown that the completely affine family of dynamic term structure models in Dai and Singleton (2000) and the quadratic-Gaussian family in Ahn, Dittmar and Gallant (2002) and Leippold and Wu (2002) fall within this internationally affine framework. Moreover, this linearity result is exploited to compute closed-form expressions (up to the solution of two systems of Ordinary Differential Equations) of the slope of the Uncovered Interest Parity Regression in terms of the underlying parameters of the model. Several examples and a calibration exercise are provided.

Sesión 7.4 / Session 7.4 Regulación bancaria y riesgo sistémico / Banking regulation and systemic risk

Aula / Room: 4

► Contagion Risk in Financial Networks

Presentador / Presenter: Ana Babus (Erasmus University Rotterdam & Tinbergen Institute)

Resumen / Abstract: Modern banking systems are highly interconnected. Despite their various benefits, the linkages that exist between banks carry the risk of contagion. Since it is banks' decisions that shape these connections, the question that arises is whether the links they form are such that contagion risk is minimum. In this paper we investigate how banks decide on direct balance sheet linkages. We show that when banks are connected in an incomplete network, the degree of interdependence that is created is likely to be sub-optimal. Complete networks ensure that banks always set the interbank linkages at a level that minimizes contagion risk.

► Credit Cycles, Credit Risk and Financial Regulation

Presentador / Presenter: Gabriel Jiménez-Zambrano (Banco de España)

Coautor / Co-author: Jesús Saurina (Banco de España)

Resumen / Abstract: This paper finds strong empirical support of a positive, although quite lagged, relationship between rapid credit growth and loan losses. Moreover, it contains empirical evidence of more lenient credit terms during boom periods, both in terms of screening of borrowers and in collateral requirements. Thus, we confirm the predictions from theoretical models based on disaster myopia, herd behaviour institutional memory and agency problems between banks' managers and shareholders regarding the incentives of the former to engage in too expansionary credit policies during lending booms. The paper also develops a prudential tool, based on loan loss provisions, for banking regulators in order to cope with the former problem.

► Earnings and Capital Management in Alternative Loan Loss Provision Regulatory Regimes

Presentador / Presenter: Daniel Perez (Banco de España)

Coautor / Co-author: Vicente Salas (Universidad de Zaragoza y Banco de España); Jesús Saurina (Banco de España)

Resumen / Abstract: The paper sets an accounting and behavioural framework from which we derive a reduced-form equation to test income smoothing and capital management practices through loan loss provisions by Spanish banks. Spain offers a unique environment to perform those tests because there are very detailed rules to set aside loan loss provisions and the regulatory capital regime excludes loan loss provisions from regulatory capital. Using a rigorous econometric methodology, we find evidence of income smoothing through LLP but not of capital management. The paper draws some lessons for accounting rule setters and banking regulators regarding the forthcoming changes in the accounting framework (introduction of IAS in Europe) as well as the new Capital Accord (Basel II) discussions. In particular, a very detailed set of rules to set aside loan loss provisions does not prevent managers from decreasing earnings volatility, similarly to what happens in a more principles-oriented accounting framework.

Premios / Prizes

En esta edición del Foro de Finanzas se entregarán seis premios / In this edition of the Foro de Finanzas, six prizes will be awarded:



Premio Bolsas y Mercados Españoles (BME) al mejor trabajo sobre Productos derivados / **The BME (Bolsas y Mercados Españoles) prize** for the best paper on derivatives.



Premio Bolsas y Mercados Españoles (BME) al mejor trabajo sobre Renta variable / **The BME (Bolsas y Mercados Españoles) prize** for the best paper on equities.



Premio Bolsas y Mercados Españoles (BME) al mejor trabajo sobre Renta fija / **The BME (Bolsas y Mercados Españoles) prize** for the best paper on bonds.



Premio CECA al mejor trabajo sobre intermediarios financieros./ **The CECA prize** for the best paper on financial intermediaries



Premio CECA al mejor trabajo sobre finanzas corporativas./ **The CECA prize** for the best paper on corporate finance



Premio AEFIN al mejor trabajo del XIII Foro de Finanzas./ **The AEFIN prize** for the best paper of the XIII Foro de Finanzas

Todos **los premios constan de una dotación de 1.000 euros** y serán fallados por jurados formados tanto por miembros del comité científico como por representantes de la institución patrocinadora, excepto el premio al mejor trabajo del XIII Foro, cuyo jurado estará integrado por miembros de la Junta Directiva de AEFIN.

The prizes, all with an endowment of €1,000, will be awarded by panels of judges drawn from both members of the scientific committee and representatives of the sponsoring institution. The exception is the prize for the best paper of the

XIII Foro, where the panel will be made up in its entirety by members of the Board of Directors of AEFIN.



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