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BOOK OF ABSTRACTS

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KEYNOTE SPEAKER

SHORT-TERM REVERSALS AND LONGER-TERM MOMENTUM AROUND THE WORLD: THEORY AND EVIDENCE

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ABSTRACT

Stock returns exhibit reversals at short horizons but slowly transition to momentum over longer horizons. To help understand this pattern, we develop a dynamic model with short- and long-horizon noise traders, informed investors, and uninformed investors who underreact to information they do not themselves produce. The model accords with the transition from reversals to momentum, and yields the following novel predictions: (i) attenuated reversals following earnings announcements, (ii) a negative relation between momentum and reversal profits across economies and time, and (iii) larger reversals when noise trading is more volatile. Empirical analysis using U.S. and international data supports these predictions.

Keywords: Momentum, Reversals, Noise Traders, GameStop

JEL Classification: G02, G12, G14

SYMPOSIASTS

BUSINESS BANK FINANCING IN GREECE: THE RIGHTS OF THE BORROWER AGAINST THE LENDING BANK

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Abstract

We present the Greek legal framework of business borrower's rights against the lending bank, assess its effectiveness and propose certain amendments, so that it corresponds to current needs.

Keywords: Greek banking law, bank-customer relationship, principle of good faith, right to information, bank transactions costs, termination of the bank-customer relationship

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RECONSTRUCTING STOCK PRICE SERIES VIA EDMD AND NEURAL NETS

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Abstract

We model Athens Stock Exchange as an orbit of a dynamical system with the use of EDMD and neural net modelling. The long-term predictions in the whole horizon do not seem realistic whereas the short term predictions are promising.

Keywords: Neural nets, Predictions, Extended Dynamic Mode Decomposition (EDMD), Vector Autoregressive (VAR), Markets

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SHORT-TERM PREDICTION OF STOCK INDEX BEHAVIOR IN INTERCONNECTED MARKETS: A MACHINE LEARNING APPROACH BASED ON LAGGED MULTIREGIONAL DATA

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Abstract

This paper proposes a multiregional forecasting framework for daily stock index closing prices in Greece, Italy, Spain, Portugal, and Ireland. Each country is represented by ten lagged financial and macroeconomic indicators, forming a structured 50-dimensional input. The study compares a linear Support Vector Regression (SVR) and a Feedforward Neural Network (FNN) with one hidden layer of nine neurons trained via the Levenberg–Marquardt algorithm.

Both models are evaluated on harmonized datasets using lagged inputs from time steps t−7, t−8, and t−9. The FNN consistently outperforms the SVR in terms of RMSE, with the largest gain observed in Italy. The SVR achieves the highest R^2 in Ireland, indicating strong linear fit under stable conditions.

The model retains Country-Specific input structure while allowing for integrated learning. Results suggest that short-term patterns persist in financial data, offering empirical support for non-linear approaches and raising questions about market efficiency. The framework connects forecasting performance with theoretical concepts such as weak-form efficiency, behavioral dynamics, and regional spillovers.

This study contributes a compact, adaptable model for short-term financial prediction under cross-country heterogeneity, with implications for both machine learning applications and economic policy modeling.

Keywords: Multiregional Forecasting, Stock Index Prediction, Support Vector Regression, Neural Networks

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SHORT-TERM VOLATILITY PREDICTION IN SOUTHERN EUROPE: SVR vs AR MODELS

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Abstract

This study investigates the short-term forecasting of stock market volatility across five Southern European countries and Ireland using daily data spanning the period 2013 to 2023. The target variable is defined as the 7-day rolling standard deviation of daily returns, reflecting recent market instability and short-term risk dynamics.

To predict this volatility measure, the analysis employs two distinct methodologies: the Autoregressive Linear Model (AR) and Support Vector Regression (SVR) with a linear kernel. A set of ten technical and macroeconomic indicators is used as input. Temporal dynamics are modeled through three alternative lag structures, incorporating a variety of short- and medium-term intervals to capture different information horizons and potential memory effects in market behavior.

Model performance is evaluated using the coefficient of determination (R^2) on both training and test sets, separately for each country. Results indicate that SVR consistently achieves higher R^2 scores than the AR model in more volatile markets, while the AR model remains competitive in more stable environments. These findings emphasize the critical role of lag configuration and methodological choice, highlighting that the combination of traditional econometric models with machine learning approaches provides a robust framework for volatility forecasting in diverse financial systems.

Keywords: Volatility Forecasting, Support Vector Regression (SVR), Autoregressive Linear Model (AR), Lagged Technical Indicators, Southern European Stock Markets

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CORPORATE OPERATING PERFORMANCE FOLLOWING SEASONED EQUITY PERFORMANCE OFFERINGS: IT PAYS TO PAY DIVIDENTS

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Abstract

This study investigates the connection between dividend payouts and investments of seasoned equity offering (SEO) firms. The main objective is to analyze how dividend payouts relate to post-issue investment and operating performance. When firms overinvest after SEOs, the productivity of operating assets and the operating performance both deteriorate. Paying out dividends could potentially mitigate the overinvestment problem post offerings. Consistent with this, we find that dividend-paying firms exhibit less deterioration in operating asset productivity and have better post-issue operating performance when overinvestment occurs.

Keywords: Dividend Payouts, Seasoned Equity Offerings, Overinvestment

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NOT ALL DISASTERS ARE ALIKE: EXTREME WEATHER EVENTS AND STOCK PERFORMANCE*

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Abstract

We apply an event-study approach to assess the effects of extreme weather and climate disasters on affected stock performance. Between 1980 and 2023, the average cumulative abnormal returns (CARs) following 376 major climate disasters exhibit a prolonged positive post-disaster drift. The impact varies considerably across disaster types: a pronounced negative drift for landfall hurricanes, a significantly positive drift for winter storms, and no clear drift for other climate disasters. The prolonged negative post-hurricane drift is prominent before Hurricane Sandy but largely fades afterward. Our findings suggest that the stock market misprice certain climate disasters and has made progress in efficiently pricing disaster risks post-Sandy.

Keywords: Extreme Weather, Event Study, Cummulative Abnormal Return, Post-disaster drift

JEL classification: G10; G14; Q51; Q54

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NATURAL GAS MARKET SENTIMENT

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Abstract

This paper examines transaction information extracted from the Henry Hub (HH) natural gas futures options over 2018-2024 for their practical value in tracking investor sentiment and predicting the underlying market returns. Various temporal measures of market sentiment based on a pessimistic, optimistic, and a consensus market outlook are proposed in a battery of forecasting models. The results show that these market microstructure measures have significant predictive power in the very short-run, where they statistically and economically outperform alternative model specifications based on market fundamentals and more standard market sentiment indicators such as the volatility index (VIX) and the economic policy uncertainty (EPU) index. It was also found that natural gas market sentiment has shifted from a neutral stance in 2018-2020 to, first, market pessimism during the COVID-19 pandemic, and, then, to a more optimistic outlook over the past couple of years.

Keywords: Natural Gas, Market Sentiment, Energy Commodities , Neural Networks, Machine Learning, Market Microstructure

JEL classification: G10; G14; Q51; Q54

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AN EMPIRICAL ANALYSIS OF THE VALUATION GAP BETWEEN STATE-OWNED AND NON-STATE-OWNED ENTERPRISES*

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Abstract

Why might market valuations differ across state-owned (SOEs) and non-state-owned enterprises (NSOEs)? We address this issue using the Chinese stock market, where SOEs and NSOEs coexist in large numbers. We consider several economic hypotheses on value disparities across SOEs and NSOEs. Differential distribution across industries only partially explains these disparities. Profitability and its uncertainty emerge as the most significant influences on disparities, followed by liquidity and expected growth. Value disparities become statistically insignificant after accounting for our economic influences. Thus, the evidence supports applicability of classical valuation theories in SOEs, which are often described as anomalously deviating from valuation models.

Keywords: State-owned Enterprises, Valuation, Chinese Stock Market

JEL classification: G12

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