Workshop Series on

Recent Developments in Business Analytics

and New Research Directions

Workshop on Risk Analytics

4 October 2018

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4th October 2018 (Thursday), 6:00pm - 8:30pm
(Venue: A401, Block A, Hang Seng Management College)

Time	**Activity**
6:00 – 6:30pm	*Reception with Refreshment*
6:30 – 6:40pm	*Opening*
6:40 – 7:30pm	Prof. Tomohiro ANDO Associate Professor, The University of Melbourne *"Quantile Co-Movement in Financial Markets"*
7:30 – 8:20pm	Mr. David WONG Chief System Analyst, Fledge Algorithm Trading Co. Ltd. *"How Retail Traders Approach Risk"*
8:20 – 8:30pm	*Closing*

Quantile Co-Movement in Financial Markets

Prof. Tomohiro ANDO, The University of Melbourne

Abstract

The talk introduces a new procedure for analyzing the quantile co-movement of a large number of financial time series based on a large-scale panel data model with factor structures. The proposed method attempts to capture the unobservable heterogeneity of each of the financial time series based on sensitivity to explanatory variables and to the unobservable factor structure. In the model, the dimension of the common factor structure varies across quantiles, and the factor structure is allowed to be correlated with the explanatory variables. The proposed method allows for both cross-sectional and serial dependence, and heteroskedasticity, which are common in financial markets.

We propose new estimation procedures for both frequentist and Bayesian frameworks. Consistency and asymptotic normality of the proposed estimator are established. We also propose a new model selection criterion for determining the number of common factors together with theoretical support.

We apply the method to analyze the returns for over 6,000 international stocks from over 60 countries during the subprime crisis, European sovereign debt crisis, and subsequent period. The empirical analysis indicates that the common factor structure varies across quantiles. We find that the common factors for the quantiles and the common factors for the mean are different.

About Prof. Tomohiro ANDO

Tomohiro Ando is an Associate Professor of Management at Melbourne Business School, University of Melbourne, and the director of Melbourne Institute of Strategy and Business Analytics. He teaches business professionals, including Executive MBA and Master of Business Analytics students. He held a number of visiting scholar and associate professor positions at the University of Chicago Booth School of Business, UCLA, UC Berkeley and Keio Business School. He has also consulted and taught executive education for a number of companies in the listed and small firms.

How Retail Traders Approach Risk

Mr. David WONG, Fledge Algorithm Trading Co., Ltd.

Abstract

Whether you are a student, teacher or industry player, David's presentation will inform and inspire. Current students can learn how to become good traders, teachers will close the gap between academic books and reality on the ground, while industry participants will be reminded of lurking pitfalls and how to maximise profit. Indeed, David will touch upon various skills and risk control aspects that retail traders all too easily forget.

This talk will not be dry and only academic in nature. Instead, David will use real-life examples witnessed over the past decade to bring the topic to life. For example, the talk will include the informative results of a survey about traders' behaviour, and introduce risk control on max drawdown as practised by successful traders. Of course, there are pros and cons in risk control – the higher the risk, the greater the possibility of gain – so learn how best to navigate the risks.

David, who has filtered and monitored all Hong Kong stocks, has done auto trades on E-mini S&P 500 futures and Hang Seng Futures. His experience includes writing well over 1,500 trading strategies. Indeed, to help both laymen and professionals, he developed www.stockbuddy.com.hk, a stock filtering tool consisting of fundamental, technical and conspiracy analyses. Benefit from the risk-related wisdom he has picked up over many years.

About Mr. David WONG

David Wong, a graduate of Hong Kong University of Science and Technology, is a pioneer in the field of algorithm trading in Hong Kong. Working as chief system analyst for Fledge Algorithm Trading Co Ltd since April 2010, David offers professional consultancy services to global retail traders. He teaches them how to successfully and independently utilise algorithm trading or, alternatively, Fledge offers traders a turnkey service by writing algorithm trading programs.

David has featured in a number of important publications, plus he writes a regular column in Capital Money, one of Hong Kong's best-known finance magazines. He also regularly gives finance-related talks, including to postgraduate students at Hong Kong University and Hong Kong Baptist University. As well as instructing attendees in how to use MultiCharts and EasyLanguage, David has a passion for promoting algorithm trading. He even created the useful mobile apps Trade Runner for futures trading in simulation mode, and Stock Buddy.

Hang Seng Management College

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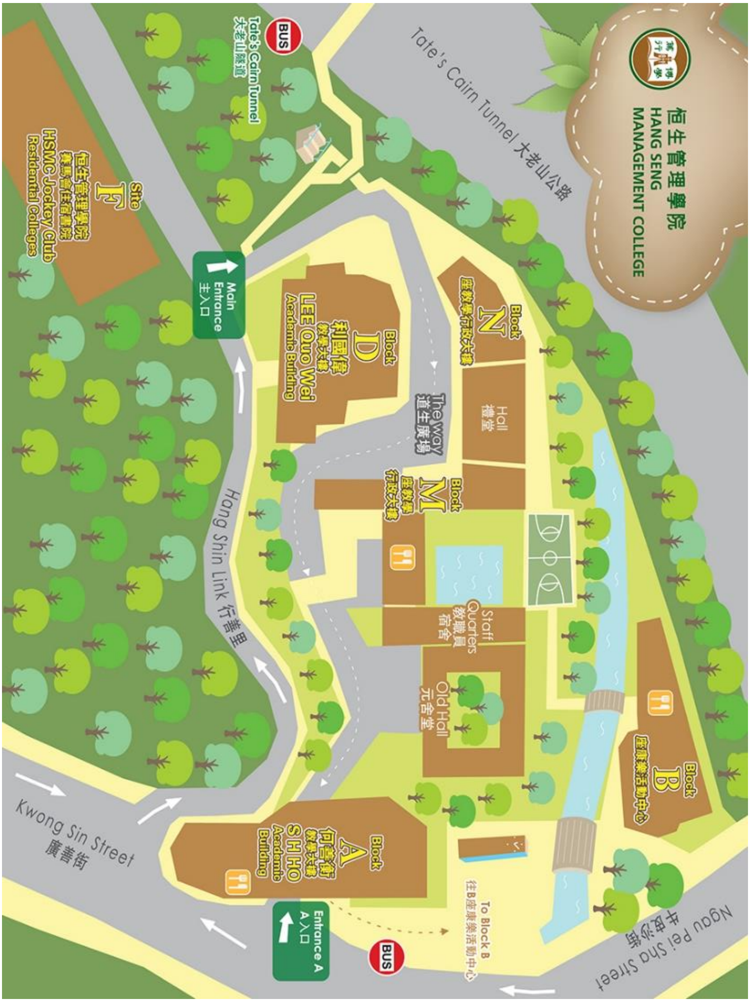
http://www.hsmc.edu.hk/en/visitors/campus-map2/



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