2008 Melbourne Derivatives Research Group Conference

University of Melbourne, Department of Finance
Wednesday, March 19, 2008
Melbourne Business School, 200 Leicester Street, Carlton Vic 3053

8:30-9:00	**COFFEE**		
	MORNING: APPLICATIONS OF DERIVATIVES ANALYSIS Session Chair: Simon Benninga (Tel Aviv University)		
	Paper	**Author**	**Discussant**
9:00—9:45	Price Dispersion in OTC Markets and Corporate Bond Liquidity	Marti Subrahmanyam* (NYU)	Daniel Rösch (University of Hannover)
9:45—10:30	The Pricing of Interest-Rate Options in an Extended Libor Market Model	Zhenke Guan (Manchester University), Ser-Huang Poon (Manchester University) and Richard Stapleton* (Manchester University)	Mark S Joshi (University of Melbourne)
10:30—11:00	**COFFEE**		
11:00—11:45	Capital Expenditures, Financial Constraints, and the Use of Options	Tim Adam* (National University of Singapore)	Simon Benninga (Tel Aviv University)
11:45—12:30	Investment Decisions under Market Concentration and Price Regulation	Thomas Nagel (Vienna University of Economics and Bus Admin) and Margarethe Rammerstorfer* (Vienna University of Economics and Bus Admin)	Bruce D Grundy (University of Melbourne)
12:30—2:00	**LUNCH** Investment, Real Options and Regulation	Peter Monkhouse (BHP Billiton)	
2.00—5.00	**Afternoon Sessions. Choose from Afternoon A:, B: or C:**		
5:00—6:00	**CANAPÉS**		

	AFTERNOON STREAM A: PRICING CREDIT RISK **VENUE: COLES THEATRE** Session Chair: Marti Subrahmanyam (NYU)		
	Paper	**Author**	**Discussant**
2:00—2:45	Credit Rating Impact on CDO Evaluation	Daniel Rösch* (University of Hannover) and Harald Scheule (University of Melbourne)	Stefan Trueck (Macquarie University)
2:45—3:30	An Analysis of the True Notional Bond System Applied to the CBOT T-Bond Futures	Ramzi Ben-Abdallah* (HEC Montréal), Hatem Ben-Ameur (HEC Montréal) and Michèle Breton (HEC Montréal)	Carsten Murawski (University of Melbourne)
3:30—4:00	**COFFEE**		
4:00—4:45	Macroeconomic Variables, Pricing Kernels and Expected Default-Free and Defaultable Bond Returns	Ai-ru (Meg) Cheng* (UC Santa Cruz) and Yuriy Kitsul (Georgia State University)	Richard Stapleton (Manchester University)
4:45—5:00	**Session Wrap-Up**	Marti Subrahmanyam (NYU)	

* paper presenter

Afternoon Sessions 2.00-5.00pm. cont.

	AFTERNOON STREAM B: CO-MOVEMENT OF DERIVATIVES AND THE SPOT **VENUE: COHEN THEATRE** Session Chair: Paul Kofman (University of Melbourne)		
	Paper	**Author**	**Discussant**
2:00—2:45	Co-integration in Crude Oil Components and the Pricing of Crack Spread Options	Jin-Chuan Duan* (Risk Management Institute NUS and University of Toronto) and Annie Theriault (Northwater Capital Management)	Christine Brown (University of Melbourne)
2:45—3:30	Dynamic Hedging with Futures that are subject to Price Limits	Jonathan Dark* (University of Melbourne)	John Handley (University of Melbourne)
3:30—4:00	**COFFEE**		
4:00—4:45	Lead Lag Direction and Price Discovery of the S&P/ASX200 Share Price Index and the S&P/ ASX 200 Index Options	Klaus E. Buhr* (Massey University), Xiaoming Li (Massey University) and Lawrence C. Rose (Massey University)	Sean Pinder (University of Melbourne)
4:45—5:00	**Session Wrap-Up**	Paul Kofman (University of Melbourne)	

	AFTERNOON STREAM C: COMPUTATIONAL FINANCE **VENUE: BTR NYLEX THEATRE** Session Chair: Jamie Alcock (University of Queensland)		
	Paper	**Author**	**Discussant**
2:00—2:45	Extended Nonparametric American Option Pricing	Jamie Alcock* (University of Queensland) and Diana Auerswald (University of Queensland)	Daniel Dufresne (University of Melbourne)
2:45—3:30	The Impact of the Diffusion Term in Pricing European Options Assuming Stochastic Volatility	Brett L. Shanahan* (University of Melbourne)	Vance Martin (University of Melbourne)
3:30—4:00	**COFFEE**		
4:00—4:45	Smooth Simultaneous Calibration of the LMM to Caplets and Coterminal Swaptions	Ferdinando M Ametrano (Banca IMI) and Mark S Joshi* (University of Melbourne)	Jamie Alcock (University of Queensland)
4:45—5:00	**Session Wrap-Up**	Jamie Alcock (University of Queensland)	

* paper presenter

http://www.finance.unimelb.edu.au/Research/MDRG.html
http://www.firn.net.au/index.html