
2019 Annual Conference in International Finance

Founded in 2013 at Imperial College Business School, the Annual Conference in International Finance brings together some of the most innovative thinkers in financial economics. Held at a leading university every summer, the symposium attracts groundbreaking contemporary papers from around the world, to be proposed, critiqued, debated, and tested. The aim, according to its founder, Pasquale Della Corte, is “to foster research that informs both the practice and the policymaking” of finance.

Six outstanding research papers were selected for the prestigious 2019 Annual Conference in International Finance last week, held at Imperial College London’s Business School in conjunction with [Fulcrum Asset Management](#).

Leading academics from institutions such as Columbia, NYU, and London Business School were among those giving talks, with highly respected authorities in the field of finance including Craig Burnside of Duke and Doron Avramov of Hebrew University, Jerusalem, in attendance.

Previous conferences have been hosted in Oslo, Copenhagen, Hong Kong, and Cass Business School, London, among others, and this was the second to be held at Imperial’s thriving business school, which continues to see increasing numbers of applicants from around the world each year – 97% of its undergraduates are now from overseas.

Fulcrum’s senior economist Gino Cenedese chaired the first two talks of the day, including the eventual winner, “Do Foreign Institutional Investors Improve Market Efficiency?” One of that paper’s authors, Imperial’s Savitar Sundaresan, gave an impressive presentation on the thesis, co-written by fellow Imperial faculty, Marcin Kacperczyk, as well as Tianyu Wang of Tsinghua University.

Several economists and systematic analysts from Fulcrum attended the event, which represents the frontier of knowledge

and research in the fields of international finance and asset pricing. We rely on rigorously tested macro-finance research to construct the most effective portfolios that maximise risk-adjusted returns, so staying abreast of the latest thinking in the field is an absolute necessity.

Successful asset management requires a combination of practical skill, experience and intricate grasp of theory. Financial economics is a dynamic discipline with expanding frontiers of knowledge; theories rarely have time to become comfortable before they are unseated.

Engaging with academia is therefore vital to maintaining an edge, giving asset managers access to leading minds in financial theory, and the chance to promote and recruit the next generation of independent thinkers whose ideas will drive future returns.

The winning paper

After the opening address by Francisco Veloso, Dean of the Business School, Dr Cenedese introduced the opening paper, which argued that foreign investors make a significant impact on price informativeness and therefore market efficiency.



After Dr Sundaresan's talk the thesis was discussed by Thomas Maurer of Washington University, who had flown from St Louis to critique its strengths and weaknesses, after which questions were posed by the attendees. The same format was followed with the five other presentations, the first of which was by the highly esteemed Angelo Ranaldo, Professor of Finance and Systematic Risk at St Gallen. His paper, on the information content of foreign exchange trading, was discussed by Alexandre Jeanneret of HEC Montréal. Other discussants included Vania Stavrakeva of the London Business School and Irina Zviadadze from the Stockholm School of Economics.

The conference concluded with a keynote speech by Patrick Bolton of Columbia University, the subject being his paper 'Money, Sovereignty, and Optimal Currency Areas', a study which discussed the problems faced by the euro and put it in the historical context of the United States' evolution to monetary union. Afterwards the winner was announced, and Dr Sundaresan presented with an award for the paper.

The conference history

The six featured papers were chosen from a total of 123 submitted, an acceptance rate similar to that of the top three economics journals; while work from previous conferences has appeared in prestigious publications such as the Quarterly Journal of Economics, the American Economic Review, and the Journal of Financial Economics.

Fulcrum's association arose through connections between the conference's organisers and our macro-economic research team. Even highly experienced portfolio managers with years of practical experience in the market still depend on the skills of academics and their evolving ideas, and genuine insights arise where these two worlds meet. Integrating economic theory with the real, active world of finance is the key to successful asset management.

The conference also offers, in Dr Della Corte's words, "a valuable networking opportunity setting the stage for further collaborations". Since this annual event gathers some of the best emerging researchers, it also acts as an opportunity to attract new talent and build contacts, the future leaders in the field. Many of the young academics at last week's gathering will go onto challenge conventional thinking and so forge the economic theories that shape the 21st century.

The Papers

Do Foreign Institutional Investors Improve Market Efficiency?

Marcin Kacperczyk (Imperial College London)
Savitar Sundaresan (Imperial College London)
Tianyu Wang (Tsinghua University)

READ

Heterogeneous Information Content of Global FX Trading

Angelo Ranaldo (University of St. Gallen)
Fabricius Somogyi (University of St. Gallen)

READ

Foreign Exchange Order Flow as a Risk Factor

Craig Burnside (Duke University)
Mario Cerrato (University of Glasgow)
Zhekai Zhang (University of Glasgow)

READ

Predicting Currency Returns: New Evidence on the Forward Premium Puzzle and the Dollar-Trade Strategy

Doron Avramov (Hebrew University of Jerusalem)
Yan Xu (University of Hong Kong)

READ

Origins of International Factor Structures

Robert Richmond (New York University)
Zhengyang Jiang (Northwestern University)

READ

U.S. Monetary Policy Transmission and Liquidity Risk Premia Around the World

Andrew Karolyi (Cornell University)
Mathijs van Dijk (Erasmus University)
Kuan-Hui Lee (Seoul National University)

READ



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