
Preface

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Biographical notes: Dr Christos Floros completed his first degree in Mathematics and Operational Research at Brighton University and also holds an MA (Economics) and MSc (Mathematics) from Portsmouth University and a PhD in Financial Economics from Swansea University, UK. He is a Senior Lecturer in Banking and Finance at the University of Portsmouth and his research interests include financial econometrics/economics, derivatives and banking. He has been involved in various research projects, and is currently project leader of a Marie Curie FP7 project on “Volatility forecasting evaluation based on loss function with well-defined multivariate distributional form and ultra high frequency datasets”. He has published in journals such as *Managerial Finance*, *Applied Financial Economics*, *Financial Markets and Portfolio Management*, *International Journal of Managerial Finance*, *Applied Financial Economics Letters*, *Studies in Economics and Finance*, *Derivatives Use Trading and Regulation*, *Journal of Emerging Market Finance*, among others.

This is the first issue of the *International Journal of Financial Markets and Derivatives (IJFMD)*, published by Inderscience Publishers. The timing of this publication coincides with the economic and financial world crisis. Beginning with the 2007 collapse in subprime mortgages, financial markets have shifted to new regimes characterised by violent movements, epidemics of contagion from market to market, and almost unimaginable anomalies. Thus, this journal will provide an important forum and platform for the Financial Modellers to report their modern work to the world. The editorial board includes a group of internationally known finance specialists and researchers. We welcome submission of high-quality papers reporting original findings from all relevant areas of financial markets and derivatives research. With the support of all the Editorial Board, the editorial staff, the authors and the readers, we hope this new journal will contribute to the research. This first issue includes seven papers as follows:

- 1 ‘Hedging under production and price uncertainty’: this paper shows the impact of the output risk on the optimal hedge, output and the hedge ratio.
- 2 ‘Accuracy measures for American put option pricing algorithms’: this paper addresses the dichotomy between American put option pricing theory and the numerical algorithms designed to estimate American put option prices.

- 3 ‘On the quadratic valuation of American call options’: this paper extends the framework of semi-analytical approximations to the valuation of American options by exploring the performance of competing functional forms for the value of an American option.
- 4 ‘Design and use of weather derivatives for farmers’: this paper discusses a hypothetical market, and how a contract could be structured when weather derivative trading is introduced.
- 5 ‘Volatility dynamics in three euro exchange rates’: this paper uses three euro exchange rates to test for the presence of volatility spillovers, common volatility components and time-varying correlations using the multivariate-GARCH model and the common volatility methodology approach proposed by Engle and Kozicki (1993).
- 6 ‘The effect of the EMU on short and long-run stock market dynamics’: this paper deals with the time evolution of stock market integration around the introduction of the euro.
- 7 ‘Trade transparency and trading volume’: this paper investigates the impact of MiFID’s trade transparency rules on the trading volume of EU equity markets in a forward-looking mode.

I wish to thank all of the authors who submitted manuscripts for this inaugural issue, the referees for their comments, the *IJFMD* Journal Manager and Inderscience Publishers for publishing this journal.