Central European Journal of Economic Modelling and Econometrics

Letter from Editors

The first issue of volume 4 consists of three papers, which represent different problems and methods of modelling global financial relationships and macroeconomic issues.

In the first paper, Andrzej Torój and Karolina Konopczak use a DSGE model to validate the common thesis that the contrast between Poland and Slovakia during the 2008/2009 economic crisis is in part due to substantial nominal zloty's depreciation against the euro. The authors reverse the roles, checking if Poland really would have faced the same drop, and Slovakia would have remained relatively resilient, if it had been Poland, not Slovakia, that adopted the euro at that point. Their counterfactual simulations indicate that the Polish tradable output could have been 10-15 percent lower than actually observed in 2009, while the Slovak one approximately 20 percent higher.

The second paper, by Łukasz Gątarek, Jan de Gooijer and Cees Diks, is focused on forecasting of close-to-open returns on major global stock indices, based on high-frequency price patterns available in foreign markets overnight. The close-to-open gap is a scalar response variable to a functional variable (an overnight foreign price pattern), and thus both parametric and non-parametric functional data analysis methods are considered. The empirical exercise shows that the overall best performing forecast is nonparametric and uses all available information.

The aim of the third paper, by Marcin Fałdziński, Magdalena Osińska and Tomasz Zdanowicz, is to analyse transfer of risk across the financial markets all over the world using Granger causality in risk tests. The authors focus on Chinese financial processes and their relations with those in the rest of the globe. The original idea of Granger causality in risk uses value-at-risk; in the paper expected shortfall and spectral risk measures are also used.