

## Letter from Editors

In the first issue of volume 8 we publish two papers devoted to purely Bayesian or Bayesianly inspired methods of econometric modelling and one paper showing some basic economic analysis of credit risk for loans in foreign currency. The empirical examples in all three articles are related to the Polish economy.

In the first paper, representing financial econometrics, Roman Huptas proposes an extension of the UHF-GARCH model, introduced by Robert F. Engle (2000). The intraday dynamics of the return volatility is modelled by the EGARCH-type specification adapted to irregularly time-spaced data, and for price durations the Box-Cox ACD model with the generalized gamma distribution is assumed. The fully Bayesian approach is used in order to estimate the proposed model, which is employed to analyze transaction data from the Polish stock market.

The second paper, by Damian Stelmasiak and Grzegorz Szafrński, is devoted to forecasting inflation using Bayesian ideas within the BVAR macro-econometric framework. The authors investigate alternative prior specifications in the case of time series with a clear seasonal pattern. In the empirical part monthly inflation in Poland (2011-2014) is forecasted by two popular BVAR frameworks: steady-state reduced-form and just-identified structural models. Different models are compared in terms of both point and density forecasts. Using testing procedures for density-based scores, an empirical evidence of superiority of the steady-state BVAR specifications with tight seasonal priors is documented.

In the third paper, Zuzanna Wośko uses classic comparative statics approach in order to perform an analysis of the effects of foreign exchange (FX) and interest rate risks on instalments of the housing FX loan. By focusing on sensitivity of annuity with respect to infinitesimal changes of parameters, the impact of the interest rate and FX rate on instalments is presented. The empirical illustration is based on values, in Polish zlotys, for three loans extended during the period when Poland experienced the most intensive FX lending. The analysis deals with currently important questions related to banks' loan portfolio quality.