

Date of the event:

On Thursday 17th June 2010
From 11:00 AM to 12:00 PM

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar
- Registrations by email before June 14th, 2010
- At the following address : lsf-events@uni.lu

Information:

Ms Caroline Herfroy
Tel : +352 46 66 44 6335

<http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops>



The LSF is pleased to invite you to
the following seminar:

Carry trades, momentum trading and forward premium anomaly

*By Richard Baillie
Michigan State University*



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***Carry Trades, momentum trading
and forward premium anomaly***

The **L**uxembourg **S**chool of **F**inance

By Richard Baillie

Is pleased to invite you to the

LSF Seminar

This paper examines the role of carry trade and momentum trading strategies and their implications for the magnitude of the forward premium anomaly. The formal analysis uses a logistic smooth transition regression, with transition variables related to the different currency trading strategies. The hypothesis of uncovered interest parity is found to hold in an upper regime where carry trades appear profitable on the basis of interest differentials and where exchange rate volatility is high.

