

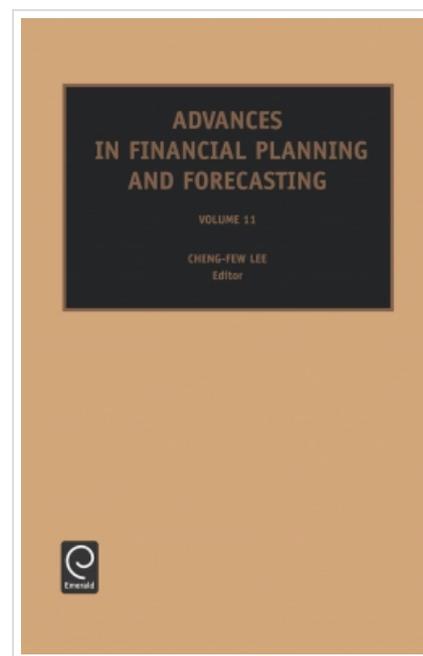
Advances in Financial Planning and Forecasting

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Cheng-Few Lee

About the Book

There are ten papers in this volume. They are: An Empirical Examination of The Intraday Return Volatility Process - this paper presents a comprehensive analysis of the distributional and time-series properties of intraday returns. The purpose is to determine whether a GARCH model that allows for time variance in a process can adequately represent intraday return volatility. The Valuation of New Product Introduction Under Uncertain Competition: A Real Option Approach - this paper investigates how a stochastic competition process in a two-factor real option model could affect the value of future product development opportunities. Our results also indicate that product development opportunities are more valuable: in a more volatile environment; when the window of opportunities is longer; and when the competitive intensity is lower. Earnings, Dividends, and Equity Value of Multinational Firms - this paper develops and tests a valuation model, whose main prediction is that equity value is a function of earnings, dividends and book value, where the function depends on the relative level of multinationality. Benford's Law and Its Application in Financial Fraud Detection - this paper has discussed Benford's law, which explains that the leading (first or leftmost) digit in a series of natural numbers is not evenly distributed among the digits 1 to 9. The main purpose of this study actually seeks to explore a new methodological approach to datamining that can be of some real practical value; especially to the auditors and forensic accountants in detecting financial frauds. Estimation of the Degree of Integration in the U.S. Maturity Rates Using Semiparametric Techniques - this paper examines the order of integration of several U.S. Treasury maturity rates by means of using semiparametric techniques. The results show that the order of integration of the one and three year maturity rates is strictly above. It oscillates around one in case of the five-year rate, and the values are strictly below 1 (and thus showing mean reversion), for the seven and ten-year rates. On Country-Fund Price Behavior-An Empirical Analysis of Cointegrating Factors - this paper provides empirical evidence on the price behavior of closed-end country funds. Using the data from 47 closed-end single-country funds, we examine three Cointegrating factors to describe the long-run behavior of country-fund share prices. They are: the Net Asset Value (NAV), foreign stock-market indexes, and the U.S. stock market index. Strategic Capital Budgeting: the Abandonment Option with Political Risk - this paper investigates the strategic role of political risk and timing in the capital



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budgeting process that includes both investment and disinvestments. The model developed in the paper highlights the role of the probability of an investment ending political event in the capital budgeting process.

Time Series Model Complexity and Firm Valuation: the Case of AR1 Firms Versus Non-AR1 Firms - this study examines the effect of the complexity of quarterly earnings generating time series models on firm valuation. The examination is limited to the comparison between AR1 firms and non-AR1 firms, and the evaluations are based on the levels approach. Results consistently show that the association between quarterly stock prices and quarterly earnings is higher for AR1 firms than that for non-AR1 firms. The effect of firm size is also investigated.

Debt Covenant Violation and the Value Relevance of Accounting Information - this study documents that investors exercise their liquidation option on firms facing less severe financial distress than bankruptcy filings. This study finds that the valuation shift from earnings to book value of equity in the violation manifestation period is reversed in the post-violation recovery period. This suggests that the valuation distortion in the pre-violation period is temporary rather than permanent.

What's Next: Merger in the Lebanese Banking Sector - this paper studies banking preference and behavior of Lebanese people. If small banks are to survive, the findings of the study reaffirm the importance of vertically merging banks in Lebanon. The reliance on digital technology is increasing every day. To deepen the problem, small Lebanese banks are finding themselves in a digital environment that affects their ability to compete in a fierce environment.