Letter from Editors

The four papers published in the present issue continue, from the previous issue, the diversified approach to economic modelling. Two of them tackle macroeconomic questions: one theoretical, the other - purely empirical. Two others dwell on financial econometrics having both theoretical and empirical aspects.

The first paper, written by Andrzej Torój, is a theoretically oriented study devoted to forward-looking models of cross-country adjustment within the euro area. The author generalises the analytical methods of solving linear rational expectations models to the case of time-varying, nonstochastic parameters. Such a specification results from the inclusion of rotational voting system in the European Central Bank when we combine it with home bias in voters' preferences. An insightful simulation study compliments theoretical considerations.

The second article, by Paweł Strawiński, presents results of empirical research focusing on the question of what drives the unemployment rate in Poland. The findings seem to indicate that the Polish labour market is more flexible than markets in other continental European countries (and closer to the UK and the US labour markets).

In the third paper Radosław Cholewiński developes an econometric model that enables a fraud detection on a real time basis and is able to replicate the evolving structure of the financial market under consideration. The use of intraday data and separate handling of opening and closing data are important aspects. Empirical results show that alerts generated by the model provide very important information for the financial supervision institutions.

The last paper, by Umberto Triacca, is a theoretical note in the field of financial econometrics. The author investigates the relationship between volatility persistence and squared returns. It is shown how to use it in order to improve small sample behaviour of the maximum likelihood estimator of the GARCH(1,1) persistence parameter.