Metaphors, Models, Data, Theories and Intuition

Date: 06 December 2018 (Thursday)
Time: 4:30pm to 5:30pm
Venue: G4302 (Lift 7), 4/F, Yeung Kin Man Academic Building (YEUNG), City University of Hong Kong

Professor Derman, Emanuel
Department of Industrial Engineering
and Operations Research
Columbia University

Guest Speaker's profile
Emanuel Derman is a Professor at Columbia University, where he directs their program in financial engineering. His latest book is *The Volatility Smile*, a textbook on modern options theory. He is also the author of *Models.Behaving.Badly: Why Confusing Illusion with Reality Can Lead to Disasters, On Wall Street and in Life*; it was one of *Business Week's* top ten books of 2011, also published in German by Hoffman und Campe in Oct. 2013. His previous book, *My Life As A Quant*, was also one of *Business Week’s* top ten of 2004, in which he introduced the quant world to a very wide audience.

Abstract

- Models stand on someone else's feet. They are metaphors that explain the world we don't understand in terms of worlds we do.
- Theories stand on their own feet, rely on no analogies.
- Theories try to tell you what something is. Models tell you merely what something is partially like.
- Data alone has no voice.
- It takes intuition to develop a theory.
- Models reduce dimensionality and simplify by sweeping dirt under the rug.
- A good model makes explicit the dirt that has been hidden.

Enquiries: 3442 7887

All are welcome