Editorial

As the year draws to an end, the ORiON editorial team would like to thank all the authors who contributed papers to the journal during 2018 – we greatly value your support and would like to encourage even more participation in the future! The editorial team would like to also extend a sincere appreciation to the referees who contributed selflessly by providing punctual and invaluable feedback. We hope that you will still engage with us in future with the same dedication in order to uphold the quality and relevance of papers published in ORiON.

The first paper in this issue of ORiON is by Halloway, Ittmann, Dudeni-Tlhone and Schmitz, titled "From SA to the USA: Election forecasting". The authors highlight the worldwide interest in election forecasting and the fact that many of the prediction approaches followed in recent elections, *e.g.* the UK general election (2015) and the USA presidential election (2016), failed to predict the correct outcome. In this paper, the applicability of an election night forecasting model, developed by the CSIR for municipal and general elections in South Africa, was investigated. The model was adapted to cater for the USA electoral system, and a "live" implementation of the model during the 2016 USA presidential election demonstrated that the SA election night forecasting model could be adapted successfully to other electoral systems.

The authors of the second paper in this issue are Joubert, Verster and Raubenheimer, and the title of their paper is "Making use of survival analysis to indirectly model loss given default". In this paper, an overview of the different methodologies followed when modelling *loss given default* (LGD) is provided. LGD is one of the components required in calculating regulatory capital for retail banks. The contribution of this paper, is to make use of survival analysis as an alternative to logistic regression, in order to model the probability components used in the calculation of LGD. A comprehensive set of results are provided, based on both real-world data and simulated data, which demonstrate how survival analysis outperformed logistic regression when considering mean squared error as an evaluation criterion.

The third paper in this issue by van Appel and Maré is titled "The Ross recovery theorem with a regularised multivariate Markov chain". The contribution of this paper is the solution of an ill-posed problem that forms part of a methodology to recover real-world asset distributions from option market data. Solving this ill-posed problem involves the application of a regularised multivariate Markov chain for calculating a transition matrix. The effectiveness of this approach was evaluated by applying asset distribution recovery to weekly Top40 option trade data. The empirical results confirmed that the application of a regularised multivariate Markov chain improved upon the estimation of the real-world asset price distributions.

I want to convey my sincerest thanks to Susan Campher, journal manager, and to Zander Labuschagne who is the typesetting assistant. Thank you for performing such an excellent and professional job at managing ORiON and maintaining a high-quality publication.

Fanie Terblanche

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