

Complexity and Self-organization: Data Analysis and Models

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To my wife Theresa.

Abstract

The understanding of the emergent behaviour of *complex systems* is probably one of the most intriguing challenges in modern theoretical physics. In the present Thesis we use novel data analysis techniques and numerical simulations in order to shed some light on the fundamental mechanisms involved in their dynamics. We divide the main core of the research into three parts, each of which address a specific, and formally well defined, issue.

In the first part, we study the processes of self-organization and herding in the evolution of the stock market. The data analysis, carried out over the fluctuations of several international indices, shows an avalanche-like dynamics characterized by power laws and indicative of a critical state. Further evidence of criticality relates to the behaviour of the price index itself. In this case we observe a power law decline with superimposed embedded log-periodic oscillations which are possibly due to an intrinsic discrete scale invariance. A stochastic cellular automata, instead, is used to mimic an open stock market and reproduce the herding behaviour responsible for the large fluctuations observed in the price. The results underline the importance of the largest clusters of traders which, alone, can induce a large displacement between demand and supply and lead to a crash.

The second part of the Thesis focuses on the role played by the complex network of interactions that is created among the elementary parts of the system itself. We consider, in particular, the influence of the so-called “scale-free” networks, where the distribution of connectivity follows a power law, on the antiferromagnetic Ising model and on a model of stochastic opinion formation. Novel features, not encountered on regular lattices, have been pointed out. In the former case a spin glass transition at low temperatures is present while, in the latter, the turbulent-like behaviour emerging from the model is found to be particularly robust against the indecision of the agents.

The last part is left for a numerical investigation of an extremal dynamical model for evolution/extinction of species. We demonstrate how the mutual cooperation between them comes to play a fundamental role in the survival probability: a healthy environment can support even less fitted species.

Statement of Originality

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying.

Marco Bartolozzi

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Contents

1	Introduction	1
1.1	What is complexity?	2
1.2	Complexity: an historical overview	3
1.3	Example of complex systems: from physics to finance	6
1.3.1	Turbulence	7
1.3.2	Complex systems in statistical mechanics: the spin glasses	9
1.3.3	Biological evolution	11
1.3.4	The stock market	13
1.4	Outline	15
2	Self-organization in the stock market: avalanche dynamics and log-periodic oscillations	17
2.1	Self-organization in complex systems	17
2.1.1	Self-organization in the stock market	18
2.2	Self-organized criticality: how nature works?	19
2.3	Self-organized criticality and stock market dynamics	20
2.4	Looking for avalanches: the wavelet method	22
2.5	Empirical results	27
2.6	Self-similar log-periodic oscillations in the stock market: self-organization and predictability	32
2.7	Discrete scale invariance	34
2.8	Evidence of embedded log-periodic oscillations in western stock markets from 2000	39
2.8.1	A non-parametric approach: the Lomb analysis	41
2.9	Discussion and conclusion	45
3	Cellular automata model for stock market dynamics	53
3.1	Basic stylized facts of the stock market dynamics: a brief overview	54
3.2	The cellular automata model	55
3.2.1	Percolation clustering	56
3.2.2	Stochastic trading dynamics	57
3.3	Numerical results and comparison with the S&P500	58
3.4	Multifractal analysis	63
3.5	Discussion and conclusion	66

4	Scale-free networks in complex systems	69
4.1	Introduction: empirical evidence for scale-free networks in Nature	70
4.2	The Barabási-Albert model	71
4.3	Spin-glass behaviour of the antiferromagnetic Ising model on a scale-free network	72
4.3.1	Model and algorithm: the replica exchange method . . .	74
4.3.2	Spatial correlations and specific heat	78
4.3.3	Observing spin glass behaviour	80
4.4	Stochastic model of opinion formation on a scale-free network .	86
4.4.1	Numerical simulations	87
4.4.2	Comparison with random networks	92
4.4.3	The influence of indecision	94
4.4.4	Agent induced indecision: the three state model	96
4.4.5	Possible application: opinion formation and the stock market	98
4.4.6	Multifractal analysis	102
4.5	Discussion and conclusion	102
5	Symbiosis in the Bak-Sneppen model for biological evolution	105
5.1	Introduction: the Bak-Sneppen model	105
5.2	Species living in symbiosis: the LIBS model	110
5.3	Numerical simulations	112
5.4	Second order neighbours in the LIBS model	113
5.5	LIBS model on complex topologies: beyond “democracy”	117
5.6	LIBS model and evolutionary economy: a possible application to evolution of firms	120
5.7	Discussion and conclusion	121
6	Conclusion	123
A	List of publications	127
	Bibliography	129