

NEWSLETTER

Nr. 8

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VORANKÜNDIGUNGEN

Weitergehende Informationen finden Sie unter:
<http://sfb649.wiwi.hu-berlin.de/fedc/events.jsp>

21.-25.08.2006 Summer School Empirical Accounting ResearchFaculty:

Hollis Ashbaugh-Skaife (University of Wisconsin – Madison)
 Ryan LaFond (Massachusetts Institute of Technology)
 Erik Peek (University of Maastricht)
 William Rees (University of Amsterdam)
 Joachim Gassen (Humboldt Universität zu Berlin)

"The Summer School's objective is to bring together internationally-oriented, high potential PhD students working in the area of empirical accounting research to develop their research program and skills. Summer School faculty will work closely with the PhD students before and during the one-week event, thus providing guidance and expertise to the students. In addition, the Summer School provides an excellent setting for students to begin, or extend, their network of professional colleagues interested in and conducting empirical accounting research."

Kontakt: Prof. Dr. Gassen (gassen [at] wiwi.hu-berlin.de)

23.-25.08.2006 Workshop on Data and Information Visualization 2006 - A satellite Meeting of Compstat 2006

- 23.08.: Spandauer Straße 1, Room 203, 9am – 5pm:
 Preceding the Compstat 2006 Satellite Workshop on Data and Information Visualization 2006, **Prof. Jerry Friedman, Ph.D.** (Stanford University) will conduct the one-day interactive workshop "**Predictive Data Mining and Decision Trees: A Tutorial**" including applications in business and research. Questions to be discussed are: What is data mining?, Patterns in Data, Statistics in data mining, Predictive data mining, Regression Trees, Classification Trees, Bagged trees/Random Forests, Boosted trees/MART, Rule based ensembles/RuleFit.
- 24.08.: Spandauer Straße 1, Chapel, 9–9.30 am: Welcome Reception;
 Room125, 9.30am – 6pm: Invited Sessions 1, 3, 5, 7, 9;
 Room203, 9.30am – 6pm: Invited Sessions 2, 4, 6, 8, 10.
 Evening: Conference Dinner on MS Philippa.
- 25.08.: Room125, 9am – 2.30pm: Invited Sessions 11, 13, 15;
 Room125, 9am – 2.30pm: Invited Sessions 12, 14, 16.
 Afternoon: Farewell.

Kontakt:

Uwe Ziegenhagen (ziegenhagen [at] wiwi.hu-berlin.de)

VERANSTALTUNGSRÜCKBLICK

27.06.-03.07.06



David Autor

Am 27.06. und 28.06. sowie am 03.07.2006 hielt **Prof. David Autor, Ph.D.**, vom Massachusetts Institute of Technology auf Einladung von Prof. Burda (TP C7) eine Vorlesungsreihe im Rahmen der Schumpeter Lecture Series 2006. Die Themen der Vorlesungen waren "The Growth of Earnings Inequality in Advanced Countries: Facts, Models and Hypotheses", "Computerization, Globalization and the Polarization of Work" und "The Nexus Linking Technological Change, Immigration and Trade".

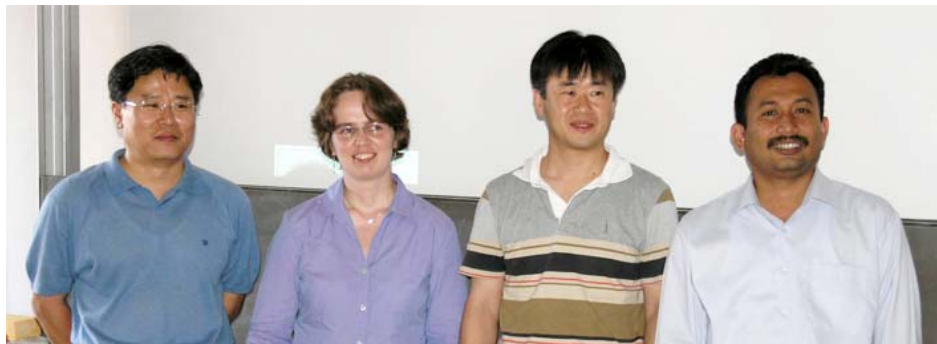
03.07.-05.07.06



Nicholas Crafts

Vom 03.07. bis zum 05.07.2006 war **Prof. Nicholas Crafts, Ph.D.**, von der University of Warwick Gastredner einer weiteren Schumpeter Lecture Series in diesem Jahr. Auf Einladung von Prof. Ritschl (TP C5) sprach Prof. Crafts in drei Vorlesungen über "Steam as a General Purpose Technology", "The First Industrial Revolution: A Puzzle for Growth Economists" sowie zum Thema "Is Social Savings a Good Measure of British Railways' Growth Contribution?"

05.07.2006



Byeong Park, Ingrid van Keilegom, Yoshihiko Nishiyama, and Hizir Sofyan

Organisiert von Prof. Härdle und Zdeněk Hlávka, Ph.D. (beide TP B1), sowie Prof. Spokoiny (TP B5) fand am 05.07.2006 ein Workshop zum Thema "Semiparametric Methods" statt. Dort sprachen **Prof. Ingrid van Keilegom** (Université Catholique de Louvain, Frankreich) über "Estimation of a semiparametric transformation model", **Prof. Yoshihiko Nishiyama** (Kyoto University, Japan) zum Thema "A puzzling phenomenon in semiparametric estimation problems with infinite-dimensional nuisance parameters", **Prof. Byeong Park** (Seoul National University, Korea) über "Semiparametric efficient estimation of dynamic panel data model", sowie **Dr. Hizir Sofyan** (University of Syiah Kuala, Indonesien) zum Thema "Post tsunami assessment of land use change using satellite image".

PREISVERLEIHUNG

Samad Sarferaz und **Martin Uebele**, beide aus dem Teilprojekt C5, erhielten Anfang April den "New Researcher Prize" in der Kategorie Business der Economic History Society für ihr Paper "Tracking down Germany's pre - World War I business cycle: A dynamic factor model for 1820-1913". Die Preisverleihung fand anlässlich der Economic History Society Annual Conference an der University of Reading, GB, statt.

NACHRICHTEN

Astrid Matthey (TP A6) besuchte vom 05.07. bis zum 08.07.2006 die SABE/IAREP Jahrestagung in Paris und stellte dort ihre Arbeit zum Thema "Getting Used to Expectations" vor.

Lydia Mechtenberg (TP A6) nahm vom 09.07. bis zum 13.07.2006 an einer Summer School anlässlich der European Science Days in Steyr, Österreich, teil.

Szymon Borak (TP B1) hielt am 07.07.2006 im Rahmen des Workshops "Risk Management: Theory and Applications" an der Universität Mannheim zwei Vorträge über "Copulae" und "GHICA".

Wolfgang Härdle (TP B1) veranstaltete am 07.07.2006 den Workshop "Risk Management: Theory and Applications" an der Universität Mannheim und hielt zwei Vorträge zum Thema "Extremes/Joint Extremes".

Prof. Härdle ist Mitglied des Internationalen Programmkomitees der "3. IASTED International Conference on Financial Engineering and Applications (FEA 2006)", die vom 09.10. bis zum 11.10.2006 an der Sloan School of Management am MIT in Cambridge, USA, stattfinden wird.

In der vorlesungsfreien Zeit wird eine Studentin der Universität Konstanz das Teilprojekt B1 unterstützen.

Harald Uhlig (TP C1) ist seit Juli 2006 Co-Editor der "Econometrica".

Mathias Trabandt (TP C1) nahm vom 06.07. bis zum 08.07.2006 am Jahrestreffen der Society for Economic Dynamics in Vancouver teil und hielt einen Vortrag zum Thema "Optimal Pre-Announced Tax Reforms under Valuable and Productive Government Spending". Dieses Paper stellte er außerdem auf dem 2nd German Workshop in Macroeconomics (14. bis 15.07.2006) in Frankfurt am Main vor.

Ralf Brüggemann (TP C2) hielt am 25.07.2006 im Joint Lunchtime Seminar, das gemeinsam von der EZB, der Bundesbank und dem Center for Financial Studies in Frankfurt organisiert wird, einen Vortrag zum Thema "Forecasting Euro Area Variables with German Pre-EMU Data".

GÄSTE DES SFB

Eine Übersicht finden Sie ebenfalls unter:
<http://sfb649.wiwi.hu-berlin.de/fedc/guests.jsp>

Folgende Gastwissenschaftler forschen momentan am SFB 649:

Bis 04.08.2006 **Christina Gathmann, Ph.D.**
 (Stanford University)
 Projekt: "The Dynamics of Local Labor Markets: Evidence from German Unification"
 E-Mail: cgathman [at] stanford.edu
 Ziegelstr. 13a, R. 601, Tel.: 2093-1462

Bis 17.08.2006 **Michal Pešta**
 (Karls-Universität Prag)
 Projekt: "Isotonic Regression in Sobolev Spaces"
 E-Mail: michal.pesta [at] matfyz.cz
 Ziegelstr. 13a, R. 602, Tel.: 2093-1466

Bis 31.08.2006 **Shiyi Chen, Ph.D.**
 (Fudan University Shanghai, China)
 Projekt: "Predicting German companies' financial default based on Support Vector Machine"
 E-Mail: shiyichen [at] fudan.edu.cn
 Ziegelstr. 13a, R. 607, Tel.: 2093-1455

Folgende Gastwissenschaftler werden ab August am SFB 649 forschen:

07.08.-16.08.06 **Dipl.-Vw. Peter N. Posch**
 (Universität Ulm)
 Forschungsschwerpunkte: Kreditrisiko
 (Ratings, Portfoliomodelle), Empirische
 Finanzmarktforschung (IPOs), Asset
 Management, private Altersvorsorge
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Projekt: **An anatomy of rating agencies' forward-looking ability**
 (together with Gunter Löffler, University of Ulm)

"Credit ratings are meant to be forward-looking over a horizon of several years. Recent studies indicate that agency ratings actually have a long-term predictive quality that is not contained in measures of short-term default risk. Thus far, however, there has been no attempt to examine the agencies' forward-looking ability in detail. We do not know whether the predictive ability differs across determinants of default risk, across firms, or across time, and we do not know how far agencies can look into the future.

In this research project, we will empirically study Moody's ratings of corporate bond issuers to find answers to these questions. The main conclusions that the research will offer can be summarized as follows:

- In which forecasting dimension are rating agencies strong, in which less so?
 In answering this question, we will differentiate forecasting ability according

to: - determinants of default risk (profitability, leverage, cash flows, business risk...)
 - forecasts of changes in relevant variables versus forecasts of their volatility

- Does forecasting ability differ across industry, size, and other firm characteristics?
- How long is the effective forecasting horizon of the rating agency?
- Do agencies weigh different pieces of information according to their relevance for default prediction?
- What explains the fact that the default prediction power of ratings increases with the forecast horizon? "

Gastwissenschaftler des SFB 649 Guest Researcher Program 2006:

06.08.-18.08.06 **PD Dr. Matthias Fischer**

(Universität Erlangen-Nürnberg)

Forschungsschwerpunkte: Finanzmarktstatistik; Bewertung von Finanzderivaten; Verteilungen der explorativen Datenanalyse; hochparametrisierte Verteilungen; uni- und multivariate Stylized Facts von Finanzmarktdaten; Modelle für die Zeitabhängigkeiten von Renditen; Konstruktion multivariater Verteilungen mittels Copulae

E-Mail: Matthias.Fischer [at] wiso.uni-erlangen.de
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Projekt: **Testverfahren auf Konstanz von Korrelationen bei Finanzmarktdaten – Eine empirische Untersuchung**

"Alle bisherigen Testverfahren auf konstante (unbedingte) Korrelationen (z.B. Box, 1949 und Jennrich, 1970 und Goetzmann et al., 2005) beruhen im Wesentlichen auf der Annahme (im Zeitverlauf) stückweise konstanter Korrelationen. Im Mittelpunkt des Forschungsprojekts steht ein Testverfahren, das den Zeitverlauf der Korrelationen durch spezielle trigonometrische Funktionen modelliert. Ziel ist u. a. die Anwendung des Testverfahrens auf unterschiedliche Finanzmarktzeitreihen sowie ein Vergleich der Ergebnisse mit den o. g. traditionellen Testverfahren.

Literatur: Box, G. E. P. (1949). A General Distribution Theory for a Class of Likelihood Criteria, *Biometrika*, 36(3/4):317-346.

Goetzmann, W. N., Li, L., Rouwenhorst, K. G. (2005). Long-Term Global Market Correlations, *Journal of Business*, 78(1):1-38.

Jennrich, R. I. (1970). An asymptotic chi-square test for the equality of two correlation matrices, *JASA*, 65:904-912."

07.08.-16.08.06 **Prof. Dr. Gunter Löffler**

(Universität Ulm)

Forschungsschwerpunkte: Kreditrisiko (Ratings, Portfoliomodelle), Empirische Finanzmarktforschung (IPOs), Asset Management, private Altersvorsorge
 Ziegelstr. 13a, R. 601, Tel.: 2093-1462



Projekt: **An anatomy of rating agencies' forward-looking ability** (together with Peter Posch, University of Ulm), siehe oben

07.08.-18.08.06 **Dr. Wing Lon Ng**
(Universität Münster)

Forschungsschwerpunkte: Financial
Econometrics, Ultra-high Frequency Data, Limit
Order Books & Market Microstructure

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Projekt: **Duration Analysis of Eurex Tick Data**

"Recent literature on financial econometrics has shown a growing interest in the empirical market microstructure research, due to the increased availability of ultra-high frequency transaction data. These time stamped tick data are mainly characterized by inequidistant time intervals between two consecutive observations. Since the time variable is now considered as stochastic, and not 'fixed' as in the ordinary ('equally spaced') time series analysis, the study of tick data always requires alternative appropriate econometric models to account for the irregular spacing in time.

It is well-known that the state of the order book as well as the speed of the order arrival have a significant influence on the decision when to submit orders and, thus, affect the subsequent order placement strategy of future traders. Because durations between transactions reflect the intensity of trading and different degrees of the asset's liquidity, they become important indicators explaining the flow of information and the time-varying liquidity risk in financial markets. Hence, this project investigates the (asymmetric) trading behavior of market participants and the market efficiency of the Deutsche Börse option series and futures contracts by analyzing the frequency of data arrivals. For modeling the duration processes of the EUREX tick data, two different methodologies will be applied: While the class of common ACD models is characterized by strict parameterizations and autoregressive specifications, the semiparametric copula approach offers more flexibility in modeling the dynamic duration process by separating the marginal distributions of waiting times from their temporal dependence structure."

21.08.-24.08.06 **Dipl.-Kffr. Ruth-Caroline Zimmermann**
(Universität Osnabrück)

Forschungsschwerpunkte: Bilanzpolitik,
Wirtschaftsprüferunabhängigkeit

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osnabrueck.de
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Projekt: **Earnings management under the aspect of auditors' independence – An empirical study for Germany**

"Consequence of the new law on disclosure ('Bilanzrechtsreformgesetz') is the duty that German listed corporations have to publish auditors' fees divided into four categories for the first time in 2005. Reasons therefore were many accounting frauds, which have concussed the reputation of auditors (e.g. Enron, Worldcom, Comroad or Parmalat). They ended in US-American, European and German regulations to increase auditors' independence. This empirical study will analyze whether auditors' fees are a significant indicator for auditors' independence and whether it is correlated with earnings management.

In my doctoral research the disclosed total fees will be used in a first model to find out which factors determine them. The question analyzed is (a) whether an

auditor asks for higher total fees, if there is a high leverage or the company is in financial difficulties. More debt means more risk and in the case of bankruptcy, deficiencies in auditing could be detected, end in a lawsuit against the auditing company or even in a loss of auditors' reputation. In this case the auditor demands higher total fees to compensate his risk. Additionally, I suppose that (b) the longer the contract between the company and the auditor / audit company will last (time of external rotation), the higher the total fees. (c) I also assume that audit companies with no or only low competition will ask for higher fees because they are more powerful compared to their rivals.

But the focus of this study is on a second empirical model, analyzing a correlation between the amount of non-audit fees and earnings management. The allegation thereby is that auditors who are not independent demand high non-audit fees as a risk premium and consequently do not detect discretionary "window dressing" or earnings management. I assume that high non-audit fees indicate low auditor independence. The discretionary accruals will be used as a scale for earnings management (for reducing, increasing or smoothing the income) and for the earnings quality."

28.08.-08.09.06 **Dipl.-Kffr. Alexandra Niessen**
(Universität zu Köln)
Mail: niessen [at] wiso.uni-koeln.de
Ziegelstr. 13a, R. 607, Tel.: 2093-1455



Projekt: **Media Coverage and Macroeconomic Announcement Effects**

"The paper examines how the news media impacts information processing of macro economic announcements in the german bund-futures market.

Recent research suggests, that german bund-futures returns significantly respond to the release of macroeconomic news (see for example Ahn, Cai and Cheung (2002)). We argue that the strength of the price reaction should depend on the attention the market pays to the release of the announcement. A central idea of this paper is that this attention could be measured by media coverage. If the media coverage on the actual economic situation or the indicator itself is high, attention should be high. There are two different ways of how media coverage can influence announcement effects.

First, the news media can influence the market price reaction to the release of macro announcements by changing market participants' prior information set. Second, the media can have an additional impact for those indicators which are derived based on a survey (e.g. sentiment indicators), since the media can influence survey participants responses. In this case, the announcement effect of survey based indicators should be stronger than that of other indicators, because there are two channels that are influenced by the news media, the survey participants and the market who reacts to the announcement.

We derive the following main hypotheses:

1. A high media coverage leads to a greater awareness of market participants regarding the release of macroeconomic announcements.
2. Survey based announcements should have a stronger market impact in times of high media coverage, because the announcement itself as well as market participants are influenced by the media."

NEUE DISCUSSION PAPER

Die Discussion Paper des SFB 649 finden Sie unter:
http://sfb649.wiwi.hu-berlin.de/fedc/discussionPapers_de.php

- 2006-051** **Denis Belomestny, Grigori N. Milstein, Vladimir Spokoiny**
"Regression methods in pricing American and Bermudan options using consumption processes"
- 2006-052** **Kai Detlefsen, Wolfgang Härdle**
"Forecasting the Term Structure of Variance Swaps"
- 2006-053** **Bruno Deffains, Dominique Demougin**
"Governance: Who Controls Matters"

PUBLIKATIONEN

Die Publikationen des SFB 649 finden Sie unter:
http://sfb649.wiwi.hu-berlin.de/fedc/publications_de.php

- Brüggemann, R. (2006),**
Sources of German unemployment: A structural vector error correction analysis, *Empirical Economics*, 31(2), 409 - 431.

SFB - MITARBEITER

An dieser Stelle möchte der Sonderforschungsbereiches 649 "Ökonomisches Risiko" Herrn Holger Gerhardt aus dem Teilprojekt C1 "Makroökonomische Risiken: Faktoren, Kapitalmärkte und wirtschaftspolitische Konsequenzen" von Prof. Harald Uhlig, Ph.D., vorstellen.



Holger Gerhardt, TP C1

Holger Gerhardt studierte von Oktober 1999 bis Dezember 2004 Volkswirtschaftslehre an der Humboldt-Universität zu Berlin und engagierte sich in dieser Zeit für das Humboldt-Forum Wirtschaft. Seine Diplomarbeit über "Reference-Dependent Consumer Preferences and Price Setting" wurde von der Wirtschaftswissenschaftlichen Gesellschaft an der Humboldt-Universität zu Berlin e.V. mit dem Preis für die beste VWL-Diplomarbeit des Semesters ausgezeichnet.

Seit April 2005 ist Holger Gerhardt Doktorand am Lehrstuhl von Prof. Uhlig und wissenschaftlicher Mitarbeiter am SFB 649. Sein Forschungsinteresse gilt den Gebieten Geldpolitik und

Attention Allocation sowie neuroökonomischen Modellen der Entscheidungstheorie. Im Wintersemester 2005/2006 gab Holger Gerhardt ein Seminar zum Thema "Bounded Rationality and Macroeconomics", im laufenden Semester hält er die Übungsveranstaltungen zur Vorlesung "Konjunktur- und Wachstumspolitik/ Angewandte Makroökonomie" von Prof. Uhlig.

SPRUCH DES MONATS

"Klug fragen ist die halbe Weisheit."

Sir Francis Bacon
(1561-1626)

Wir möchten darauf hinweisen, dass die Newsletter auf der Homepage des SFB 649 veröffentlicht werden.

Der SFB 649 – Newsletter erscheint zu Beginn eines jeden Monats.
Redaktionsschluss für den 9. Newsletter 2006 ist der 31. August 2006.