



NEWSLETTER

No. 8

01. August 2008

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Humboldt-Universität zu Berlin
Collaborative Research Center 649
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CURRENT EVENTS

More information can be found here:

http://sfb649.wiwi.hu-berlin.de/fedc/events_en.php

09-10 September 2008 Evaluation of the CRC 649 "Economic Risk"

Location: Humboldt-Universität zu Berlin,
Wirtschaftswissenschaftliche Fakultät

NEWS OF THE CRC

Prof. Dr. Frank Heinemann gave his inaugural lecture, entitled "The Contribution of Experimental Economics to the Analysis of Financial Crises" at the Technische Universität Berlin on 11 July. Prof. Heinemann has held the chair of Economic Theory / Macroeconomics at the Berlin Institute of Technology since the summer semester of 2006 and is the head of project C10 "Macroeconomic Consequences of Strategic Uncertainty" within the Collaborative Research Center 649.

His inaugural lecture focused on the impact of information, strategic complementarities, and strategic uncertainty on the nascence and evolution of financial crises. Prof. Heinemann drew attention to various models of these phenomena and to the developments that have been made thus far in testing these models experimentally.

As a leading expert in the field of incomplete information games and global games, Prof. Heinemann emphasized the efforts he and his collaborators have made in gathering experimental evidence for the predictive power of the global game selection device.



Frank Heinemann (C10)

Field Work in Cairo Spring 2008

People in developing countries face all kinds of uncertainties in their daily lives. To deal with their insecure situation, they heavily rely on social relationships and informal networks. In a joint project, Christine Binzel (DIW Berlin) and Dietmar Fehr (TP A6) conducted a field experiment to investigate the cost and benefits of social relationships and their role in mitigating information asymmetries.



The field experiment was carried out in May 2008 in Manshiet Nasser, which is one of the oldest and most densely populated informal housing areas in Cairo with approximately 800,000 residents in an area of 7.5 square kilometers.

Manshiet Nasser is a squatter settlement built on government-owned desert land to the East of Central Cairo situated at the foot of the Mokattam plateau. It is difficult to access and it lacks basic public services like schools, health facilities or sewage and waste disposal. The living conditions in Manshiet Nasser emphasize the importance of

social relationships and solidarity among residents in order to obtain necessary goods and services. Thus, it provides a well-suited environment for the study.



Assistance (GTZ) in Cairo, particular by its staff in Manshiet Nasser.

In total, 144 slum dwellers (76 women and 68 men aged 18 to 64) from the various districts of Manshiet Nasser were recruited to participate in the experiment. The CRC 649 and DIW Berlin provided funding for the project. The implementation was supported by the "Participatory Development Program in Urban Areas" of the German Agency for Technical

NEWS OF THE PROJECTS

Julia Schmid (A6) participated in the CESifo Venice Summer Institute 2008 on "Advances in the Theory of Contests and its Applications" from 14 to 19 July, where she presented her work "Distributing Two Prizes in the All-Pay Auction" (joint with Dietmar Fehr).

Wolfgang Härdle, Barbara Choros, Brenda Lopez Cabrera, Alena Mysickova, Steffen Dähne, Song Song and Uwe Ziegenhagen (B1) participated in International Symposium on Business and Industrial Statistics in Prague from 1 to 4 July.

Wolfgang Härdle gave a one day workshop on "Risk Management Theory and Applications: Extremes, Joint extremes, Copulae".

Uwe Ziegenhagen organized a session on e-Learning and gave a talk on "Modern e-Learning Techniques in Statistics".

Wolfgang Härdle (B1) participated in the 5th World Congress of the Bachelier Finance Society in London from 15 July to 19 July and held a mini-symposium on financial econometrics (Morgen Stanley Plenary Session at the Royal Geographical Society).

He gave a presentation on Weather Derivatives co-authored by Brenda Lopez-Cabrera.

Alena Mysickova (B1) attended a "Basic Gene Mapping Course" in the Max Delbrück Center for Molecular Medicine in Berlin-Buch with instructors Suzanne Leal (Baylor College of Medicine) and Michael Nothnagel (Kiel University & Max Delbrück Center). The participation was financially supported by the "women's advancement" of the Humboldt-Universität zu Berlin.

Szymon Borak (B1) defended his PhD thesis on "Dynamic Semiparametric Factor Models" on 9 July. The thesis is an effect of his long relation to the CRC 649 and project B1 which is highly acknowledged by the author.

Ostap Okhrin (B1) gave a talk about "Hierarchical Archimedean Copulae in Time Dependence" at the Seminar "Finanz- und Versicherungsmathematik" of the LMU and TU in Munich on 3 July.

Nikolaus Hautsch (B8) was invited by the Deutsche Bundesbank in Frankfurt a.M. on 27 June 2008 to give a lecture about "Yield Curve Factors, Factor Volatilities, and the Predictability of Bond Excess Returns". He also gave a talk about this topic on the International Symposium on Business and Industrial Statistics that took place in Prague from 1 to 4 July 2008.

Enzo Weber (C6) taught a summer school on "Asymmetric Information and Learning in Financial Markets: Theory and Time Series Econometrics" together with Prof. Albert Menkveld. The school was held from 26 July until 2 August at Bronnbach Monastery and organized by SFB/TR 15 "Governance and the Efficiency of Economic Systems" and the Graduate School of Economic and Social Sciences, University of Mannheim.

Andreas Thams (C6) and Jörn Block (TU München) won the FBN Best Family Business Research Paper (Policy) Award for "Long-term Orientation in Family Firms: A Bayesian Analysis of R&D Spending". They also received the Best Paper Award of the Academy of Management Annual Meeting, Entrepreneurship Division.

Runli Xie (C7) presented her paper "Skill Specific Unemployment with Imperfect Substitution of Skills" at the 15th Congress of the International Economic Association in Istanbul from 25 to 29 June and at the 3rd Annual Workshop on Macroeconomic Dynamics in Melbourne from 2 to 3 July.

Alexander Meyer-Gohde (C10) gave a talk about "Solving Linear Rational Expectation Models with Lagged Expectations Quickly and Easily" at the 14th International Conference on Computing in Economics and Finance in Paris from 26 to 28 June.

GUESTS OF THE CRC 649

You find a summary about all guests under:
<http://sfb649.wiwi.hu-berlin.de/fedc/guests.jsp>

Current Guests of the CRC "Economic Risk":

22.07.2008-
02.09.2008

Giuseppe Storti

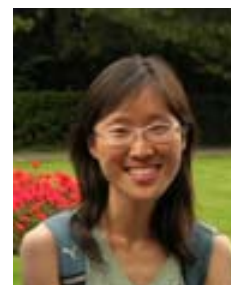
Università di Salerno
Project: Univariate and multivariate conditional
heteroskedastic time series models;
VaR estimation
Ziegelstr. 13a, room 607, phone 2093 1455



20.07.2008-
16.08.2008

Juhyun Park

Lancaster University
Interests: functional data analysis,
nonparametric regression and additive models,
time series analysis
Ziegelstr. 13a, room 601, phone 2093 1462



15.07.2008-
01.08.2008

Stefanie Brodmann

Princeton University
Project: Labour Market Integration of
Immigrants in Germany
Spandauer Str. 1, room 330



23.06.2008-
31.12.2008

Nataliya Barasinska

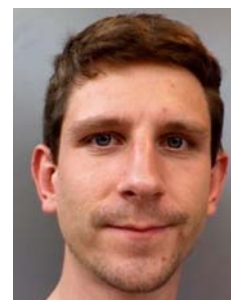
DIW Berlin
Project: Private Equity, Venture Capital and
Performance of Firms
Ziegelstraße 13a



02.06.2008-
01.09.2008

Felix Barth

Freie Universität Berlin
Project: Entwicklung von Nachhaltigen
Unternehmen auf dem Kapitalmarkt
Ziegelstr. 13a, room 601, phone 2093 1462



02.06.2008-
31.12.2008

Irina Okhrin

Europa Universität Viadrina Frankfurt/Oder
Project: Surveillance of the optimal portfolio
composition
Spandauer Str. 1, room 307, phone 2093-5602



20.05.2008-
30.09.2008

Katharina Jenderny

Freie Universität Berlin
Project: Kapitaleinkommen deutscher
Haushalte
Ziegelstr. 13a, room 601, phone 2093 1462



01.05.2008-
31.07.2008

Alexander Joel Carbonell

European Business School (EBS)
Project: Public Real Estate Investment Trusts
(REIT): IPO Underpricing & its consequences
for the G-REIT
Ziegelstr. 13a, room 601, phone 2093 1462



01.05.2008-
31.07.2008

Julian Dragendorf

Freie Universität Berlin
Project: Can Outsiders Gain Abnormal Profits
by Mimicking Corporate Insider Trades? –
Evidence from the German Stock Market
Ziegelstr. 13a, room 607, phone 2093 1455



28.04.2008-
28.07.2008

Kai Schultheis

WHU Vallendar

Project: Increased stock market volatility - a contradiction to the neoclassical model? An international comparison

Ziegelstr. 13a, room 607, phone 2093 1455



15.04.2008-
31.10.2008

Wolodimir Perederij

Europa-Universität Viadrina Frankfurt (Oder)

Project: quantitative Bilanzanalyse, insb. im Rahmen der Insolvenzprognose, insb. mittels multivariater Modelle

Ziegelstr. 13a, room 601, phone 2093 1462



25.03.2008-
30.09.2008

Margarita Kalamova

Freie Universität Berlin

Project: Sovereign risk and fiscal federalism



15.03.2008-
15.07.2008

Stefano Cascino

University of Naples Federico II

Project: Accounting Harmonization pre and post IFRS; Impact of Conservatism on Debt Markets

Spandauer Str. 1, room 113



13.12.2007-
31.12.2008

Tobias Berg

Technische Universität München

Project: Terminal Value Estimation in Residual Income Models and an Application to the Estimation of the Market Risk Premium

Ziegelstr. 13a, room 607, phone 2093 1455



16.11.2007 -
31.12.2008

Jan Philipp Weber

Freie Universität Berlin

Project: Macroeconomic determinants of real estate bubbles

Ziegelstr. 13a, room 601, phone 2093 1462



31.05.2007 -
31.12.2008

Eduardo Ortiz Tanchez
University of Oxford
Project: Effekt der Wahl des Basiswertes auf
den Preis von Wetterderivaten
Ziegelstr. 13a, room 601, phone 2093 1462



01.01.2006 -
31.12.2008

Christoph Schneider
Universität Mannheim
Project: Corporate Finance / Corporate
Governance
Phone 0621/181-1949



NEW DISCUSSION PAPERS

You find all discussion papers under:
http://sfb649.wiwi.hu-berlin.de/fedc/discussionPapers_en.php

- 2008-047** **Nikolaus Hautsch, Vahidin Jeleskovic**
"Modelling High-Frequency Volatility and Liquidity Using
Multiplicative Error Models"
- 2008-048** **Enzo Weber**
"Macro Wine in Financial Skins: The Oil-FX Interdependence"
- 2008-049** **Enzo Weber**
"Simultaneous Stochastic Volatility Transmission Across
American Equity Markets"
- 2008-050** **Szymon Borak, Rafal Weron**
"A semiparametric factor model for electricity forward"
- 2008-051** **Shiyi Chen, Kiho Jeong, Wolfgang Härdle**
"Recurrent Support Vector Regression for a Nonlinear ARMA
Model with Applications to Forecasting Financial Returns"
- 2008-052** **Wolfgang Reichmuth, Samad Sarferaz**
"Bayesian Demographic Modeling and Forecasting: An
Application to U.S. Mortality"
- 2008-053** **Nikolaus Hautsch, Yangguoyi Ou**
"Yield Curve Factors, Term Structure Volatility, and Bond Risk
Premia"

PUBLICATIONS

Jörn Hendrich Block, Andreas Thams

Long-Term Orientation in Family and Non-Family Firms: A Bayesian Analysis

George T. Solomon (Ed.), Best Paper Proceedings of the Sixty-Seventh Annual Meeting of the Academy of Management

CRC STAFF

At this point the Collaborative Research Center 649 "Economic Risk" wants to present Tijmen Daniels, staff member of the project C10 "Macroeconomic Consequences of Strategic Uncertainty" of Prof. Frank Heinemann.

Before joining project C10 Tijmen Daniels studied Economics at the Universiteit van Amsterdam. After studying a variety of subjects, including history and philosophy, he now holds a MSc degree in Logic (specialization: Logic and Mathematics) and an MA degree in Economics (specialization: International Economics). Both degrees were awarded "cum laude" - the highest distinction that can be awarded in the Netherlands. Later this year, he will defend his Ph.D. dissertation on the theory of global games, with applications to exchange rate and other financial crises, again at the Universiteit van Amsterdam. Besides financial crises and game theory, his other professional interests revolve around development economics and mathematical social science. When not on scientific duty, Tijmen likes to travel to close-by and distant places. On the interface between professional and personal interests, in the past year, he has worked for CARE Somalia, South Sudan, a non-governmental organization. He also enjoys spending time with friends, hiking, reading, photography, and music, and living in Berlin.



Tijmen Daniels (C10)

QUOTE OF THE MONTH

"If you take risks, you may still fail. But if you do not take risks, you will surely fail. The greatest risk of all is to do nothing."

Robert Goizueta
(1931-1997)

Please also note that the newsletter is published on the homepage of the CRC 649.

**The CRC 649 – Newsletter is published at the beginning of each month.
 Editorial deadline for the ninth Newsletter 2008 is 31.08.2008.**