COLLABORATIVE RESEARCH CENTER 649
"Economic Risk"

NEWSLETTER

No. 12

05. December 2008

Humboldt-Universität zu Berlin
Collaborative Research Center 649
Spandauer Str. 1
10178 Berlin – Germany

Editorial:
SFB 649 Office
Phone: +49 30 2093 5708
Fax: +49 30 2093 5617
E-Mail: sfb649@wiwi.hu-berlin.de

Office: Room 306

http://sfb649.wiwi.hu-berlin.de

CURRENT EVENTS

More information can be found here:
http://sfb649.wiwi.hu-berlin.de/fedc/events_en.php

05-06 December 2008	**Workshop on** **Sparsity in Statistical Theory and Econometrics** Location: Weierstraß-Institut für Angewandte Analysis und Stochastik Berlin (WIAS), Mohrenstr. 39 Time: Friday, 9 a.m. - 5 p.m. Saturday, 9 a.m. – 12:30 p.m. Information at: Seminar outline
10 December 2008	**Nobel Prize Lecture 2008** A public lecture of the CRC 649 to mark the Nobel Prizes for Economics 2008 Location: Spandauer Str. 1, Heilig-Geist-Kapelle Time: 5 p.m. Information at: Seminar outline

REGULAR RESEARCH SEMINARS

An overview is available at:
http://sfb649.wiwi.hu-berlin.de/fedc/seminars.jsp

ECONOMIC RISK SEMINAR

Location: Spandauer Str. 1, room 203
Time: every Monday, 2 p.m.

08 December 2008	**Gabriel Lee** (University of Regensburg) “Agency Costs, Housing Production and Business Cycles”
15 December 2008	**Daniel Bauer** (Georgia State University) “Solvency II and Nested Simulations – A Least Squares Monte Carlo”
20 December 2008	**Jim Gentle** (George Mason University) “Simulation Techniques” !!! Attention: on Saturday !!! Time: 9-12 noon

SCHUMPETER SEMINAR

Location: Spandauer Str. 1, Room 125
Time: every Tuesday, 4 p.m.

02 December 2008 — **Lukas Menkhoff**
(University of Hannover)
"Learning from post-trade identity disclosure in electronic trading"

09 December 2008 — **Christian Merkl**
(Kiel Institute for the World Economy)
"Monetary Persistence and the labor Market: A New Perspective"

16 December 2008 — **Edwin Leuven**
(ENSAE)
"Incentives versus sorting in tournaments: Evidence from a field experiment"

WIAS RESEARCH SEMINAR MATHEMATICAL STATISTICS

Location: Weierstrass Institute for Applied Analysis and Stochastics, Mohrenstraße 39, 10117 Berlin
Erhard-Schmidt-Hörsaal
Time: every Wednesday, 10 a.m.

03 December 2008 — **Maia Lesosky**
(Universität Göttingen)
"Statistical deconvolution on the Euclidean motion group"

10 December 2008 — **Markus Schicks**
(Technische Universität Braunschweig)
"Non-Parametric Low-Frequency Estimation for Multivariate Compound Poisson Processes"

Ringvorlesung WS 08/09 "Die internationale Banken-, Kredit- und Finanzkrise: Analyse, Ursachen, Lösungen"

Location: Spandauer Str.1, R. 201 or Heilig-Geist-Kapelle
Time: 6-8 p.m.

17 December 2008 — **Michael Burda**
(Humboldt-Universität zu Berlin, CRC 649 C7)
"Die Globalisierte Finanzkrise"

NEWS OF THE CRC 649

CRC 649: 2ND FUNDING PERIOD APPROVED

Following the recommendation by official evaluators in September that the CRC 649 should be given a further funding period to continue its activities, the DFG endorsed the evaluators' proposal and officially sanctioned the project for a further four years until 2012.

CRC 649 in 2008

The three main areas of activity of the CRC 649 for the new funding period will be:

A: Individual and contractual risk
B: Quantitative modelling of financial markets and risk assessment therein
C: Macroeconomic risk.
These three areas will be made up of 19 sub-projects from institutes throughout Berlin with the Humboldt-Universität as host university.
Partner institutes are Technische and Freie Universität, Max-Planck Institute, Weierstraß Institute.

Alexander von Humboldt Foundation Research Prize

The CRC 649 is proud to announce that having nominated Professor Dr. Yaacov Ritov for an Alexander von Humboldt prize, on 24 October 2008 the foundation awarded Professor Ritov with the prestigious honour. This is the 6th Humboldt-Prize initiated by Prof. Härdle.
The award includes a research stay in Berlin and a grant for his scientific work. His research interests are: Asymptotic theory of estimators for semi-parametric/non-parametric models, statistical analysis of stochastic processes, survival analysis, the detection of a change and signal processing.

Yaacov Ritov

Financial Crisis – Hope for the future by the CRC 649

Denis Belomestny (B7)

In the newspaper “Karriere Welt”, an article about Denis Belomestny’s (B7) contribution to help practicioners to get the financial crisis under control, was published on 15 November. By developing new mathematical models to improve existing models to estimate the risk of financial instruments, Denis Belomestny helps practitioners to avoid making wrong decisions by underestimating the risk of the financial instruments, which among other things caused the financial crisis.

REVIEW ABOUT CRC EVENTS

12 November 2008 Jour Fixe Fall

On 12 November the CRC 649 members met for the Jour Fixe Fall 2008.
In the beginning news about CRC 649 and FEDC were reported.
Afterwards two candidates for possible future CRC 649 projects gave a plenure lecture. Maozai Tian, who is a candidate for the German-Chinese project, presented his paper “Theories and Applications of Modern Quantile Regression”.

Lecture during the Jour Fixe

Dieter Nautz, candidate for a project in area C (Macroeconomic Risk) presented “Expectations Management of Central Banks”.
Later on three papers of CRC 649 members were presented and discussed. Dorothea Kübler and David Nils Danz (A6) presented “Noisy signals vs. Behavior of others as sources of information: A neuro-economic study”, Ulrich Horst (future A11) presented “Illiquidity and Derivative Valuation” and Thomas Post (future B9) presented “The Impact of Individual Investment Bahavior for Retirement Welfare: Evidence from the United States and Germany”.
Following, the project leaders meeting took place.

NEWS OF THE PROJECTS

Dietmar Fehr (A6) presented his paper “Trust, Altruism and Social Relationships in Informal Housing Areas: Experimental Evidence from Cairo” (joint work with Christine Binzel, DIW) at the 3rd Nordic Conference on Behavioral and Experimental Economics in Copenhagen on 14 November.

Dorothea Kübler (A6) presented the paper “Why votes have a value” at the 4th Workshop on Behavioral Public Economics in Copenhagen on 11-12 October 2008.

Taleb Ahmad (B1) defended his PhD thesis, “Design and Evaluation Statistics E-learning Systems, its Implementation in an Operating System GNU/Linux” on 26 November.

Wolfgang Härdle (B1) was invited to the Department of Mathematics at the Albert-Ludwigs-Universität in Freiburg on 14 November. There he gave a presentation on “The Implied Market Price of Weather Risk” for their regular Mathematical Colloquium.

Pooyan Amir (C1) is currently a visiting researcher at Princeton University.

Holger Gerhardt (C1/future A12) participated in the conference “Neuroeconomics: Hype or Hope?” hosted by the Erasmus Institute for Philosophy and Economics at the Erasmus University Rotterdam on 20-22 November. He presented his paper “On the necessity of neuroeconomics” (joint work with Lydia Mechtenberg, A6).

Enzo Weber (C6) was awarded the Ernst-Reuter-Prize 2008 for his dissertation “Convergence, Economic Growtrh and Financial Markets in Asia Pacific”. The Prize is awarded by the Freie Universität Berlin and endowed by the Ernst-Reuter-Society.

Janine Tellinger (Z) participated in the “USA Meets Germany – A forum for young leaders”, from 10 to 14 November. The forum was hosted by the Institute for Cultural Diplomacy and took place in Berlin.

NEWS OF THE FEDC

In his research, Prof. Wen-Jen Tsay from The Institute of Economics, Academia Sinica, Taiwan, introduces "A generalized ARFIMA process with Markov-switching fractional differencing parameter" (MS-ARFIMA). He has shared his results with the CRC 649, and two quantlets have been uploaded to QuantNet. In the first one, the user selects the initial values for the 2-state MS-ARFIMA(p,d,q) parameters and loads the data, then the parameter estimate of an MS-ARFIMA is returned. In the latter one, the user inputs the 2-state MS-ARFIMA(p,d,q) parameters, p and q and loads the data, then one path of an MS-ARFIMA is plotted.

GUESTS OF THE CRC 649

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

Current Guests of the CRC "Economic Risk":

20.11.2008-
31.01.2009

Tim Kessler
Philipps-Universität Marburg
Project: The performance effects of service diversification
Ziegelstr. 13a, room 601, phone 2093 1462

10.11.2008-
31.12.2008

Daniela Eskelson
Potsdam
Project: Mainstreaming of climate risks and opportunities in the financial sector, socially responsible investments: market volume, return and risk of socially responsible investments in comparison to the overall market
Ziegelstr. 13a, room 601, phone 2093 1462

19.08.2008-
19.04.2009

Peter Henssen
Universität Dortmund
Project: Long-Term performance of Private Equity Buyout companies in Europe/Germany
Ziegelstr. 13a, room 607, phone 2093 1455

23.06.2008-
31.12.2008

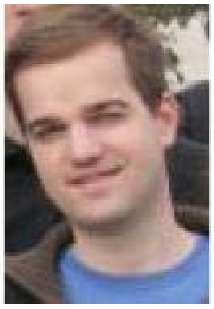
Nataliya Barasinska
DIW Berlin
Project: Private Equity, Venture Capital and Performance of Firms
Ziegelstraße 13a

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

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

2008-066 **Albrecht Ritschl, Samad Sarferaz, Martin Uebele**
"The U.S. Business Cycle, 1867-1995: Dynamic Factor Analysis vs. Reconstructed National Accounts"

2008-067 **Nikolaus Hautsch**
"Testing Multiplicative Error Models Using Conditional Moment Tests"

2008-068 **Barry Eichengreen, Albrecht Ritschl**
"Understanding West German Economic Growth in the 1950s"

QUOTE OF THE MONTH

„An optimist stays up to see the New Year in. A pessimist waits to make sure the old one leaves."

Bill Vaughan
(1915-1977)

We wish all our readers peaceful and relaxing Holidays and a successful Year 2009.

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 first Newsletter 2001 is 31.12.2008.