



# *NEWSLETTER*

**No. 4**

02 April 2009



Humboldt-Universität zu Berlin  
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## 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.

20 April 2009

**Jeremy Large**

(Oxford-Man Institute of Quantitative Finance)

"Pro-Rata Matching in One-Tick Markets"

27 April 2009

**Thierry Foucault**

(HEC School of Management Paris)

"Liquidity cycles and make-take fees in electronic markets"

### SCHUMPETER SEMINAR

Location: Spandauer Str. 1, Room 125

Time: every Tuesday, 4 p.m.

14 April 2009

**Christian Bauer**

(Universität Bayreuth)

"The Dynamics of Financial Crises and the Risk To Defend the Exchange Rate"

21 April 2009

**Alexander Wolman**

(Federal Reserve)

"Discretionary Monetary Policy in the Calvo Model"

### 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.

*The seminar details are going to be announced soon.*

## REVIEW ABOUT CRC 649 EVENTS

**19 March 2009**

**CASE-QPL Distinguished Lecture Series**

On 19 March 2009 the CASE-QPL Distinguished Lecture Series 2009 on "Recent Developments in Measuring and Modeling Financial Volatility" took place. With Torben Andersen (Northwestern University) and Tim Bollerslev (Duke University) the CRC hosted two internationally leading financial econometricians which are well recognized for their seminal contributions to the measuring and forecasting of financial market volatility.



The Heilig-Geist Kapelle before the start of the Lecture Series



Prof. Nikolaus Hautsch

Tim Bollerslev is well-known for inventing the Generalized Autoregressive Conditional Heteroscedasticity (GARCH) model which is – according to the press release of the 2003 Nobel Prize – "the model most applied today". In three lectures Andersen and Bollerslev presented newest insights into the estimation and modelling of realized volatility and implied volatility. This included cutting edge results on the relationships between both volatility concepts as well as their implications for asset pricing, volatility risk and time-varying risk aversion. The lecture series was co-organized and financially supported by the Quantitative Products Laboratory (QPL).

It served also as a satellite event for the *Humboldt-Copenhagen Conference 2009* taking place on March 20 and 21, 2009 (see below). The lectures have been well attended by an audience consisting of internal and external researchers, practitioners as well as students and took place in the Heilig-Geist Kapelle.



From left to right: Neil Shephard (Oxford), Torben Andersen (Northwestern), Joel Hasbrouck (NYU), Nikolaus Hautsch (HU Berlin), Anders Rahbek (Copenhagen), Tim Bollerslev (Duke)

**20-21 March 2009****Humboldt-Copenhagen Conference 2009 "Recent Developments in Financial Econometrics"**

From 20 – 21 March 2009, subsequently to the CASE-QPL DLS, the CRC hosted the first "Humboldt-Copenhagen Conference" on "Recent Developments in Financial Econometrics". The conference has been organized by Nicolas Hautsch in collaboration with Anders Rabbet from the University of Copenhagen. The conference was the first of a planned biennial conference series to be alternately hosted at Humboldt-Universität zu Berlin or the University of Copenhagen and aims regularly bringing together financial econometricians.



Joel Hasbrouck

With approximately 140 participants from Europe, USA and Asia it was the biggest financial econometrics conference organized this year and was one of the biggest events in this area taking place in Germany during the last decade. More than 60 high-quality papers have been presented in 15 contributed sessions and one poster session covering newest results in volatility estimation and prediction, liquidity modelling, market microstructure analysis, asset pricing, portfolio analysis as well as estimation and testing theory.

The conference highlights were the invited keynote talks by Joel Hasbrouck (Stern School of Business, New York University), a leading expert in empirical market microstructure analysis, and Neil Shephard (Oxford-Man Institute and University of Oxford), well recognized for seminal contributions in volatility modelling and high-frequency data analysis. The conference took place in the Heilig-Geist Kapelle and lecture rooms in Spandauer Str. 1 whereas the conference dinner was arranged at the restaurant "Cum Laude". The local organization was done by the members of project B8 and of the chair of econometrics.



Neil Shephard

In this context, the CRC would like to thank particularly Oliver Blaskowitz and Michael Viertel who dedicated a great deal of time and energy into the preparation of the conference and were responsible for a very smooth and professional organization. According to an overwhelmingly positive feedback from the conference participants the conference was a big success. The next "Humboldt-Copenhagen Conference" is planned for 2011 taking place at the University of Copenhagen.

## NEWS OF THE CRC

At the beginning of 2009 the Institute of Statistics and Econometrics took part in the University competition of multimedia-learning projects. We are happy to announce that both project presented by the institute were selected by the University Media Commission and received financial support.

One of the projects "Statistics with Screencasts" will introduce a new teaching tool screencasts – small movies, that combine digital recordings of a computer screen output and audio comments. These videos will demonstrate students the features of statistical software (R, Matlab, etc.) by showing how to accomplish specific tasks. The second project "Statistics in Wikipedia" will be concentrated on the further development of Wikipedia statistics learning platform.

## NEWS OF THE PROJECTS

From 2-5 March **Joachim Gassen (A7)** attended the Accounting and Finance Workshop in Edinburgh and presented his paper "Do harmonized accounting standards lead to harmonized accounting? German-Italian Evidence" (joint work with Stefano Cascino).

From 20-21 March he participated at the European Accounting Review Conference for the Special Section on "Measurement Issues in Financial Reporting" in Segovia, Spain and presented his paper "The decision-usefulness of financial accounting measurement concepts: Evidence from an online survey of professional investors and their advisors" (joint work with Kristina Schwedler).

**Roland Strausz (A8)** participated in the CESifo Area Conference on Applied Microeconomics in the CESifo Conference Center, Munich from 13-14 March 2009 and gave a talk about "Regulatory Risk in Optimal Incentive Regulation".

He also participated in the workshop "Market Power in Vertically Related Markets" in Toulouse from 16-17 March 2009 and gave a talk about "Certification and exchange in vertically concentrated markets".

Furthermore he gave a talk about "Regulatory Risk in Optimal Incentive Regulation" at the Economic theory seminar in Toulouse on 31 March 2009.

**Alexandra Spitz-Oener (A9)** visited the University of California, Los Angeles, in March and April. She gave talks at UCLA and at UC Irvine.

**Wolfgang Härdle (B1)** Visited the Department of Statistics and Applied Probability at the National University of Singapore from 16 February 2009 until 12 March 2009 and worked with Professor Yingcun Xia on a semiparametric approach to risk management.

Prof. Härdle was keynote speaker at the RMI (Risk Management Institute of the Singapore University) Research Workshop Series and gave a talk about "Dynamic Semiparametric Factor Models in Risk Neutral Density Estimation" on 6 March 2009.

**Sigbert Klinke (B1)** took up a position in the BMBF-Project "Innovativer Lehr-Lernortverbund (ILLEV) in der Hochschulforschung" at the Johannes-Gutenberg-Universität Mainz from 2-27 March 2009. Sigbert Klinke (B1) participated at the 5th Meeting of the German Society for Pedagogy (Deutsche Gesellschaft für Erziehungswissenschaft, DGfE) in the section on "Empirical Educational Research", the 72nd Meeting of the Empirical Pedagogic Research Study Group (AEPF) and a



meeting of the Commission for Organisation of Education, Planning and Law (KBBB) from 23-25 March 2009 at the University of Koblenz-Landau in Landau with a poster and a presentation entitled "Interventionsforschungsprojekt: Innovativer Lehr-Lernortverbund (ILLEV) in der akademischen Hochschulausbildung" (Also involved were, Ramona Buske, Manuel Förster, Christiane Kuhn, Daja Preußé und Olga Zlatkin-Troitschanskaia).

**Julius Mungo (B1)** defended his PhD thesis on "Modeling High Dimensional Time Series for Factors Driving Volatility Strings" on 25 March 2009. The thesis is an effect of his long relation to the CRC 649 and project B1 which is highly acknowledged by the author.

**Axel Werwatz (B3)** participated in the meeting of the econometrics group of the German Economic Association (Ökonometrischer Ausschuss des Vereins für Socialpolitik) from 5-7 March at Schloss Rauschholzhausen. He presented the paper "Renting or buying and the role of risk".

**Nikolaus Hautsch (B8)** participated in the meeting of the econometrics group of the German Economic Association (Ökonometrischer Ausschuss des Vereins für Socialpolitik) from 5-7 March at Schloss Rauschholzhausen.

**Helmut Gründl, Thomas Post and Katja Hanewald (B9)** presented their current joint and individual research projects at the Annual Meeting of Deutscher Verein für Versicherungs-wissenschaft that was held in Berlin from 4 to 5 March. Helmut Gründl and Katja Hanewald attended the 31st UK Insurance Economists' Conference at Nottingham University from 25 to 26 March. Katja Hanewald presented the paper "Stochastic Mortality, Macroeconomic Risks, and Life Insurer Solvency" which is joint work with Thomas Post and Helmut Gründl. Helmut Gründl and Thomas Post (B9) propose an innovative solution to avoid the future confidence crisis in the securitization markets in their new working paper "Transparency through Financial Claims with Fingerprints – A Free Market Mechanism for Preventing Mortgage Securitization Induced Financial Crises"

On 4 March 2009 the Berlin Office of the Rheinisch-Westfälisches Institut für Wirtschaftsforschung e.V. (RWI) Essen has arranged an "rwi-dialogue Economic policy in times of the crisis" and invited **Prof. Michael Burda (C7)** as a key speaker. In the representation of North Rhine-Westphalia in Berlin Prof. Burda spoke about "From the financial market crisis to the recession - and back? To the economic policy of the new government in the United States".

From 5-7 March 2009 Prof. Burda participated at the meeting of the committee "Econometrics" of the Verein für Socialpolitik in Rauschholzhausen and gave a lecture on "Unionization, Stochastic Dominance, and Compression of the Wage Distribution – Evidence from Germany".

As a member of the scientific advisory board at the Institut für Arbeitsmarkt- und Berufsforschung Prof. Burda has participated on the 18th meeting from 16-17 March 2009 in Nürnberg.

The University of Alicante has invited Prof. Burda to visit the Department of Economics from 19-21 March 2009. Prof. Burda gave a lecture on "Solow Residuals without Capital Stock" in the economics seminar.

The performance forum of the Verlagsgruppe Georg von Holtzbrinck GmbH has organised a panel discussion on 23 March 2009 in Berlin and invited Prof. Burda to discuss with other guests about the theme "System turn or system end? First theories from a crisis, which everything saw coming and which nevertheless all surprised".

**Frank Heinemann (C10)** participated at the Asian Pacific meeting of the Economic Science association (APESA) in Haifa from 25-29 March. He presented his paper "On Measuring agents' overreaction to public information in beauty contest games".

**Tijmen Daniëls (C10)** presented his paper "defending against speculative attacks" at the Tinbergen Institute conference on Financial Crises, in Rotterdam from 13 to 14 March 2009.

**Martin Kliem** is leaving the CRC. Starting 1 April 2009 he will be working for the Deutsche Bundesbank in Frankfurt. The Coordinators of the CRC gratefully acknowledges the work of Martin Kliem and wish him all the best for his future career.

## 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 649 "Economic Risk":

01.04.2009 -  
31.05.2009

**Mark Weder**

University of Adelaide  
Project: Labor supply and labor market institutions



20.03.2009 -  
30.09.2009

**Philipp Matros**

Freie Universität Berlin  
Project: quantitative research about the role of monetary policy in the recent house price boom  
Ziegelstr. 13a, room 607, phone 2093 1455



13.03.2009 -  
01.09.2009

**Till Strohsal**

Freie Universität Berlin  
Project: Quantitative Research about the expectation hypothesis of the term structure  
Ziegelstr. 13a, room 607, phone 2093 1455



08.03.2009-  
30.04.2009

**Lars Jul Overby**

University of Copenhagen  
Project: High-frequency data, market micro-structure, macro-finance  
Ziegelstr. 13a, room 607, phone 2093 1455



23.02.2009-  
30.06.2009

**Johann Clausen**

Universität Rostock  
Project: Die Ausfinanzierung von Pensionsrückstellungen  
Ziegelstr. 13a, room 607, phone 2093 1455



01.02.2009 -  
30.09.2009

**Sergiy Ragulin**

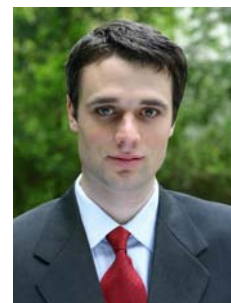
Europa-Universität Viadrina Frankfurt (Oder)  
Ziegelstr. 13a, room 601, phone 2093 1462



12.01.2009 -  
31.12.2009

**Maximilian Stadler**

Technische Universität Berlin  
Project: Shareholder Aktivismus durch Hedge Fonds  
Ziegelstr. 13a, room 601, phone 2093 1462





05.01.2009 -  
31.12.2009

**Enzo Weber**

FU Berlin  
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 -  
30.06.2009

**Nataliya Barasinska**

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



16.11.2007 -  
31.12.2009

**Jan Philipp Weber**

Freie Universität Berlin  
Project: Macroeconomic determinants of real  
estate bubbles  
Ziegelstr. 13a, room 601, phone 2093 1462



31.05.2007 -  
31.12.2009

**Eduardo Ortiz Tanchez**

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



## NEW DISCUSSION PAPERS

You find all discussion papers under:

[http://sfb649.wiwi.hu-berlin.de/fedc/discussionPapers\\_en.php](http://sfb649.wiwi.hu-berlin.de/fedc/discussionPapers_en.php)

- 2009-013**      **Barbara Choroś, Wolfgang Härdle, Ostap Okhrin**  
"CDO Pricing with Copulae"
- 2009-014**      **Ostap Okhrin, Yarema Okhrin, Wolfgang Schmid**  
"Properties of Hierarchical Archimedean Copulas"
- 2009-015**      **Katja Hanewald, Thomas Post, Helmut Gründl**  
"Stochastic Mortality, Macroeconomic Risks, and Life Insurer Solvency"
- 2009-016**      **Sebastian Braun, Michael Kvasnicka**  
"Men, Women, and the Ballot Woman Suffrage in the United States"
- 2009-017**      **Ronald Bachmann, Peggy David**  
"The Importance of Two-Sided Heterogeneity for the Cyclicity of Labour Market Dynamics"
- 2009-018**      **Helmut Gründl, Thomas Post**  
"Transparency through Financial Claims with Fingerprints – A Free Market Mechanism for Preventing Mortgage Securitization Induced Financial Crises"
- 2009-019**      **Ji Cao, Wolfgang Härdle, Julius Mungo**  
"A Joint Analysis of the KOSPI 200 Option and ODAX Option Markets Dynamics"

## PUBLICATIONS

**Gassen, J. (2009)**

*Accounting for the Financial Crisis: Die Rolle der Rechnungslegung.* DIW – Vierteljahreshefte zur Wirtschaftsforschung 78: 83-95

**Strausz. R. (2009)**

*Entrepreneurial Financing, Advice, and Agency Costs,* forthcoming in Journal of Economics & Management Strategy

**Strausz. R., Burkhardt, K. (2009)**

*Accounting Transparency and the Asset Substitution Problem,* forthcoming in The Accounting Review

**Strausz. R. (2009)**

*Planned Obsolescence as an Incentive Device for Unobservable Quality,* forthcoming in Economic Journal

## CRC STAFF

At this point the Collaborative Research Center 649 "Economic Risk" wants to present Prof. Dr. Martin Odening, principle investigator of the project C11 "Weather Risk Management in Agriculture using Weather Derivatives" and Wei Xu, staff member of the same project.

Martin Odening holds the chair for Farm Management at the Faculty of Agriculture and Horticulture, Humboldt-Universität zu Berlin. Currently, he is head of the Department of Agricultural Economics and a member of the Center for Applied Statistics and Economics (CASE). Martin studied Agricultural Science at the University of Göttingen, where he also received his PhD and his Habilitation in Agricultural Economics. Before joining Humboldt-Universität in 1994 he worked as an interim professor at the University Halle-Wittenberg. Martin Odening is a member of the Review Board in Life Science at the German Research Foundation (DFG) and he serves on the editorial board of the Agricultural Finance Review. His research activities focus on structural change, efficiency, and risk management in the agricultural sector. Within the CRC 649 he contributes the project C11 "Weather Risk Management in Agriculture using Weather Derivatives", which examines the vulnerability of the agribusiness to climate risks as well as appropriate hedging strategies. Martin's interest in weather risk may also be explained by his leisure activities: he is a passionate hang glider and holds a private pilot license.



Martin Odening (C11)



Wei Xu (C11)

Wei Xu works as a research associate at the Department of Agricultural Economics at Humboldt-Universität zu Berlin since 2004. He was born in city Lanzhou, Gansu province of PR China. He received his diploma in agriculture science in 2003 with specialization in agricultural economics and his Ph.D. in agricultural economics in 2008, both from the Humboldt-Universität zu Berlin. His doctoral work with the title "Weather Derivatives: Theory and Application in Agribusiness" has been supervised by Prof. Martin Odening. Wei Xu's research focuses on the design and pricing of weather derivatives, modelling of daily weather variables, securitization of weather damages as well as the analysis of dependence structure of multivariate time series. He is also interested in topics related to the risk management and the impact of global climate change. His work has been published in several scientific journals including leading agricultural economic journals. In his free time, he enjoys working as a member of the "Deutsch-Chinesischer Verein für Kultur und Bildung" or spending quality time with his friends. He is also interested in music and movies.

## QUOTE OF THE MONTH

*"The economic and technological triumphs of the past few years have not solved as many problems as we thought they would, and, in fact, have brought us new problems we did not foresee."*

Henry Ford  
(1863-1947)

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

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**The CRC 649 – Newsletter is published at the beginning of each month.  
Editorial deadline for the fifth Newsletter 2009 is 30.04.2009.**