



# NEWSLETTER

**No. 8**  
3 August 2010

Humboldt-Universität zu Berlin  
Collaborative Research Center 649  
Ziegelstraße 13a  
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## REVIEW ABOUT CRC 649 EVENTS

### 5 and 10 July 2010 **Mini Course on Dynamic Programming**

On 5 and 10 July 2010 Professor Willi Semmler from The New School for Social Research, New York gave a mini course on the topic of "Dynamic Programming" at the Faculty of Business and Economics. Prof. Semmler's research interests lie in macroeconomics, financial markets, public finance, industrial organization, growth, climate change, and resources. As a guest of the Ladislaus von Bortkiewicz Chair of Statistics and CRC 649 he gave a lecture on "The Use of Dynamic Programming for Asset Pricing and Dynamic Portfolio Decisions." It was integrated into the Statistics of Financial Markets course taught by Prof. Härdle, Barbara Choros-Tomczyk and Song Song. Master students as well as PhD students attending the lecture were given an overview of the theory behind solving a variety of problems in financial economics using dynamic programming as well as tutorials on its practical implementation.

### 14 – 15 July 2010 **Summer Course on Non and Semiparametric Statistics**

From 14 to 15 July 2010, Prof. Byeong Park from the Department of Statistics, Seoul National University, Korea delivered a short summer course on the topic: "Non and Semiparametric Statistics," which was organized jointly by CRC 649 and C.A.S.E at Humboldt-Universität zu Berlin. Around 20 students from various places in Germany participated. (S2)

### 20 – 23 July 2010 **Chinese Week**

The Chinese Week, one of the top-level international conferences of Humboldt-Universität zu Berlin, took place at the School of Business and Economics in Berlin in 20 – 23 July 2010. It was part of the 200th anniversary celebrations of Humboldt-Universität zu Berlin and it was attended by Chinese and German researchers, students, and alumni. Several visitors from WISE (Wang Yanan Institute for Studies in Economics) of Xiamen University had been invited to the workshop, including Zongwu Cai, Yongmiao Hong, and Linlin Niu. Other guests came from Taiwan, Hong Kong, and Singapore.

The conference lasted for three days, including a one-day general program and a two-day scientific program. The Chinese Week provided an excellent platform for high-level academic exchange on a multitude of topics. Among others, lectures were held on traders' behavior in the Chinese stock market, "A New Semiparametric Conditional Capital Asset Pricing Model with Variable Selection," "Modelling Realized Covariance by Constrained Factor Models," and General Single-index Models: the EFM Approach." In the course of the conference scientific contacts were developed, student exchange was promoted and the alumni network was strengthened.

**NEWS OF THE PROJECTS**

**Dorothea Kübler (A6)** taught at the Summer School on Signaling Theory of the European Science Days in Steyr (Austria) from 11 to 15 July 2010. Furthermore, she taught at the 4th Jena Summer Academy on Innovation and Uncertainty from 29 to 30 July 2010.

**Lydia Mechtenberg (A6)** participated in the Workshop on Political Economy in Stony Brook, New York, USA, 25 – 27 July 2010. She presented her paper "Winners and Losers of Early Elections: On the Welfare Implications of Political Blockades and Early Elections."

**Ulrich Horst (A11)** gave a presentation on "Equilibrium Pricing in Incomplete Markets under Translation Invariant Preferences" at the House of Finance in Frankfurt on 1 July 2010.

**Wolfgang Härdle (B1)** participated in the following: On 1 – 3 July, a symposium on High Frequency Data in Empirical Finance at Technische Universität Dortmund organised by SFB 823 "Statistical Modelling of Nonlinear Dynamic Processes," where he gave a presentation on "Localised Realised Volatility Modelling." On 7 – 15 July 2010, a meeting with Professor Yongmiao Hong and other colleagues at the Wang Yanan Institute for Studies in Economics (WISE), Xiamen University, China to discuss and develop the joint German–Chinese International Research Training Group (IRTG) project entitled, "High Dimensional Non Stationery Time Series." On 6 July and 27 – 28 July 2010 he attended several committee meetings as a member of a Professorial Appointment Board (Berufungskommission) for a professorship at Universität Bayreuth, upon invitation of Professor Andreas Christmann.

**Lutz Hildebrandt (B2)** has been appointed honorary professor of the University of Vienna.

Invited by the Department of Mathematics of the University of Bayreuth **Volker Krätschmer (B5)** gave a talk on 27 July 2010 titled "Nichtparametrische Schätzung verteilungsinvarianter Risikomaße."

**Nikolaus Hautsch (B8)** participated in the Symposium on High Frequency in Empirical Finance that took place in Witten from 1 to 2 July 2010 and gave a presentation on Forecasting High-Dimensional Covariance Matrices.

**Helmut Gründl (B9)** presented the project "Life Care Annuities: Trick or Treat for Insurance Companies?" (joint with Tian Zhou-Richter) at the World Risk and Insurance Economics Congress in Singapore on 27 July 2010.

**Katja Hanewald (B9)** presented the project "Stochastic Mortality, Subjective Survival Expectations, and Individual Saving Behavior" (joint with Thomas Post) at the World Risk and Insurance Economics Congress in Singapore on 28 July 2010.

**Frank Heinemann (C10)** presented his paper "The Power of Sunspots: An Experimental Study" (joint with Dietmar Fehr (A6) and Aniol Llorente-Saguer (CaITex)) at the World Meeting of the Economic Science Association, 8 – 11 July 2010 in Copenhagen.

**GUESTS OF THE CRC 649**

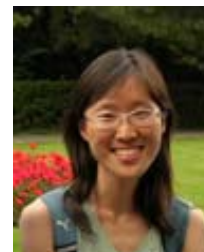
You find a summary about all guests here:  
[http://sfb649.wiwi.hu-berlin.de/fedc/guests\\_en.php](http://sfb649.wiwi.hu-berlin.de/fedc/guests_en.php)

**Current Guests of the CRC 649 "Economic Risk":**

01.08.2010 –  
08.08.2010

**Juhyun Park**

Lancaster University  
 Project: functional data analysis, nonparametric regression and additive models time series analysis  
 Ziegelstraße 13a



14.07.2010 -  
30.09.2010

**Thorben Lubnau**

European University Viadrina  
 Project: Schätzung impliziter Erwartungen aus Optionspreisen mittels eines Capital Asset Pricing Model mit lognormalverteilten Preisen.  
 Ziegelstraße 13a, room 607, phone: 2093-1455



01.07.2010 -  
31.08.2010

**Anne Schopp**

DIW – Berlin  
 Project: Compare demand & supply of investment volumes across sectors and regions. Ultimate question: what policy instruments are needed to facilitate finance needed for low carbon development?  
 Ziegelstr. 13a, room 601, phone: 2093 1462



21.06.2010 -  
31.12.2012

**Magdalena Tchikov**

FU – Berlin  
 Project: Empirical analysis of CDS pricings; Consistency to prevalent pricing models  
 Ziegelstr. 13a



21.06.2010 -  
30.11.2010

**Fabian Schmidt**

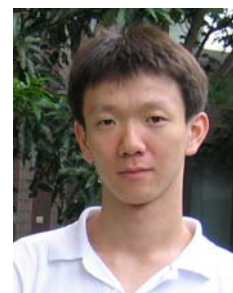
FU – Berlin  
 Project: Reflektion von Operating-Leasing-verhältnissen auf Unternehmenskennzahlen und das Unternehmensrisiko  
 Ziegelstr. 13a, room: 607, phone: 2093 1455



26.05.2010 -  
06.08.2010

**Guan-Cheng Li**

University of California, Berkeley  
Project: Huge dataset processing and statistical learning, from algorithm design to implementation  
Ziegelstr. 13a, room 504, phone 2093 5623



08.03.2010 –  
01.03.2011

**Ralf Sabiwalsky**

Freie Universität Berlin  
Project: Traditional CAPM valuation is based on the assumption of elliptically distributed asset returns and two-moment-preferences  
Ziegelstr. 13a, room 601, phone 2093 1462



15.02.2010 –  
31.12.2010

**Anastasia Kraft**

Freie Universität Berlin  
Project: Regression model based on two methods, the factor approach and the constructive capitalization  
Ziegelstr. 13a, room 601, phone 2093 1462



08.02.2010 –  
29.10.2010

**Thomas Lagner**

Technische Universität Berlin  
Project: The Influence of Credit Ratings on Corporate Strategy  
Ziegelstr. 13a, room 607, phone 2093 1455



26.10.2009 –  
29.10.2010

**Kai-Sören Schultheis**

Universität St. Gallen  
Project: Explanatory Power of Implied Correlations in Equity Markets  
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)

- 2010-034**      **Carolin Hecht, Katja Hanewald**  
"Sociodemographic, Economic, and Psychological Drivers of the Demand for Life Insurance: Evidence from the German Retirement Income Act"
- 2010-035**      **Ulrich Horst, Santiago Moreno-Bromberg**  
"Efficiency and Equilibria in Games of Optimal Derivative Design"
- 2010-036**      **Sandra Schmidt, Dieter Nautz**  
"Why Do Financial Market Experts Misperceive Future Monetary Policy Decisions?"
- 2010-037**      **Alexander L. Baranovski**  
"Dynamical systems forced by shot noise as a new paradigm in the interest rate modeling"
- 2010-038**      **Nikolaus Hautsch, Mark Podolskij**  
"Pre-Averaging Based Estimation of Quadratic Variation in the Presence of Noise and Jumps: Theory, Implementation, and Empirical Evidence"
- 2010-039**      **Song Song, Wolfgang K. Härdle, Ya'acov Ritov**  
"High Dimensional Nonstationary Time Series Modelling with Generalized Dynamic Semiparametric Factor Model"

## PUBLICATIONS

- Klinke, S., Mihoci, A., Härdle, W. (2010)**  
"Exploratory factor analysis in Mplus, R and SPSS", ICOTS-8 Conference Proceedings on CD. Session 4F: Sensible use of multivariate software.

## CRC STAFF

At this point the Collaborative Research Center 649 "Economic Risk" wants to present Jana Diels, staff member of project B2 "The Valuation of Brands and Brand Strategies."

Jana Diels pursued a Bachelor in International Management at the University of Flensburg from which she graduated in 2007. Between 2008 and 2010 she attended the Master's Program in Business Administration (M.Sc.) at Humboldt-Universität zu Berlin with majors in Marketing and International Management. Since July 2010 she is employed as research and teaching assistant at the Institute of Marketing, by Prof. Dr. Lutz Hildebrandt.



Jana Diels wrote her empirical Master Thesis on the problem of consumer reactions to out-of-stock-situations. The topic turned out to be very interesting and of high relevance for risks of the retail market. However, up to now only a small number of experimental studies exist, which is why Jana Diels is now further investigating the topic in the scope of her Ph.D. studies at the Institute of Marketing. (JD)

## QUOTE OF THE MONTH

*"Patience is the ability to idle your motor when you feel like stripping your gears."*

Barbara Johnson (1947–2009)

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 ninth Newsletter 2010 is 30.08.2010.**