



NEWSLETTER

No. 1

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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

8 - 10 January 2010

Econ Boot Camp 2010

Location: School of Business and Economics

Information: [Homepage](#)

27 January 2010

Jour fixe Winter 2010

Location: School of Business and Economics, Room 203

27 – 28 January 2010

Workshop "Weather Derivates and Risks"

Location: School of Business and Economics

The workshop "Weather Derivatives and Risk" is a joint project of C.A.S.E (Center for Applied Statistics and Economics), QPL (Quantitative Products Laboratory) of Deutsche Bank and CRC 649 (Collaborative Research Center 649: Economic Risk). The workshop's aim is to join researchers working on weather derivatives and weather-related risk as to stimulate the exchange of ideas and current achievements. This two-day workshop provides an ideal opportunity for intensive and fruitful discussions. The workshop consists of four presentations of invited speakers and ten contributed talks. Approximately half of the contributed talks will deal with the theoretical problems and the other half with the empirical applications.

More information: [Homepage](#)

29 – 30 January 2010

Distinguished Lecture Series: 200 Years of Finance and Statistics

Location: School of Business and Economics

The Humboldt-Universität zu Berlin celebrates its 200th anniversary in 2010. To mark the event C.A.S.E. and CRC 649 in cooperation with Weierstraß-Institut für Angewandte Analysis und Stochastik, Deutsche Bank QPL and WIWEX organize the Distinguished Lecture Series: 200 Years of Finance and Statistics, which will take place from 29 January to 30 January 2010 at the School of Business and Economics (Heilig-Geist Kapelle).

It is a great pleasure to have six Alexander-von-Humboldt-Foundation Research Prize Winners as invited speakers at this symposium.

Further information: [Homepage](#)

REGULAR RESEARCH SEMINARS

An overview is available at:

<http://sfb649.wiwi.hu-berlin.de/fedc/seminars.php>

ECONOMIC RISK SEMINAR

Location: Spandauer Str. 1, room 23

Time: every Monday, 2 p.m.

- 11 January 2010 **Asger Lunde**
(University of Aarhus)
"The Persistence of a Time-Series Measured with Error:
An Application with Realized Measures of Volatility"
- 01 February 2010 **Simone Manganelli**
(European Central Bank)
"Measuring Codependence between Financial Markets
using Multivariate Multi-Quantile CAViaR"

SCHUMPETER SEMINAR

Location: Spandauer Str. 1, room 22

Time: every Tuesday, 4 p.m.

- 12 January 2010 **Bettina Klaus**
(University of Lausanne)
"Matching Theory, the Allocation of Indivisible Objects,
and Allocation via Deferred-Acceptance under
Responsive Priorities"
- 19 January 2010 **Kai Christoffel**
(European Central Bank)
"The Role of Labor Markets for Euro Area Monetary
Policy"

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.

- 13 January 2010 **Jean-Yves Audibert**
(UMPC Paris)
"Risk bounds in linear regression through PAC-Bayesian
truncation"
- 20 January 2010 **Arnold Janssen**
(Heinrich-Heine Universität Düsseldorf)
"Anwendungen der Le Cam Theorie in der Finanzmathe-
matik"

REVIEW ABOUT CRC 649 EVENTS

9 December 2009

Nobel Prize Lecture 2009

On 9 December 2009 the Collaborative Research Center 649 "Economic Risk" organized the 4th public "Nobel Prize Lecture 2009: How does economy work? – the Humboldt-Universität zu Berlin explains the ideas of the Nobel laureates Elinor Ostrom and Oliver Williamson".

The event, which was supported by the Society for Economics and Management at Humboldt-Universität zu Berlin, took place in the chapel of the faculty of Business and Economics. Prof. Michael C. Burda, Ph.D. started the event by introducing the laureates Ostrom and Williamson and the lecturers Prof. Hagedorn and Prof. Kirchner.

Prof. Dr. Dr. h.c. Konrad Hagedorn, Professor for Resource Economics, presented the Nobel laureate Elinor Ostrom and her research on economic governance, especially the commons. She is the first woman to win the prize in this category. Ostrom's work emphasizes how humans interact with ecosystems to maintain long-term sustainable resource yields. She conducted her field studies on the management of pasture by locals in Africa and irrigation systems management in villages of western Nepal.



Prof. Hagedorn

After this Prof. Dr. Dr. Christian Kirchner, Professor for Institutional Economics presented the second Nobel laureate Oliver Williamson and his analysis of economic governance, especially the boundaries of the firm. He developed a theory where business firms served as structures for conflict resolution. He has argued that hierarchical organizations, such as companies, represent alternative governance structures, which differ in their approaches to resolving conflicts of interest.

Following this lecture, Prof. Kirchner, Prof. Hagedorn and Prof. Hanisch (Professor for Cooperative Sciences) had a lively sofa discussion under the direction of Prof. Martin Odening (Farm Management Group). Details and implications of Ostrom's and Williamson's theory were discussed and numerous questions of the audience answered.



Sofa discussion

The attendance of this year's lecture exceeded all expectations, since many interested guests were unable to find a seat in the chapel.

16-17 December 2009 **CRC Workshop: "Demographic Risk"**

The CRC workshop "Demographic Risk" took place on the top floor of Allianz SE Representative Office, Pariser Platz, Berlin. Both, the exceptional venue with sight on the Brandenburger Tor and the generous catering by Allianz SE provided a very pleasant environment for the 38 workshop participants from nine countries.

The workshop was jointly organized by Katja Hanewald (project B9, Chair for Insurance and Risk Management), Alena Myšicková (previously project B1, MPI for Molecular Genetics) and Wladimir Panov (project B7, WIAS).

This workshop began with a keynote speech of Dr. Volker Deville (Executive Vice President, Allianz SE) on "Strategic Challenges for the Insurance Industry". Dr. Deville shared Allianz' perspective on demographic risks and compared this risk with other risks faced by the insurance industry.



Prof. Persson and Prof. Dowd

Then, two internationally renowned researchers gave their keynote speeches. In his talk on "Statistical Aspects of Demographic Forecasting", Prof. Juha Alho (University of Joensuu, Finland) introduced key theoretical concepts. Prof. Kevin Dowd (Pensions Institute, Cass Business School, UK) gave an overview on the field of stochastic mortality modeling and presented a new approach for modeling the mortality rates of two populations ("Modelling Mortality: A Practitioner Perspective").

The workshop proceeded with 12 contributed talks that covered different aspects of demographic risk such as the stochastic modeling of demographic variables or the economic consequences of demographic uncertainty.

A very friendly, almost familiar atmosphere reigned during the workshop. Organizers and participants expressed the idea of repeating such events in the future. (KH/ AM)

Further information at:

<http://www.versicherungsjournal.de/mehr.php?Nummer=102326>

NEWS OF THE PROJECTS

Lydia Mechtenberg (A6) presented her paper "Why votes have a value" (co-authored with Ingolf Dittmann, Dorothea Kübler and Ernst Maug) in the Economic Faculty Seminar of the University of Magdeburg on 16 December 2009.

Roland Strausz (A8) gave a talk about "The political economy of regulatory risk" at the 3rd Workshop on Political Economy in Dresden from 4 to 5 December 2009. Further he gave a talk about "Regulatory risk in incentive regulation" at the University of Maastricht on 10 December 2009.

Alexandra Spitz-Oener (A9) rejected call on a W2 professorship at the Albert-Ludwigs-Universität Freiburg.

Ulrich Horst (A11) organized a workshop on "Topics on the Pricing and hedging of environmental and energy-related financial derivatives" at the Institute for Mathematical Sciences (IMS), National University of Singapore from 4 to 9 December. During this event **Santiago Moreno-Bromberg (A11)**, **Gregor Heyne (A11)** and Ulrich Horst gave presentations on "Optimal derivative design in multi-agency games", "Cross hedging with stochastic correlation" and "Backward stochastic equations and equilibrium pricing in incomplete financial markets", respectively.

In addition, Ulrich Horst delivered a special lecture on "Order books and alternative trading venues". He also gave a talk on "Equilibrium pricing in incomplete markets under translation invariant preferences" at the IMS "Workshop on Risk Measures and Robust Optimization in Finance".

Gregor Heyne presented his work on stochastic correlation also at the "Quantitative Methods in Finance Conference 2009" in Sydney.

Holger Gerhardt (A12) gave a talk on his project "How Does Prior Probability Influence Visual Perception?" (joint with Lydia Mechtenberg (A6), Guido Biele, Jörg Rieskamp (A12), and Hauke R. Heekeren (A12)) at the Berlin Brain Days 2009.

Tim Adam (A13) presented his paper "The Use of Credit Default Swaps by Fixed-Income Mutual Funds" at the FDIC Workshop in Washington, DC on 16 December 2009.

Wolfgang Härdle (B1) went to Singapore to visit the Institute for Mathematical Sciences (IMS) at the National University of Singapore and gave a talk entitled "Emissions Trading; Weather Climate and Energy Risk" in an event called "Financial Mathematics" from 4 to 9 December 2009.

Axel Werwatz (B3) presented the paper "Product policy and the East-West productivity gap" at the Freie Universität Berlin on 3 December.

Nikolaus Hautsch (B8) gave a presentation on "Price Adjustments to News with Uncertain Precision" at the University Hannover on 9 December 2009.

Prof. Hautsch participated in the 20th Conference "Real Time Econometrics" that took place in Aarhus from 18 to 19 December 2009 and gave a talk on "Modelling and Forecasting Liquidity Supply Using Semiparametric Factor Dynamics".

Fuyu Yang (B8) also attended this conference.

Thomas Post (B9) defended his habilitation thesis "Individual Welfare Gains from Deferred Life-Annuities under Stochastic Lee-Carter Mortality" at Humboldt-Universität zu Berlin. He is an Assistant Professor of Finance at Maastricht University since October 2009.

Katja Hanewald (B9) was invited for a one-week research stay at Maastricht University on 9 December 2009 to work on a joint project with Dr. Thomas Post. She presented her project "Mortality Modeling: Lee-Carter and the Macroeconomy" in the research seminar of the Department of Finance at Maastricht University.

Michael Burda (C7) rejected a call on a professorship at the Universität Wien.

Sebastian Braun (C7) defended his PhD thesis on "International Trade and Labour Markets" on 3 December 2009. Congratulations!

Frank Heinemann (C 10) gave a seminar talk on "Escaping from a Combination of Liquidity Trap and Credit Crunch" at the University of Pittsburgh on 7 December 2009.

GUESTS OF THE CRC 649

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

Current Guests of the CRC 649 "Economic Risk":

15.01.2010 -
28.01.2010

König, Daniel

LMU München

Project: Development of methods for value investing for which risk and return is strongly anti-correlated

Ziegelstr. 13a, room 607, phone 2093 1455



07.12.2009 -
01.03.2010

Bauer, Florian

FU Berlin

Project: Effective Tax Rate - an Empirical Analysis

Ziegelstr. 13a, room 601, phone 2093 1462



07.12.2009 -
01.03.2010

Dubber, Christoph

FU Berlin

Project: Effective Tax Rate - an Empirical Analysis

Ziegelstr. 13a, room 601, phone 2093 1462



15.11.2009 -
12.02.2010

Martin Schmidt

FHTW Berlin

Project: Directors' Dealings am deutschen Kapitalmarkt - Eine empirische Ereignisstudie zu Performance-Effekten von meldepflichtigen Wertpapiertransaktionen nach § 15 WpHG

Ziegelstr. 13a, room 607, phone 2093 1455



09.11.2009-
31.05.2010

Robert Mülhaupt

Universität Potsdam

Project: The impact of financial news on stock prices/FX prices Project for the German-Russian PdD seminar: What drove stock prices during the financial crisis?

Ziegelstr. 13a, room 601, phone 2093 1462



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



12.10.2009 -
30.06.2010

Maximilian Kuhn

Freie Universität Berlin

Project: Energy Markets Research, "Was treibt den Ölpreis?"

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

2009-060

Rainer Schulz, Martin Wersing, Axel Werwatz

"Renting versus Owning and the Role of Income Risk: The Case of Germany"

2009-061

Nadja Silberhorn, Lutz Hildebrandt

"Is cross-category brand loyalty determined by risk aversion?"

2009-062

Puriya Abbassi, Dieter Nautz, Christian J. Offermanns

"Interest Rate Dynamics and Monetary Policy Implementation in Switzerland"

2009-063

Axel Groß-Klußmann, Nikolaus Hautsch

"Quantifying High-Frequency Market Reactions to Real-Time News Sentiment Announcements"

2010-001

Wolfgang Karl Härdle, Elena Silyakova

"Volatility Investing with Variance Swaps"

- 2010-002** **Wolfgang Karl Härdle, Ya'acov Ritov, Song Song**
 "Partial Linear Quantile Regression and Bootstrap Confidence Bands"
- 2010-003** **Wolfgang Karl Härdle, Yarema Okhrin, Weining Wang**
 "Uniform confidence bands for pricing kernels"

PUBLICATIONS

- Kragl, J. and Schmid, J. (2009)**
The Impact of Envy on Relational Employment Contracts,
 Journal of Economic Behavior and Organization 72, p. 766-779
 DOI: 10.1016/j.jebo.2009.07.016
- Musshoff, O., Odening, M. and Xu, W. (2009)**
Management of climate risks in agriculture-will weather derivatives permeate?, Applied Economics, 1466-4283
 DOI: 10.1080/00036840802600210
- Burda, M and Boeri, T. (2009)**
Preferences for Rigid versus Individualized Wage Setting,
 Economic Journal 119 (October 2009), 1440-1463
 DOI: 10.1111/j.1468-0297.2009.02286.x
- Burda M. and Severgnini, B. (2009)**
TFP Growth in Old and New Europe, Comparative Economic Studies 51, 447-466.
 DOI: 10.1057/ces.2009.19

CRC STAFF

At this point the Collaborative Research Center 649 "Economic Risk" wants to present



Linda Hoffmann was born in Berlin. She graduated with a Bachelor of Science in Mathematics and Education at Newman University in Wichita, Kansas, USA in 2007. Afterwards, she received her Masters in Mathematics at Wichita State University. Her thesis "Multivariate Isotonic Regression and its Algorithms" deals with an imposed order on the values of the regression functions. During her studies she worked as a student teaching assistant at the Mathematics and Statistics department of WSU. Since October 2009, Linda is working as a research assistant at the Ladislaus von Bortkiewicz Chair of Statistics. Her research interest covers dynamical support vector machines. Further, she enjoys doing sports, travelling to foreign countries, and meeting friends.

Maria Osipenko was born in Nowosibirsk. She got her Diplom in 'Economics and Law' from Nowosibirsk State University. Then she continued the study in Germany and worked as student assistant at the Chairs of Statistics and Econometrics. I graduated with Diplom Degree in Economics from Humboldt-Universität in September 2009. My Diplom Thesis was 'Pricing Weather Derivatives for Munich'. Since then I started my PhD by Prof. Härdle with a working title 'Risk Premia in Weather and Energy Markets'.



QUOTE OF THE MONTH

"The statistics on sanity are that one out of every four Americans is suffering from some form of mental illness. Think of your three best friends. If they're okay, then it's you. "

Rita Mae Brown
(1944 -)

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 second Newsletter 2010 is 31.01.2010.**