



# ***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](http://sfb649.wiwi.hu-berlin.de/fedc/events_en.php)

**7 – 9 January 2010**

### **Econ Boot Camp 2011**

Location: Faculty of Business and Economics  
Spandauer Str. 1

**26 January 2011**

### **Jour fixe**

Location: Faculty of Business and Economics  
Spandauer Str. 1  
Time: 2 p.m.

**28 - 29 January 2011**

### **Distinguished Lecture Series 2011**

Location: Faculty of Business and Economics  
Spandauer Str. 1  
Heilig-Geist-Kapelle

### **The Econometrics of High Frequency Financial Data**

This interesting topic is right up-to-date, as accurate estimators of volatility become increasingly important in today's financial markets. It is therefore a great pleasure to have two specialists in this field of research, Professor Per Mykland (The University of Chicago) and Professor Olivier Scaillet (Université de Geneve), as our invited speakers.

The Distinguished Lecture Series in 2011 is organized by C.A.S.E. (Center for Applied Statistics and Economics) and CRC 649 (Collaborative Research Center 649: Economic Risk) in cooperation with WIWEX.



Professor Olivier Scaillet



Professor Per Mykland

## 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 – 4 p.m.

- |                 |   |
|-----------------|---|
| 10 January 2011 | <b>Carsten Trenkler</b><br>(Universität Mannheim)<br>"Testing for Codependence of Cointegrated Variables"                                   |
| 17 January 2011 | <b>Jörg Rochall</b><br>(European School of Management and Technology)<br>"Skin in the Game: Evidence from the Online Social Lending Market" |
| 24 January 2011 | <b>Mike Peters</b><br>(UBC Vancouver)<br>"A Folk Theorem for Competing Mechanisms"  |

### SCHUMPETER SEMINAR

Location: Spandauer Str. 1, room 23

Time: every Tuesday, 4 – 6 p.m.

- |                 |   |
|-----------------|---|
| 4 January 2011  | <b>Agnes Pintér</b><br>(Carlos III Madrid)<br>"Decentralized Matching Markets: A Laboratory Experiment"                                 |
| 11 January 2011 | <b>Stefano Gnocchi</b><br>(Universitat Autònoma de Barcelona)<br>"Labor market participation, unemployment and monetary policy"         |
| 18 January 2011 | <b>Petra Geraats</b><br>(University of Cambridge)<br>"Intertemporal Substitution and Self Control"                                      |
| 25 January 2011 | <b>Alessia Campolmi</b><br>(Hungarian Central Bank, Budapest)<br>"Fiscal calculus in a New Keynesian model with labor market frictions" |

## NEWS OF THE CRC 649

The DFG established the new Research Training Group RTG 1659 "Interdependencies in the Regulation of Markets". Coordinator is Prof. **Roland Strausz**, head of the project A8 "Regulatory Risk".

RTG 1659 "Interdependencies in the Regulation of Markets", an economics-based Research Training Group, investigates the extent to which regulatory measures, both within and between the three traditional types of market – product markets, financial markets and job markets – display interdependencies. In particular, the group aims to identify cross-market and cross-organisational feedback mechanisms. How the market can be more effectively regulated using these feedback mechanisms and interactions is a further question. The members of the RTG intend to take a holistic approach to their work.

**Wolfgang Härdle (B1)** together with Prof. Lixing Zhu (Hong Kong Baptist University) head the project "Semiparametric Quantile Regression and Variable Selection" funded by the Germany/Hong Kong Joint Research Scheme for 2 years. **Weining Wang (B10)** and **Song Song (former member of B1)** will be collaborators in this project.

**Katja Hanewald (B9)** had the opportunity to spend three months as a visiting student researcher in the Department of Demography at the University of California, Berkeley. She was invited by Professor Ronald Lee, who has developed the well-known Lee-Carter model for stochastic mortality forecasting. This model together with the data from the Human Mortality Database, which was also developed at UC Berkeley's Department of Demography, forms the basis for several of my research projects. Katja Hanewald presented her work in the department's brown bag seminar and benefited from discussions with the colleagues. Furthermore, she attended courses and seminars of other departments. (KH)

## REVIEW ABOUT CRC 649 EVENTS

8 December 2010

**Nobel Prize lecture 2010**

This year's Nobel Prize lecture entitled "Das Suchen ist der Schlüssel: Der wissenschaftliche Beitrag der Nobelpreisträger Peter Diamond, Dale Mortensen und Christopher Pissarides" ("Searching is the Key: The Scientific Contributions of the Nobel Laureates Peter Diamond, Dale Mortensen und Christopher Pissarides") was held by Prof. Michael C. Burda, Ph.D., on December 8, 2010, in the Heilig-Geist-Kapelle of the School of Business and Economics of the Humboldt-Universität zu Berlin. The event, open to the public, marked the 5th annual Nobel Prize lecture of the Collaborative Research Center 649 "Economic Risk" and was cosponsored by the Society for Economics and Management at the Humboldt-Universität zu Berlin and the Center for Applied Statistics and Economics (C.A.S.E.).



The event commenced with Prof. Dr. Dorothea Kübler's introduction of the lecturer, Prof. Burda. After introducing this year's Nobel Laureates, Profs. Diamond, Mortensen and Pissarides, Prof. Burda began with his lecture. The prize was given "...for [the laureates'] analysis of markets with search frictions," and the lecture began with several examples to demonstrate the ubiquity of search frictions: from the search for a partner, to the search for a parking spot, to the search for employment or an employee. The scientific contribution of the laureates is broadly grouped into search theory, with specific contributions having come in macroeconomic analysis and the analysis of labor markets. The three's research into markets beset with search frictions in brief: Prof. Diamond demonstrated coordination failure in search equilibrium with demand externalities, Prof. Mortensen proved that threshold strategies are optimal in a sequential search environment and Prof. Pissarides developed macroeconomic matching by implementing search theory to explain the empirical regularity behind the Beveridge curve, a negative relationship between vacancies and unemployment. Finally, Prof. Burda used the laureates' contributions to explain several recent developments in labor markets around the world and highlighted the continuity of search theory within the history of economic thought.



From left: Prof. Kübler, Dr. Meyer-Gohde, Prof. Burda

The event concluded with a spirited sofa discussion under the direction of Prof. Kübler. Many theoretical facets and empirical implications of Profs. Diamond's, Mortensen's and Pissarides's work were discussed, with questions from the audience rounding out the evening. As in previous years, the annual Nobel Prize Lecture proved quite popular with standing room only in the chapel despite the adverse weather conditions. (AMG)

## NEWS OF THE PROJECTS

**Dorothea Kübler (A6)** gave a talk at the Karlsruhe Institute of Technology (KIT) entitled "Preference for Randomization: Empirical and Experimental Evidence" on 3 December 2010.

**Julia Schmid (A6)** successfully defended her PhD-thesis "Envy, Regret, and Reciprocity in Strategic Multiple-Agent Settings" on 20 December 2010.

**Joachim Gassen (A7)** was invited to the University of Exeter to present his paper "The Contracting Role of Income Smoothing: Evidence of European Private Firms" (co-authored with Rolf Uwe Fülbier) on 3 December 2010.

**Ulrich Horst (A11)** gave a talk on "Equilibrium pricing in incomplete markets in discrete and continuous time" at the London School of Economics on 1 December 2010.

**Holger Gerhardt (A12)** presented his project "Social learning in asset markets: A peek into the herding brain" (joint with David N. Danz (A6), Guido P. Biele, Harald Uhlig, Dorothea Kübler (A6), and Hauke R. Heekeren (A12)) in the

research seminar of the Center for Economics and Neuroscience at the University of Bonn on 15 December 2010.

**Hauke R. Heekeren and Peter Mohr (A12)** presented a poster on the "Risk–Return Trade-off in Investment Decisions" at the Bonner Neuroökonomietagung from 2 to 3 December 2010.

**Peter Mohr (A12)** gave a seminar on "Markets, Games, and Strategic Behavior" at the University of Basel from September to December 2010.

**Tim Adam (A13)** gave talks on "The Use of Credit Default Swaps by U.S. Fixed-Income Mutual Funds" and "The Fallacies of Risk Management" at the University of Edinburgh on 1 December 2010.

**Wolfgang Härdle (B1)** gave a key note lecture on "Dynamic Semiparametric Factor Models" on the international conference of statistics at the Graduate Institute of Statistics at National Central University, Taiwan on 17 December 2010.

Prof. Härdle gave a talk on "Pricing Rain in China" at the Conference "Pricing Weather and Temperature" at the Centre for Complex Data Analysis of the National Central University Taiwan on 6 December 2010.

At the same conference **Brenda López Cabrera (B1)** gave a talk on "Implied Market Price of Weather Risk", **Maria Osipenko (B1)** on "Pricing Temperature around the Globe", **Mengmeng Guo (B1)** on "Expectile for Temperature Risk Drivers" and **Weining Wang (B10)** on "Local Temperature Risk".

**Barbara Choros-Tomczyk (B1)** gave a seminar on "Insight into correlation's changes over time in CDO models" at the Department of Operations Research and Financial Engineering of Princeton University on 14 December 2010.

**Linda Hoffmann (B1)** left the CRC. She starts a new position at Deloitte in 2011. The CRC 649 gratefully acknowledges the work of Linda Hoffmann and wishes her all the best for his future career.

**Nikolaus Hautsch (B8)** gave a talk on "Econometrics of Limit-Order Book Markets" at the Conference "Market Microstructure - Confronting Many Viewpoints" in Paris on 7 December 2010.

**Katja Hanewald (B9)** left Humboldt-Universität zu Berlin. She starts a position as a senior research associate at the School of Actuarial Studies at the University of New South Wales in Sydney in January 2011. The CRC 649 gratefully acknowledges the work of Katja Hanewald and wishes her all the best for his future career.

**Michael C. Burda (C7)** participated as a discussant on the conference "Labor Markets after the Great Recession" from 3 to 4 December 2010 in Philadelphia.

**Till Strohsal (C14)** attended the 11th IWH-CIREQ Macroeconometric Workshop in Halle (Saale) from 8 to 9 December 2010 and presented the paper "Mean-Variance Cointegration and the Expectations Hypothesis" (joint work with Enzo Weber).



## 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":

27.12.2010 -  
28.02.2011

**Youssef Fahd**

TU Berlin

Project: Whether equity-implied volatilities provide an adequate measure of credit risk for a firm.

Ziegelstr. 13a, room 601, phone 2093 1462



20.12.2010 -  
01.02.2011

**Florentin Rahe**

Universität Ulm

Project: Which deals with option-implied information and its application for risk management

Ziegelstr. 13a, room 607, phone 2093 1455



01.12.2010 -  
31.05.2011

**Friederike Hablitzel**

Universität Bayreuth

Project: Pension accounting - Impact of a revised pension accounting model on financial statements of listed European companies.

Ziegelstr. 13a, room 607, phone 2093 1455



01.12.2010 -  
31.03.2011

**Julian Schumacher**

Freie Universität Berlin

Project: Sovereign Debt and Crisis Management in Areas of Limited Statehood: Bargaining vs. Creditor Litigation

Ziegelstr. 13a, room 601, phone 2093 1462



29.11.2010 -  
31.03.2011

**Stefanie Schmitz**

Freie Universität Berlin

Project: Differences in the implementation of auditing standards due to culture

Ziegelstr. 13a, room 601, phone 2093 1462



01.11.2010 -  
31.05.2011

**Piotr Tarka**

University of Economics, Poznan

Project: Symbolic, binominal and ordinal data in multivariate analysis context, with applications in economic and social sciences



11.10.2010 -  
31.05.2011

**Jakub Bogdan**

Berlin School of Economics and Law

Project: Credit default swaps and related instruments - applications and trading strategies

Ziegelstr. 13a, room 607, phone 2093 1455



23.08.2010 -  
28.02.2011

**Johannes Schmidt-Hieber**

Universität Göttingen

Project: high-frequency data, volatility, microstructure noise

Rudower Chaussee 25, room 1.2.17



02.07.2010 –  
30.07.2011

**Alexander Vasa**

DIW Berlin

Project: Compare demand & supply of investment volumes across sectors and regions. Ultimate question: what policy instruments needed to facilitate finance needed for low carbon development?

Ziegelstr. 13a, room 601, phone 2093 1462



21.06.2010 –  
31.12.2012

**Magdalena Tchikov**

Freie Universität Berlin

Project: Empirical analysis of CDS pricings; Consistency to prevalent pricing models

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





## NEW DISCUSSION PAPERS

You find all discussion papers here:

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

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|-----------------|---|
| <b>2010-059</b> | <b>Enno Mammen, Christoph Rothe, Melanie Schienle</b><br>"Nonparametric Regression with Nonparametrically Generated Covariates"                     |
| <b>2010-060</b> | <b>Lars Boerner, Albrecht Ritschl</b><br>"Communal Responsibility and the Coexistence of Money and Credit Under Anonymous Matching"                 |
| <b>2010-061</b> | <b>Christian Basteck, Tijmen R. Daniëls</b><br>"Every Symmetric 3 x 3 Global Game of Strategic Complementarities Is Noise Independent"              |
| <b>2010-062</b> | <b>Lars Winkelmann</b><br>"The Norges Bank's key rate projections and the news element of monetary policy: a wavelet based jump detection approach" |
| <b>2011-001</b> | <b>Wolfgang Karl Härdle, Brenda López Cabrera, Ostap Okhrin, Weining Wang</b><br>"Localising temperature risk"                                      |
| <b>2011-002</b> | <b>Shuzhuan Zheng, Lijian Yang, Wolfgang Karl Härdle</b><br>"A Confidence Corridor for Sparse Longitudinal Data Curves"                             |
| <b>2011-003</b> | <b>Lu Lin, Feng Li, Lixing Zhu, Wolfgang Karl Härdle</b><br>"Mean Volatility Regressions"   |
| <b>2011-004</b> | <b>Esra Akdeniz Duran, Mengmeng Guo, Wolfgang Karl Härdle</b><br>"A Confidence Corridor for Expectile Functions"                                    |
| <b>2011-005</b> | <b>Wolfgang Karl Härdle, Vladimir Spokoiny, Weining Wang</b><br>"Local Quantile Regression"   |

## PUBLICATIONS

- Bernd Görzig, Martin Gornig, Ramona Voshage and Axel Werwatz (2010)**  
"Eastern Germany on the brink of closing the productivity gap? Firm level evidence from manufacturing", Post-Communist Economies, Volume 22, Issue 4 December 2010, 499 – 511.  
DOI: 10.1080/14631377.2010.518459
- Jürgen Franke, Wolfgang Karl Härdle, and Christian M. Hafner (2011)**  
"Statistics of Financial Markets: An Introduction", 3rd. Ed. Springer Verlag, Heidelberg, ISBN: 978-3-642-16520-7.

**Shiyi Chen, Wolfgang Karl Härdle and Rouslan Moro (2011)**

"Modelling Default Risk with Support Vector Machines",  
Quantitative Finance, 11, 135 - 154,  
DOI: 10.1080/14697680903410015.

## CRC STAFF

At this point the Collaborative Research Center 649 "Economic Risk" wants to present Arne Brammertz staff member of project C10 "Macroeconomic Consequences of Strategic Uncertainty" and Piotr Majer, staff member of project B1 "Dynamic Semi-parametric Modeling".



Arne Brammertz studied economics at the University of Bonn and worked as a teaching assistant at the Institute for International Economic Policy. In his diploma thesis he investigated the empirical relevance of precautionary motives for saving. After graduation in 2009 he enrolled in the MSc in Economics program at Universitat Pompeu Fabra (Barcelona Graduate School of Economics). In September 2010 he joined the chair of Prof. Frank Heinemann as a research assistant. Although he is interested in various research topics he wants to focus on macroeconomic implications of networks using quantitative and experimental methods. Off the campus he enjoys sports and traveling. (AB)

Piotr Majer was born in Wroclaw, Poland. He received his Masters in Mathematics (specialization: financial and actuarial mathematics) at Wroclaw University of Technology (2010). His thesis "Pricing structured currency products" deals with the financial products traded in Poland during the crisis. Since October 2010, Piotr is working as a research assistant at the Ladislaus von Bortkiewicz Chair of Statistics. His research interest covers modeling the term Structure of interest rates. Further, he enjoys doing sports, travelling to foreign countries, and meeting friends. (PM)



## QUOTE OF THE MONTH

"After you've done a thing the same way for two years, look it over carefully. After five years, look at it with suspicion. And after ten years, throw it away and start all over."

Alfred Edward Perlman (1902-1983)

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 second Newsletter 2011 is 28.01.2011.**