



NEWSLETTER

No. 10
8 Oktober 2014

**Humboldt-Universität zu Berlin
Collaborative Research Center 649
Spandauer Straße 1
10178 Berlin – Germany**

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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, 2.00 – 4.00 p.m.

27 October 2014

Jia Chen

(University of York)
"Semiparametric GEE Analysis in Partially Linear Single-Index Models for Longitudinal Data"

SCHUMPETER SEMINAR

Location: Spandauer Str. 1, room 23
Time: every Tuesday, 4.00 – 6.00 p.m.

21 October 2014

Katrine Velleesen Løken

(Universitetet i Bergen)
"Long Term Consequences of Access to Well-child Visits"

WIAS RESEARCH SEMINAR MATHEMATICAL STATISTICS

Location: Weierstrass Institute for Applied Analysis and Stochastics,
Mohrenstraße 39, 10117 Berlin, Erhard-Schmidt-Hörsaal
Time: every Wednesday, 10.00 – 12.00 a.m.

22 October 2014

Dominik Wied

(TU Dortmund)
"Detecting Relevant Changes in Time Series Models"

29 October 2014

Degui Li

(University of York)
"Estimation of Semi-Varying Coefficient Models with Nonstationary Regressors"

CURRENT EVENTS

More information can be found here:

http://sfb649.wiwi.hu-berlin.de/fedc/events_actual.php

05 to 08 Oct. 2014

Humboldt-Aarhus-Xiamen (HAX) Workshop

Location: Faculty of Law, HU Berlin
Time: full-time

20 to 21 Oct. 2014

Hermann Otto Hirschfeld Lecture Series 2014

Location: Heilig-Geist-Kapelle, Faculty of economics, HU Berlin
Time: 20.10: 15.30 – 17.00 p.m.
and
21.10: 10.00 – 11.30 p.m.

NEWS OF THE CRC

24 to 25 Sept. 2014 **Jin-Chuan Duan Short Course**

Prof. Jin-Chuan Duan, Cycle & Carriage Professor of Finance, and former director of its Risk Management Institute in 2007-2014, at the National University of Singapore, held a short course organized by the CRC 649 and IRTG 1792. The causal analysis of the financial crisis highlighted the need for enhanced credit risk models. With a research focus on credit risk and financial volatility structures, Prof. Duan is one of the most distinguished figures in this area. Credit default research was long hampered by restrictive data access. The availability of high quality default probability data, such as from the RMI Credit Research Initiative, offers the opportunity to integrate contemporary approaches from fields such as "big data" into credit risk research.

NEWS OF THE PROJECTS

Radosveta Ivanova-Stenzel (A6) attended the annual meeting of the Verein fuer Socialpolitik in Hamburg from 7th to 10th of September and gave a talk entitled "Buy-It-Now Prices in Ebay Auctions – the field in the lab". She also participated at the BBE Workshop on the 15th of September, as well as at the 3rd Berlin IO day on the 26th of September.

Roland Strausz (A8) presented the paper "Ex post information rents in sequential screening" co-authored with Daniel Krähmer on the 16th of September at Copenhagen University.

Tim Adam (A13) is currently undertaking a research period abroad at the Institute Corporate Finance, Hong Kong (People's Republic of China), since the 1st of September due to the 12th of October.

Alex Stomper (A15) was on guest professorship at the Institute Financial Economics, Queen's University (Great Britain).

Axel Werwatz (B3) organized the 20th Young Statisticians Workshop of the German Statistical Society that took place at Leibniz Universität Hannover from the 15th of September to the 16th of September.

Alexander Ristig (B10) participated at the "Statistische Woche" hosted by the Leibniz Universität Hannover from 16th to 19th of September. He presented the joint project with Ostap Okhrin (B10), Jeffrey Sheen and Stefan Trück both from Macquarie University on "Investigating Financial Contagion with Copulae".

Michael C. Burda (C7) attended in the European House Ambrosetti Conference "Intelligence on the World, Europe, and Italy" from 4th to 6th of September in Milan and gave a talk "Growth, Employment and Competitiveness". As chairman of the Verein für Socialpolitik, he participated at the annual conference 2014 "Evidence-based Economic Policy" from 7th to 10th of September at the Helmut-Schmidt-Universität in Hamburg. On the 15th of September Michael Burda took part in a panel discussion "The East German labour market 25 years after fall of the wall – a balance sheet" of the Institute for Employment Research (IAB) in Berlin. Michael

Burda participated in the International Summer School of Economics and Management (ISSEM 2014) from 22nd of September to the 4th of October in Havana and hold courses in "Foundation of Labor Economics" on the Universidad de La Habana. He attended also in the International Conference in Economics and Management (ICEM 2014) from 3rd to 4th of October.

Frank Heinemann (C10) participated in the annual meeting of the Verein fuer Socialpolitik in Hamburg from 7th to 10th of September, and he is visiting the University of Lyon from the 16th of September to the 2nd of October. He will present his paper (joint with John Duffy) on "Central Bank reputation, Transparency and Cheap Talk as Substitutes for Commitment: Experimental Evidence" in the research seminar at GATE, Lyon, on the 22nd of September.

Ciril Bosch-Rosa (C10) participated in the ESA European Meeting conference in Prague from 3rd to 06th of September and presented his work "Cognitive Bubbles" in the local Berlin Behavioral Economics Workshop at ESMT on the 15th of September.

Martin Odening (C11) participated in the panel discussion on "Agrarforschung zwischen methodischer Exzellenz und gesellschaftlicher Wahrnehmung" at the annual conference of the GEWISOLA in Göttingen.

Zhiwei Shen (C11) has finished his Ph.D. studies with a doctoral thesis on "Challenges of index-based insurance in Agriculture" at the faculty of life sciences. Congratulations!

Franziska Schulz and Thijs Benschop (C11) visited the Mathematical Department of the University Siegen from 27th to 29th of August. Franziska Schulz gave a talk on "Forecasting generalized quantiles of electricity demand: A functional data approach" and Thijs Benschop gave a talk on "Volatility Modelling of CO2 Emission Allowance Spot Prices with Regime-Switching GARCH Models". Furthermore, a cooperation with Prof. Müller was discussed.

GUESTS OF THE CRC 649

You find a summary about all guests here:

http://sfb649.wiwi.hu-berlin.de/fedc/guests_actual.php

01.09.2014 – **Paulus, Michael**
31.01.2015 Charles University in Prague (CZ)

Project: *International trade with specific concern about gravity models and role of institutions (e.g. corruption) in international trade, fiscal policies and macroeconomics, philosophy of economics*

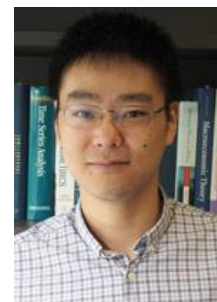
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19.09. – **Wang, Ben**
10.10.2014 Macquaire University (AU)

Project: *Business cycle, monetary policy, DSGE models and Mix-frequency state-space models*

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22.09. – **Duan, Jin Juan**
08.11.2014 National University of Singapore (SG)

Project: *Risk management, derivatives pricing and financial econometrics*

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25.09. – **Song, Peter**
08.11.2014 University of Michigan (US)

Project: *Composite Likelihood Method, Copula, Generalized Linear Models, Longitudinal Data Analysis, Missing Data, Statistical Computing, Spatial/Spatio-temporal Data Analysis, Time Series Analysis.*

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NEW DISCUSSION PAPERS

- 2014-044** "On the Timing of Climate Agreements" by Robert C. Schmidt and Roland Strausz
- 2014-045** "Optimal Sales Contracts with Withdrawal Rights" by Daniel Krämer and Roland Strausz
- 2014-046** "Ex post information rents in sequential screening" by Daniel Krämer and Roland Strausz
- 2014-047** "Similarities and Differences between U.S. and German Regulation of the Use of Derivatives and Leverage by Mutual Funds – What Can Regulators Learn from Each Other?" by Dominika Paula Gałkiewicz
- 2014-048** "That's how we roll: an experiment on rollover risk" by Ciril Bosch-Rosa
- 2014-049** "Comparing Solution Methods for DSGE Models with Labor Market Search" by Hong Lan

- 2014-050** "Volatility Modelling of CO2 Emission Allowance Spot Prices with Regime-Switching GARCH Models" by Thijs Benschopa, Brenda López Cabrera
- 2014-051** "Corporate Cash Hoarding in a Model with Liquidity Constraints" by Falk Mazelis
- 2014-052** "Designing an Index for Assessing Wind Energy Potential" by Matthias Ritter, Zhiwei Shen, Brenda López Cabrera, Martin Odening, Lars Deckert
- 2014-053** "Improved Volatility Estimation Based On Limit Order Books" by Markus Bibinger, Moritz Jirak, Markus Reiss

PUBLICATIONS

Strausz, R., Schmidt, R. (2014)

"On the Timing of Climate Agreements"
 Environmental and Resource Economics
 DOI: 10.1007/s10640-014-9828-2

QUANTILETS

In September 66 new Quantlets were uploaded (a total of 381 Quantlets in 2014). More detailed information is available [here](#).

Project: TEDAS

Portfolio selection and risk management are very actively studied topics in quantitative finance and applied statistics. They are closely related to the dependency structure of portfolio assets or risk factors. The correlation structure across assets and opposite tail movements are essential to the asset allocation problem, since they determine the level of risk in a position. Correlation alone is not informative on the distributional details of the assets. By introducing TEDAS -Tail Event Driven ASset allocation, one studies the dependence between assets at different quantiles. In a hedging exercise, TEDAS uses adaptive Lasso based quantile regression in order to determine an active set of negative non-zero coefficients. Based on these active risk factors, an adjustment for intertemporal correlation is made. Finally, the asset allocation weights are determined via a Cornish-Fisher Value-at-Risk optimization. TEDAS is studied in simulation and a practical utility-based example using hedge fund indices.

The corresponding quantlets with R and Matlab code can be found in the Project [TEDAS](#). The quantlet [TEDAS strategies](#) estimates 4 asset allocation strategies, which are described in the SFB DP 2014-032 "TEDAS-Tail Event Driven Asset Allocation". It is applied to time series of log-returns of 164 Eureka hedge funds' indices and the S&P 500, which are available on Quantnet.

QUOTE OF THE MONTH

"When it is obvious that the goals cannot be reached,
 don't adjust the goals, adjust the action steps."

Confucius (551 – 479 BC)

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 tenth Newsletter 2014 is 29.09.2014.**