

NEWSLETTER

CRC 649

Collaborative Research Center 649 „Economic Risk“

Ot

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NL 006, JUNE

Editorial:

Collaborative Research Center 649:
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"There is no rain above the clouds"

REGULAR RESEARCH SEMINARS

Economic risk seminar

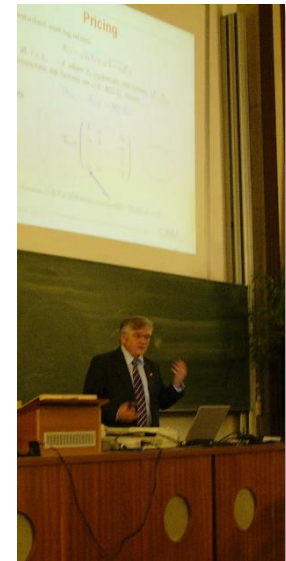
Location: Spandauer Str. 1, room 23
 Time: every Monday, 2.00 – 4.00 p.m.
 Schedule: [Website](#)

Schumpeter Seminar

Location: Spandauer Str. 1, room 23
 Time: every Tuesday, 4.00 – 6.00 p.m.
 Schedule: [Website](#)

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.
 Schedule: [Website](#)



An overview is available at:

sfb649.wiwi.hu-berlin.de/fedc/seminars.php

CURRENT EVENTS



More information can be found here:

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

04.-06. June 2015

Workshop “Structured Nonparametric Modeling”

CRC 649, IRTG 1792, WIAS, Research Unit 1735
 Please consult the [website](#) of the WIAS for further informations.

22.-23. June 2015

Workshop “Interaction between Housing and the Economy”

CRC 649, TU Berlin, University of Regensburg / IHS
 Please consult the event’s [website](#) for further informations.

NEWS OF THE CRC

1. May 2015

Redesigned webpages of regular research seminars

Please take your time and take a look at the newly designed websites of the regular research seminars (links are located above). The pages will be updated on a constant base.

5.-6. May 2015

TEDRIS-Workshop on tail event driven risk modelling hosted by the Cambridge-INET Institute at Trinity College, University of Cambridge

On 5th and 6th of May the workshop on "Tail event driven risk modeling" took place at Trinity College, University of Cambridge. The workshop was coordinated by the INET-institute of the Faculty of Economics and brought together leading experts and practitioners from financial econometrics and mathematical statistics. The list of prominent invited speakers included: Christian Brownlees, John Einmahl, Matthias Fengler, Rustam Ibragimov, Simone Manganelli, David Veredas and Qiwei Yao. Wolfgang Karl Härdle was also among the invited speakers. Moreover, the CRC 649 team was represented by a few young academics: Lining Yu, Lei Fang, Alexander Ristig and Xiu Xu.

It deserves to be mentioned that the principal organizer Oliver Linton has been selected as the 2015 laureate of the Humboldt Research Award of the Alexander von Humboldt Foundation, as it was noticed in our [Newsletter of April 2015](#). The participants exchanged their research ideas during the workshop and arranged social events. The CRC team is very grateful to the organizers of this excellent workshop.

15. June 2015

RDC Maintenance

Every third Monday of a month, from approximately 07:00 till 15:00 all RDC servers and services are not available. The actual maintenance date is 15.06.2015 → [Download to calendar](#).

NEWS OF THE PROJECTS

Dorothea Kübler (A6) attended the annual meeting of the Sozialwissenschaftlicher Ausschuss of the Verein für Socialpolitik that was held in Berlin on the 7th to 9th of May. Moreover, she was invited to give a seminar talk at the department of Economics and Business of Universitat Pompeu Fabra, Barcelona on the 18th to 19th of May, and at the GATE-Lab Lyon St. Etienne on the 12th to the 14th of May. She presented the paper "College Admissions with Entrance Exams: Centralized versus Decentralized".

Radosveta Ivanova-Stenzel (A6) held a talk on "'Buy-it-Now" or "Sell-It-Now" auctions? No effects of changing bargaining power" at the Annual Meeting of the Sozialwissenschaftlicher Ausschuss of the Verein für Socialpolitik, which took place from 7th to 9th May in Berlin.

Thomas Giebe (A6) gave his habilitation talk followed by a colloquium on the 20th of May at TU Berlin. The talk had to be given in German and was about theoretical properties of „tax receipt lotteries“, i.e., consumer incentive schemes that are used in several countries in order to fight tax evasion. Congratulations!

Roland Strausz (A8) gave a talk on "Optimal Sales Contracts with Withdrawal Rights" at Tilburg University, the 8th of April. On the 29th of May he gave a talk on "Sequential versus static screening: an equivalence result" at the Tagung des Theoretischen Ausschusses in Berlin.

Ulrich Horst (A11) visited the Center for Interdisciplinary Research (ZIF) at Bielfeld University from the 1st of March to the 31st of July. Last month, he co-organized the 5 day conference „Mathematics and Financial Economics“ at ZIF, 18th to 22nd of May. He also visited Vienna University, 6th to 8th of May, and the Institute for Pure and Applied Mathematics at UCA where he gave presentation on „Optimal Display in Limit Order Markets with Liquidity Competition“. Jointly with Steve Kou (National University of Singapore) he successfully applied for funding for their project „Mathematics of Finance and Risk Management“ through the HU-NUS strategic partnership program.

Wolfgang Härdle (B1) presented the project “TEDAS – Tail Event Driven Asset allocation” at a Workshop on Tail-Event-Driven Risk Modeling held on the 5th of May, at Trinity College, University of Cambridge.

Lining Yu (B1) gave a talk on “TENET: Tail-Event driven NETWORK risk” at Workshop on Tail-Event-Driven Risk Modeling held on the 5th of May, at Trinity College, University of Cambridge.

Lei Fang (B1) presented her current research about “Stochastic Population Analysis of Asia” at Workshop on Tail-Event-Driven Risk Modeling held on the 6th of May, at Trinity College, University of Cambridge.

Xiu Xu (B1) gave a talk on “ICARE – Localising Conditional AutoRegressive Expectiles” at Workshop on Tail-Event-Driven Risk Modeling held on the 5th of May, at Trinity College, University of Cambridge.

Alexander Ristig (B10) attended the TEDRIS-Workshop on tail event driven risk modelling hosted by the Cambridge-INET Institute, 5th to 6th of May, at Trinity College, University of Cambridge. He presented a joint project with **Ostap Okhrin (B10)**, Jeffrey Sheen and Stefan Trück both from Macquarie University on „Financial Contagion with Penalized Copula“.

Michael C. Burda (C7) held the keynote speech “The labor market fiscal nexus” on the event “Finance Ministry in Dialog: Well-functioning labour markets as stabilisers for public budgets in Europe” on 5th of May in Berlin. On the 6th of May he participated in the “Global Central Bank Conference Berlin 2015” and held a keynote speech on the topic „‘QE – Where are we now?“. He gave a talk on „Not Working at Work: Loafing, Unemployment and Labor Productivity“ at the Seminar in International Economic Policy at the Department of Economics, University of Zurich, on 7th of May. On the 19th of May the MEMS OPEN LECTURE took place at the School of Business and Economics with a lecture „Bessere Welt: Hat der Kapitalismus ausgedient?“ of Professor Giacomo Corneo (Free University Berlin). Following the lecture, Prof. Burda discussed the position of Mr. Corneo. Furthermore he participated in the second ECB Forum on Central Banking “Inflation and Unemployment in Europe”, which took place in Sintra (Portugal) from the 21st to the 23rd of May. On the 27th of May he gave a talk on “Payroll taxes, social insurance and the business cycle” on the European Commission, Directorate General, Economic and Financial Affairs, in Brussels.

Falk Mazelis (C7) participated in the 5th Search and Matching Research Group's Annual Conference in Aix-en-Provence, France, where he presented his paper "The Role of Shadow Banking in the Monetary Transmission Channel". He also participated in the 1st ESRB Annual Shadow Banking Workshop, which was held at the ECB in Frankfurt.

Frank Heinemann (C10) organized the annual meeting of the Sozialwissenschaftlicher Ausschuss des Vereins für Socialpolitik on the 7th to 9th of May, at the DIW, Berlin.

Steffen Ahrens (C10) participated in the Annual Meeting of the Sozialwissenschaftlicher Ausschuss des Vereins für Socialpolitik, which took place in Berlin from the 7th to the 9th of May.

Ciril Bosch-Rosa (C10) presented the paper "Cognitive Bubbles" at the London Experimental Workshop, which was held from the 1st to the 3rd of June.

Martin Odening (C11) was invited to give a talk "Challenges of Insuring Weather Risk in Agriculture" at the Luncheon Research Seminar, Faculty of Economics and Management, Free University of Bozen on the 14th of May.

Matthias Ritter (C11) was invited to give a talk on "Wind Energy and Land Markets" in the seminar series of Agricultural Economics at the Georg-August-Universität Göttingen on 19th of May.

Lars Winkelmann (C14) presented the joint paper with **Aleksei Netšunajev (C15)** "International Transmissions of Inflation Expectations in a Markov Switching Structural VAR Model" at the invited speak seminar of the European Central Bank on 8th May and the "8th Nordic Econometric Meeting" at the University of Helsinki from 28th to 30th of May.

Helmut Lütkepohl (C15) has visited the Banco de Portugal in Lisbon on 18 May and has given a seminar on "Testing for Identification in SVAR-GARCH Models: Reconsidering the Impact of Monetary Shocks on Exchange Rates".

AWARDS AND CALLS

Tim Adam (A13) received an appointment, Adjunct Professor, by the Hong Kong University of Science & Technology (HKUST).

Daniel Retzl (A13) received the Forschungspreis 2014 of the Wirtschaftswissenschaftlichen Fakultät with his „Refinancing, profitability, and capital structure, Journal of Financial Economics“.

Wolfgang Härdle (B1) was invited by Prof. Yongmiao Hong, Director of the Key Lab of Econometrics at the Xiamen University (Ministry of Education, MOE Key Lab of Econometrics), to be a member of the Academic Committee in named organization. The MOE Key Lab is the first and unique national key lab in econometrics in the People's Republic of China. One of the main purposes of this key lab is to promote the advanced research and applications as well as the international exchanges in econometrics in China and Asia.

Steffen Ahrens (C10) attended the Erich Schneider Memorial Lecture, which took place at Kiel University on 21 May, 2015, and received the "Erich Schneider Preis" for distinguished dissertation from the Economics faculty of Kiel University.

GUESTS OF THE CRC 649

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

**25.05.2015 -
14.06.2015**

Teo, Ernie

Singapore Management University (SG)

Project: Applied microeconomics and game theory, financial technology, cryptocurrencies, industrial organization, computational economics

E-Mail: ernieteo@smu.edu.sg



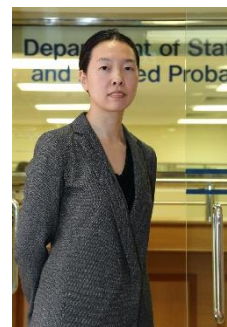
**01.06.2015 -
30.10.2015**

Chen, Ying

National University of Singapore (SG)

Project: Financial statistics and risk management; non-stationary time series analysis; high frequency data analysis; functional data analysis

E-Mail: stacheny@nus.edu.sg



29.06.2015

Schulz, Rainer

University of Aberdeen Business School (UK)

Project: Performance of Mutual Sector Funds

E-Mail: r.schulz@abdn.ac.uk



NEW DISCUSSION PAPERS

More detailed information is available [here](#).

- 2015-026** "Forecasting volatility of wind power production" by Zhiwei Shen, Matthias Ritter, May 2015.
- 2015-027** "The Information Content of Monetary Statistics for the Great Recession: Evidence from Germany" by Wenjuan Chen and Dieter Nautz, May 2015.
- 2015-028** "The Time-Varying Degree of Inflation Expectations Anchoring" by Till Strohsal, Rafi Melnick and Dieter Nautz, May 2015.
- 2015-029** "Change point and trend analyses of annual expectile curves of tropical storms" by P. Burdejova, W. K. Härdle, P. Kokoszka and Q. Xiong, May 2015.
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PUBLICATIONS

Meyer-Gohde, A. and Neuhoff, D.

Solving and estimating linearized DSGE models with VARMA shock processes and filtered data
Economics Letters
DOI: 10.1016/j.econlet.2015.05.024

Hüttel, S., Ritter, R., Esaulov, V. and Odening, M.

Is there a term structure in land lease rates?
European Review of Agricultural Economics
DOI: 10.1093/erae/jbv010

Osipenko, M., Shen, Z. and Odening, M.

Is there a demand for multi-year crop insurance?
Agricultural Finance Review
DOI: 10.1108/AFR-12-2014-0043

Ritter, M., Shen, Z., López Cabrera, B., Odening, M. and Deckert, L.

Designing an index for assessing wind energy potential
Renewable Energy
DOI: 10.1016/j.renene.2015.04.038

Härdle, W., López Cabrera, B. and Teng, H. W.

State Price Densities implied from weather derivatives
Insurance: Mathematics and Economics
DOI: 10.1016/j.insmatheco.2015.05.001

Wiebach, N. and Hildebrandt, L.

Antecedent of the Negative Attraction Effect: An Information Processing Approach
Marketing - Journal of Research and Management
DOI: 10.15358/0344-1369_2014_1_5

QUANTLETS

12 new Quantlets were uploaded in the May of 2015. More detailed information is available [here](#).

Project: Weather Risk

Weather influences our daily lives and choices and has an enormous impact on corporate revenues and earnings. Weather derivatives differ from most derivatives in that the underlying weather cannot be traded and their market is relatively illiquid. The weather derivative market is therefore incomplete.

This project implements a pricing methodology for weather derivatives that can increase the precision of measuring weather risk. They have applied continuous autoregressive models (CAR) with seasonal variation to model the temperature in Berlin and with that to get the explicit nature of non-arbitrage prices for temperature derivatives. The project infers the implied market price from Berlin cumulative monthly temperature futures that are traded at the Chicago Mercantile Exchange (CME), which is an important parameter of the associated equivalent martingale measures used to price and hedge weather future/options in the market. They propose to study the market price of risk, not only as a piecewise constant linear function, but also as a time dependent object. In all of the previous cases, they found that the market price of weather risk is different from zero and shows a seasonal structure. With the extract information the project prices other exotic options, such as cooling/heating degree day temperatures and non-standard maturity contracts.

The project [Weather Risk](#) summarizes the Matlab codes on Quantlet based on the discussion paper from Ladislaus von Bortkiewicz Chair of Statistics: [Härdle, W. K., Cabrera, B. L. \(2009\). Implied Market Price of Weather Risk](#). With the Quantlet of Weather Risk project, the main results of these papers could be replicated.

The quantlet [Pricingtemperature](#) shows how to price the CAT temperature futures.

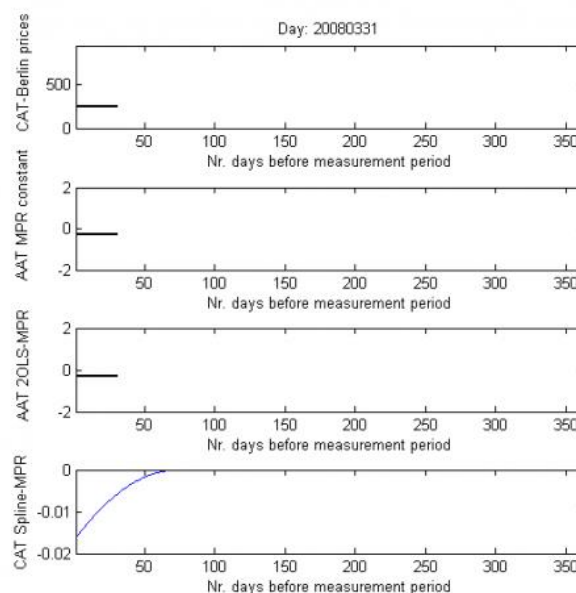


Figure 1. CAT Prices and spline MPR

QUOTE OF THE MONTH

"A leader is best when people barely know he exists,
when his work is done, his aim fulfilled, they will say: we did it ourselves."

Laozi, 老子 (571 BCE, Zhou Dynasty)

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 seventh Newsletter 2015 is 30.06.2015.