

NEWSLETTER

Collaborative Research Center 649 „Economic Risk“

Ot

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Editorial:

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"There is no rain above the clouds"

CURRENT EVENTS



More information can be found here:

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

17.-18. August 2015

Recent Advances in Mutual Fund and Hedge Fund Research

CRC 649 and SFB/TR15

Please consult the [website](#) of the event for further informations.

NEWS OF THE CRC

29. June 2015

Berlin-Princeton-Singapore Workshop

The First Berlin-Princeton-Singapore Workshop on Quantitative Finance took place at NUS (National University Singapore) from 29th of June to the 1st of July. The workshop was jointly organized by Steve Kou (NUS), Ronnie Sircar (Princeton) and Ulrich Horst (HU). For further information, please visit the [events website](#) for further informations.

2. July 2015

HU football tournament



The School of Business and Economics Faculty represented by a team largely made up of members from LvB and Ökonometrie (ISE) and under the leadership of Andrija Mihoci took part in the HU-Sommerfest football tournament on Thursday 2nd of July in the courtyard of the main building. After a shaky start the squad comprising of eight, rotating players, of which only four could be on the pitch at any one time during the 12 minutes matches, managed to finish second in their group of four, thus missing out on first place and an appearance in the final.

It was generally agreed that the tournament, which was won by an impressive team from the Kultur-, Sozial- und Bildungswissenschaftliche Fakultät was a worthwhile and enjoyable experience for participants and spectators alike.

16. – 18. July 2015

Conference 2015 in Motzen

From the 16th to the 18th of July the CRC 649 Conference took place at the "Residenz am Motzener See". The CRC members presented recent advances of their research projects in an open inspiring atmosphere and discussed perspectives for future developments and collaborations. In our established system, talks were summarized by discussants who also pointed out further ideas from their views. Our invited guests Bernd Fitzenberger, Holger Dette, Ying Chen, Christoph Breunig and Jong-Hwan Ko enriched the event by presenting innovative research and discussing the findings with the CRC members. On this special occasion Bernd Fitzenberger held a Plenum Lecture on "The Heterogeneous Effects of Training Incidence and Duration on Labor Market Transitions" which received great feedback. Also Holger Dette presented the work on "Quantile-based spectral analysis" which was very inspiring for the research assistants. Further informations on the program as well as the presented results are available at the [events website](#).

Once again, the beautiful location at the Motzener See provided an excellent environment for a friendly get-together including sports activities as well as a joint barbecue, guitar playing and singing around a campfire, which also the children of CRC members enjoyed. The supervision of the children during the conference was fulfilled with the help of the child care services from Kids Mobile.



28. - 30. July 2015 *Stettin-Berlin Workshop*

From 28th to 30th of July the workshop on "Financial Application of Advanced Statistical Methods" took place at Haus Tornow am See, Oberbarnim, Germany. The workshop was coordinated by Prof. Wolfgang Karl Härdle from the Ladislaus von Bortkiewicz Chair of Statistics.



The main goal of this workshop was to bring together senior and junior researchers from the Ladislaus von Bortkiewicz Chair of Statistics (Humboldt Universität zu Berlin) and Institute of Econometrics and Statistics (University of Szczecin).

Our team was represented by scientific researchers: Lei Fang, Chen Huang, Meng-Jou Lu, Shi Chen and Alona Zharova. 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.

30. July 2015 *Ladislaus von Bortkiewicz institute outing*

On the 30th of July the annual Ladislaus von Bortkiewicz chair of statistics's institute outing took place. In line with the chair's culture of mental and physical exercise the participants drove by bicycle from Berlin to lake Tornow where they met up with the participants of the Berlin-Stettin workshop.

The outing resulted in a fruitful discussion about the chair's current and planned research projects and cooperation which was continued afterwards during an intense match of Volleyball and a cake break before returning to Berlin.



NEWS OF THE PROJECTS

Radosveta Ivanova-Stenzel (A8) gave a speech on "Buy-It-Now prices in eBay auctions - The Field in the Lab" at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Dietmar Fehr (A6) organized together with Christine Binzel (University of Heidelberg) a workshop on "Social Impacts of Economic Policies and Economic Change" on 2nd and 3rd of July 2015 at the IWH in Heidelberg. The conference focused on how economic policies and economic change may influence individual preferences and social norms, and how they may directly or indirectly affect the social fabric and citizen-government relationship.

Suvi Vasama (A8) gave a speech on "Real Options and Dynamic Incentives" at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Paulwin Graewe (A11) gave a presentation on “A Non-Markovian Liquidation Problem and Backward SPDEs with Singular Terminal Conditions” at the 1st Berlin-Princeton-Singapore Workshop on Quantitative Finance, 29th of June to the 1st of July.

Ulrich Horst (A11) gave a presentation on “A Weak Law of Large Numbers for a Limit Order Book Model with Fully State Dependent Order Dynamics” at the 1st Berlin-Princeton-Singapore Workshop on Quantitative Finance, 29th of June to the 1st of July. He also gave a mini-course of Optimal Portfolio Liquidation at the Summer School on Quantitative Finance at Suzhou University (China) on 3rd and 4th of July.

Li Ma (A13) gave a speech on “Mutual Fund Contagion through Interlocked Management Teams” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Simon Baumgartner (A15) gave a speech on “Hiring and Uncertainty” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Wolfgang K. Härdle (B1) and Zdenek Hlávka published the book “Multivariate Statistics: Exercises and Solutions”, which is now already in its 3rd edition. He also gave a lecture on “DYFIN: DYnamic Forward INTensity curves” at the National University of Singapore on the 29th of June to the 2nd of July. Furthermore he presented “CRIX -the CRyptocurrency IndeX” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University. At the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July, he presented this work together with **Elisabeth Bommès** and **Simon Trimborn (both B1)**. He showcased the same work also at the Stettin-Berlin workshop, which took place at the Haus Tornow am See from the 28th to the 30th of July.

Lei Fang (B1) gave a speech on “Mortality model for multi-populations: a semiparametric comparison approach” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University and at the Stettin-Berlin workshop, which took place at the Haus Tornow am See from the 28th to the 30th of July. Furthermore she also presented the work at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Weining Wang (B1) presented “Joint Modeling of Inflation Expectation Dynamics Over European Countries” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University.

Lining Yu (B1) presented “TENET: Tail-Event driven NETwork risk” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University.

Xiu Xu (B1) presented “DYFIN: DYnamic Forward INTensity curves” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University.

Chen Huang (B1) gave a speech on “Expectile analysis for high-dimensional time series with factors” at the Stettin-Berlin workshop, which took place at the Haus Tornow am See from the 28th to the 30th of July.

Meng-Jou Lu (B1) gave a speech on “Copulae based factor model for credit risk analysis” at the Stettin-Berlin workshop, which took place at the Haus Tornow am See from the 28th to the 30th of July.

Xiu Xu (B1) gave a speech on “ICARE - localising Conditional AutoRegressive Expectiles” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Lukas Borke (B1) gave a speech on “Q3-D3-LSA” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Alla Petukhina (B1) gave a speech on “TEDAS portfolios: parameters optimisation and out-of-sample performance” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Nikolaus Wolf (B3) gave a speech on “Bombs, Homes and Jobs: Revisiting the Oswald hypothesis for Germany” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Vladimir Spokoiny (B5) presented “Bootstrap Based Methods in Model Selection” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University. He also gave a speech on “Bootstrap calibrated model selection” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Ostap Okhrin (B10) presented “Optimal Shrinkage Estimator for High-Dimensional Mean Vector” at the WISE-CASE Workshop on Econometrics and Statistics on the 4th of July at the Xiamen University.

Alexander Ristig (B10) gave a speech on “Financial Contagion-Based Systemic Risk with Penalized Copula” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Furthermore he defended his dissertation entitled „Iterative Estimation of Parametric Models - Theory and Practice“. Congratulations!

Michael Burda (C7) gave a speech on “Nonwork at Work: Loafing, Unemployment and Labor Productivity” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Daniel Neuhoff (C7) gave a speech on “Dynamics of Real GDP Per Capita Growth” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Falk Mazelis (C7) gave a speech on “Shadow Banking and the Welfare Costs of Business Cycles” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Frank Heinemann (C10) participated in the Bundesbank Conference “Turning points: how crises have changed central banking” in Frankfurt am Main on 9th of July.

Philipp Pfeiffer (C10) gave a speech on “Long-Run Risk, Labor Market Dynamics and Asset Prices” at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Steffen Ahrens (C10) participated in the Barcelona LeeX Experimental Economics Summer School in Macroeconomics at Universitat Pompeu Fabra from the 8th to the 14th of June in combination with the workshop on Theoretical and Experimental Macroeconomics from the 11th to the 12th of June where he presented his paper “A Theory of Price Adjustment under Loss Aversion” (joint with Inske Pirschel and Dennis J. Snower). He also presented his paper “Layoff Taxes, Unemployment Insurance, and Business Cycle Fluctuations” (joint with Nooshin Nejati and Philipp L. Pfeiffer) at the 21st Annual Conference on Computing in Economics and Finance (CEF 2015), which was held from the 20th to the 22nd of June in Taipei, Taiwan. From 16th to 18th of July he participated in the CRC 649 “Economic Risk” Conference in Motzen and discussed the project “A Comparison of Academic Ranking Scales” by Alona Zharova, Andrija Mihoci and Wolfgang Härdle.

Christian Basteck (C10) presented his paper "The Borda Count and Dominance Solvable Voting Games" at the Conference on Economic Design, which was held from the 1st to the 4th of July in Istanbul, Turkey and at the 26th International Conference on Game Theory in Stony Brook (NY), held from the 20th to 24th of July.

Zhiwei Shen (C11) has been invited to give a talk on "The design of index-based flood insurance" at the workshop on "Enhancing the benefits of remote sensing data and flood hazard modeling in index-based flood insurance" in India, which was held on the 1st to 2nd of August. Furthermore he presented the work on "Volatility forecasting of wind power production" at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Shi Chen (C11) gave a speech on "Inflation co-movement across countries in multi-maturity term structure: an arbitrage-free approach" at the Stettin-Berlin workshop, which took place at the Haus Tornow am See from the 28th to the 30th of July.

Martin Wahl (C12) gave a speech on "Nonparametric estimation in the presence of complex nuisance components" at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Randolf Altmeyer (C12) gave a presentation on "Estimating Integrated and Spot Volatility in Semimartingale Models" at the 1st Berlin-Princeton-Singapore Workshop on Quantitative Finance, 29th of June to the 1st of July.

Simon Jurkatis (C14) gave a speech on "A New Measure of Herding Behavior in Financial Markets" at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Aleksei Netsunajev (C15) gave a speech on "Unemployment Dynamics in the US and Euro Area: Do Uncertainty Shocks Matter?" at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

Alona Zharova (Z) gave a speech on "A comparison of academic ranking scales" at the Stettin-Berlin workshop, which took place at the Haus Tornow am See from the 28th to the 30th of July. Furthermore she presented the same work at the CRC 649 Conference in Motzen, which took place from the 16th to the 18th of July.

AWARDS

Elisabeth Bommers (B1) participated with a group of students belonging to Prof. Lessman's seminar "Applied Predictive Analysis" in the prudsy's Data Mining Cup. Around 180 teams from all over the world entered the competition with our Humboldt team scoring first place. Congratulations!

CRC STAFF



Janine Tellinger-Rice (Z) has returned from her maternity leave. The CRC team is pleased to welcome her back!

Please note her new email address: crc649.wiwi@hu-berlin.de and telephone number: +49-(0)30-2093-1471.

GUESTS OF THE CRC 649

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

**01.07.2015 -
31.08.2015**

Ko, Jong-Hwan

Pukyong National University (KR)

Project: A Dynamic Stochastic General Equilibrium Model with Multi-Countries and Multi-Sectors

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**18.07.2015 -
22.08.2015**

Fan, Cuihong

Shanghai University of Finance and Economics (CN)

Project: Horizontal mergers, Horizontal mergers, microeconomics, industrial organization and auctions

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NEW DISCUSSION PAPERS

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

- 2015-034** "Factorisable Sparse Tail Event Curves" by Shih-Kang Chao, Wolfgang K. Härdle and Ming Yuan, July 2015.
- 2015-035** "Price discovery in the markets for credit risk: A Markov switching approach" by Thomas Dimpfl and Franziska J. Peter
- 2015-036** "Crowdfunding, demand uncertainty, and moral hazard - a mechanism design approach" by Roland Strausz, July 2015.
- 2015-037** ""Buy-It-Now" or "Sell-It-Now" auctions : Effects of changing bargaining power in sequential trading mechanism" by Tim Grebe, Radosveta Ivanova-Stenzel and Sabine Kröger, August 2015.
- 2015-038** "Conditional Systemic Risk with Penalized Copula" by Ostap Okhrin, Alexander Ristig, Jeffrey Sheen and Stefan Trück, August 2015.
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PUBLICATIONS

Panov, M. and Spokoiny, V.

Finite Sample Bernstein - von Mises Theorem for Semiparametric Problems
Bayesian Analysis
DOI: 10.1214/14-BA926

Andresen, A. and Spokoiny, V.

Critical dimension in profile semiparametric estimation
Electronic Journal of Statistics
DOI: 10.1214/14-EJS982

Gasnikov, A., Nesterov, Y. and Spokoiny, V.

On the efficiency of a randomized mirror descent algorithm in online optimization problems
Computational Mathematics and Mathematical Physics
DOI: 10.1134/S0965542515040041

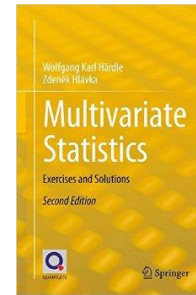
Dvurechensky, P., Nesterov, Y. and Spokoiny, V.

Primal-Dual Methods for Solving Infinite-Dimensional Games
Journal of Optimization Theory and Applications
DOI: 10.1007/s10957-015-0771-3

BOOKS

Härdle, W., Hlavka, Z.

Multivariate Statistics: Exercises and Solutions
Ed. 2, Springer-Verlag Berlin Heidelberg, 2015
eBook ISBN 978-3-642-36005-3
Softcover ISBN 978-3-642-36004-6
DOI 10.1007/978-3-642-36005-3



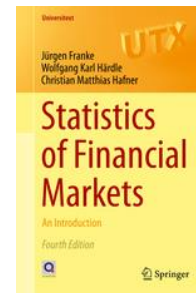
Härdle, W., Simar, L.

Applied Multivariate Statistical Analysis
Ed. 4, Springer-Verlag Berlin Heidelberg, 2015
eBook ISBN 978-3-662-45171-7
Softcover ISBN 978-3-662-45170-0
DOI 10.1007/978-3-662-45171-7



Franke, J., Härdle, W., Hafner, C.

Statistics of Financial Markets : An Introduction
Ed. 4, Springer-Verlag Berlin Heidelberg, 2015
eBook 978-3-642-54539-9
Softcover ISBN 978-3-642-54538-2
DOI 10.1007/978-3-642-54539-9



Quantlets

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

Project: TXT – Text Analytics

News carry information of market moves. The gargantuan plethora of opinions, facts and tweets on financial business offers the opportunity to test and analyze the influence of such text sources on future directions of stocks. It also creates though the necessity to distill via statistical technology the informative elements of this prodigious and indeed colossal data source.

Using mixed text sources from professional platforms, blog fora and stock message boards, the project distills via different lexica sentiment variables. These are employed for an analysis of stock reactions: volatility, volume and returns. An increased (negative) sentiment will influence volatility as well as volume. This influence is contingent on the lexical projection and different across GICS sectors. Based on review articles on 100 S&P 500 constituents for the period of October 20, 2009 to October 13, 2014 they project into BL, MPQA, LM lexica and use the distilled sentiment variables to forecast individual stock indicators in a panel context. Exploiting different lexical projections, and using different stock reaction indicators the project aims at answering the following research questions:

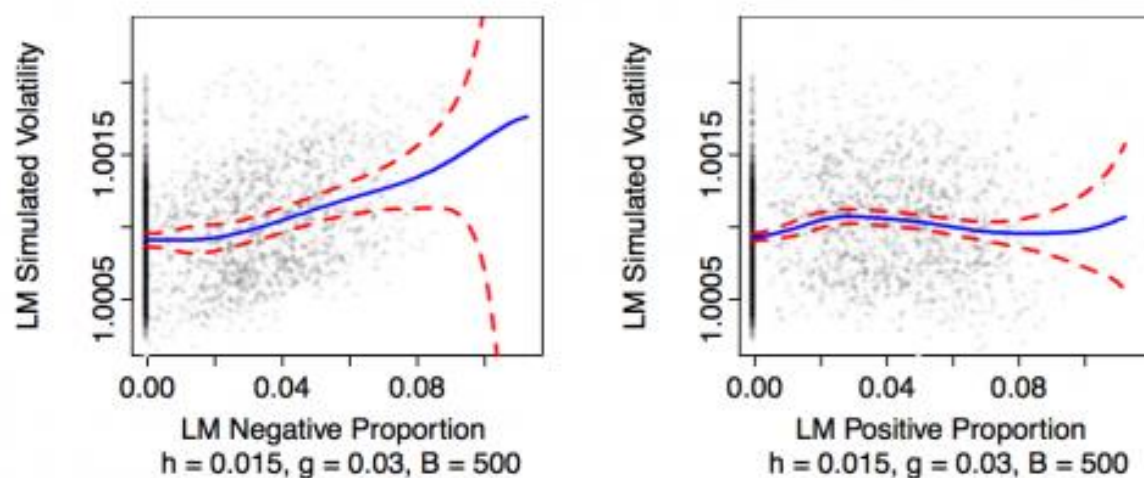
- (i) Are the lexica consistent in their analytic ability to produce stock reaction indicators, including volatility, detrended log trading volume and return?
- (ii) To which degree is there an asymmetric response given the sentiment scales (positive v. s. negative)?
- (iii) Are the news of high attention firms diffusing faster and result in more timely and efficient stock reaction?
- (iv) Is there a sector specific reaction from the distilled sentiment measures?

The project finds there is significant incremental information in the distilled news flow. The three lexica though are not consistent in their analytic ability. Based on confidence bands an asymmetric, attention-specific and sector-specific response of stock reactions is diagnosed.

More details of results and methodology are described at the discussion paper "[Distillation of News Flow into Analysis of Stock Reactions](#)".

The corresponding quantlets with R code can be found in the Quantnet [here](#).

The quantlet [TXTSimulationBS](#) plots simulation results of stock volatility based on the regression results of the extremely high attention panel.



QUOTE OF THE MONTH

"Genius is the recovery of childhood at will."

Jean Nicolas Arthur Rimbaud (1854 - 1891)

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 31.08.2015.