

NEWSLETTER

CRC 649

Collaborative Research Center 649 „Economic Risk“

Ot

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NL 04, APRIL

Editorial:

Collaborative Research Center 649:
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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

20. – 22. April 2016

Energy Finance Workshop 2016

CRC 649

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

CRC 649 NEWS

Ongoing Financial News Articles Dataset available at RDC

The dataset contains 442,853 financial articles and additional meta-data such as publishing date mentioned stock symbols and the link to the original article. The articles have been published on the Nasdaq Community platform in the time from October, 2009 to January, 2016 by several contributors such as social media websites and investment research firms. The most recent version of the data is available as a MySQL database export. The data was collected by using a web scraper to automate the downloading process.

For further informations please contact the [RDC-Team](#).

NEWS OF THE PROJECTS

Roland Strausz (A8) visits the Cowles Foundation at the Yale University from the 1st of March to the 1st of June. On the 11th of March he gave a talk on Crowdfunding at the University of Michigan at Ann Arbor.

Ulrich Horst (A11) visited the Risk Management Institut at the National University of Singapore from the 28th of February to the 25th of March. The visit was funded through the profile partnership program between Humboldt University and the NUS.

Wolfgang K. Härdle (B1) attended the third meeting of the new proposed CRC (DEDA, Digital Economy & Decision Analytics) on the 4th and 5th of March to develop the concept of the application further with fellow professors and researchers at Grünheide Berlin. On the 11th and 12th of March Wolfgang Härdle visited a jointly organised workshop under the backing of the DAAD funded Central 07 Project at the University of Warsaw, where he gave a presentation entitled, CRIX – A CRYptocurrency IndeX. From the 13th to the 18th of March Wolfgang Härdle went to the DAGStat meeting (The Germany statistical Society) Georg-August

University, Gottingen. From the 21st to the 24th of March, Wolfgang Härdle attended a workshop organised at KIT (Karlsruher Institut für Technologie) by Professor Melanie Schienle and gave a presentation entitled „FASTEC FActorizable Sparse Tail Event Curves with expectiles“.

Michael C. Burda (C7) visited the Copenhagen Business School from the 8th to the 13th of March for a research stay by Prof. Battista Severgnini at the Economics Department. He participated on the 4th Network-Workshop of the DFG Priority Program 1764 “The German Labour Market in a Globalized World: Challenges through Trade, Technology and Demographics” from the 17th to the 18th of March and on the 2nd International Conference “Occupations, Skills, and the Labour Market” from the 18th to the 19th of March at the Centre for European Economic Research in Mannheim. At the conference he gave a lecture “Not Working at Work: Loafing, Unemployment and Labor Productivity” on the 19th of March. On the 21st of March Michael Burda held a seminar lecture “Not Working at Work: Loafing, Unemployment and Labor Productivity” at the Aix-Marseille Université, School of Economics (AMSE) in Marseille.

Frank Heinemann (C10) co-organized Gerhard Illing’s 60th Birthday Conference which took place in Munich on the 4th and 5th of March and gave a presentation on “Active Monetary Policy Turns Prices into Strategic Substitutes”. He also participated in the 5th Workshop of the DFG Priority Programme 1578 „Financial Market Imperfections and Macroeconomic Performance“ in Köln on the 9th and 10th of March.

Helmut Lütkepohl (C15) visited Macquarie University from the 22nd of February to the 16th of March to do joint research with colleagues in Sydney. During this time he gave seminars entitled “Calculating Joint Confidence Bands for Impulse Response Functions using Highest Density Regions” on the 25th of February at Macquarie University, on the 1st of March at the University of Sydney and on the 9th of March at the University of New South Wales, Sydney. On the 4th March he gave a seminar on “Structural Vector Autoregressions with Smooth Transition in Variances: The Interaction Between U.S. Monetary Policy and the Stock Market” at the University of Tasmania in Hobart.

GUESTS OF THE CRC 649

You find a summary of all guests here:

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

**01.08.2015 -
30.08.2016** **Chen, Yi-Hsuan Cathy**
Chung-Hua University (TW)

Project: The integration of credit default swaps markets

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01.08.2015 -
31.05.2016

Filipkov, Yuriy

Odessa I.I. Mechnikov National University (UA)

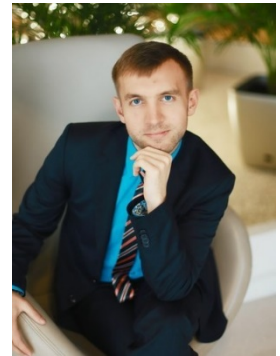
Project: Management of scientific research and education and its societal modeling, financing and practical implementation of research and development

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29.01.2016-
01.07.2016

Ni, Xinwen

Singapore Management University (SG)

Project: Tail Event Driven Asset Allocation

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04.04.2016 -
15.08.2016

Yamamoto, Yoshiro

Tokai University (JP)

Project: Computational statistics (data visualisation, data analysis system, statistical education)

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05.04.2016 -
28.02.2017

Karahanoglu, Ilhami

Development Bank of Turkey (TR)

Project: Copula Based Models for Financial Time Series Including the Credit and Market Risk - Portfolio VaR

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15.04.2016 - 14.05.2016 - **Zhu, Xuening**
Peking University (CN)

Project: Network Modelling / Network Dynamics

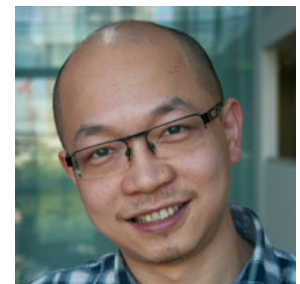
Contact:
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18.04.2016 - 18.04.2016 - **Zu, Yang**
City University London (GB)

Project: Testing rational bubbles with high-frequency financial data

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NEW DISCUSSION PAPERS

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

2016-011

"Cognitive Load Increases Risk Aversion" ([File](#))
by Holger Gerhardt, Guido P. Biele, Hauke R. Heekeren and Harald Uhlig, March 2016.

2016-012

"Neighborhood Effects in Wind Farm Performance: An Econometric Approach" ([File](#))
by Matthias Ritter, Simone Pieralli and Martin Odening, March 2016.

2016-013

"The importance of time-varying parameters in new Keynesian models with zero lower bound" ([File](#))
by Julien Albertini and Hong Lan, March 2016.

2016-014

"Aggregate Employment, Job Polarization and Inequalities: A Transatlantic Perspective" ([File](#))
by Julien Albertini, Francois Langot, Thepthida Sopraseuth and Jean Olivier Hairault, March 2016.

2016-015

"The Anchoring of Inflation Expectations in the Short and in the Long Run" ([File](#))
by Dieter Nautz, Aleksei Netsunajev and Till Strohsal, March 2016.

2016-016

"Irrational Exuberance and Herding in Financial Markets" ([File](#))

by Christopher Boortz, March 2016.

2016-017

"Calculating Joint Confidence Bands for Impulse Response Functions using Highest Density Regions" ([File](#))

by Helmut Lütkepohl, Anna Staszewska-Bystrova and Peter Winker, March 2016.

2016-018

"Factorisable Sparse Tail Event Curves with Expectiles" ([File](#))

by Wolfgang K. Härdle, Chen Huang and Shih-Kang Chao, March 2016.

PUBLICATIONS

Spokoiny, V. and Zhilova, M.

Bootstrap confidence sets under model misspecification

Annals of Statistics

DOI: 10.1214/15-AOS1355

Krähmer, D. and Strausz, R.

Optimality of sequential screening with multiple units and ex post participation constraints

Economics Letters

DOI: 10.1016/j.econlet.2016.03.010

Strohsal, T., Melnick, R. and Nautz, D.

The time-varying degree of inflation expectations anchoring

Journal of Macroeconomics

DOI: 10.1016/j.jmacro.2016.02.002

Adam, T. and Streit, D.

Hold-up and the use of performance-sensitive debt

Journal of Financial Intermediation

DOI: 10.1016/j.jfi.2016.01.004

Quantlets

Leveraged ETF options implied volatility paradox: a statistical study

Project: LETF-Moneyness

Authors study the statistical properties of the moneyness scaling transformation by Leung and Sircar (2015). This transformation adjusts the moneyness coordinate of the implied volatility smile in an attempt to remove the discrepancy between the IV smiles for levered and unlevered ETF options. They construct bootstrap uniform confidence bands which indicate that in a statistical sense there remains a possibility that the implied volatility smiles are still not the same, even after moneyness scaling has been performed. This presents possible arbitrage opportunities on the (L)ETF market which can be exploited by traders. They build possible arbitrage strategies by constructing portfolios with LETF shares and options which possibly have a positive value at the point of creation and non-negative value at the expiration time. An empirical data application shows that there are indeed such opportunities in the market which result in risk-free gains for the investor. A dynamic "trade-with-the-smile" strategy based on a dynamic semiparametric factor model is presented. This strategy utilizes the dynamic structure of implied volatility surface allowing out-of-sample forecasting and information on unleveraged ETF options to construct theoretical one-step-ahead implied volatility surfaces.

More details of results and methodology are described in the recent discussion paper Härdle W.K., Naselkin S., Z. Hong (2016) "Leveraged ETF options implied volatility paradox: a statistical study", [SFB 649 DP 2016-004](#).

All corresponding codes with R and Matlab can be found [here](#) in Quantnet on Github.

The Quantlet [LETFIVSurfPlot](#) computes and plots the implied volatility surface for the SPY LETF option computed via the dynamic semiparametric factor model with B-spline basis. Also plot the real-data IV ticks for the given day.

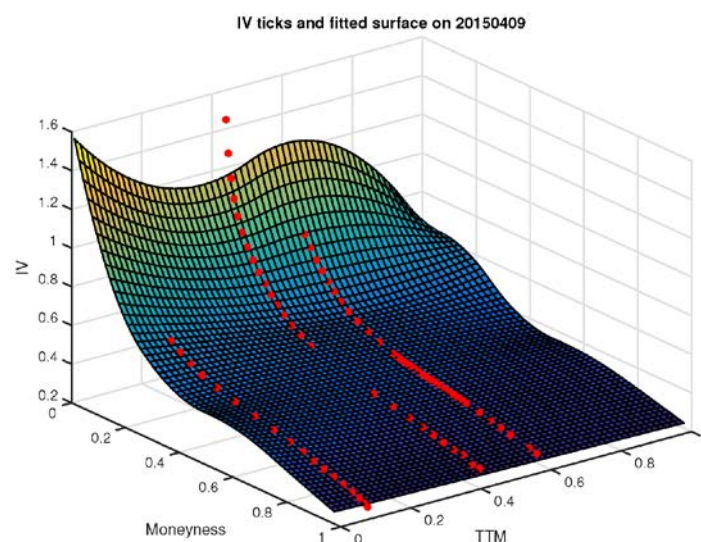


Fig. 1 Implied volatility real-data "strings" and the DSFM-fitted surface on 20150409.

QUOTE OF THE MONTH

„The analytical method is dialectical. By analysis, we mean analysing the contradictions in things. And sound analysis is impossible without intimate knowledge of life and without real understanding of the pertinent contradictions.“

(Speech at the Chinese Communist Party's National Conference on Propaganda Work (March 12, 1957), 15t pocket ed., p. 20.)

Mao Tse-tung (1893-1976)

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 Newsletter of May 2016 is 26.04.2016.