

NEWSLETTER

CRC 649

Collaborative Research Center 649 „Economic Risk“

Ot

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NL 05, MAY

Editorial:

Collaborative Research Center 649:
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School of Business and Economics
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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](#)



An overview is available at:

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

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](#)

CURRENT EVENTS



More information can be found here:

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

16. – 18. May 2016

Digital Economy and Decision Analytics

CRC 649, CRC 823

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

NEWS OF THE CRC

20. – 22. April 2016 *Workshop Energy Finance Stolberg*

For the fourth time the annual Energy Finance Workshop took place in the beautiful village of Stolberg in the Harz. Fifteen participants from the Ladislaus von Bortkiewicz Chair of Statistics, Department of Agricultural Economics, Humboldt-Universität zu Berlin, the Chair for Energy Trading and Finance, University of Duisburg-Essen, University of Rostock and Wroclaw University of Technology presented their on-going research in a friendly and inspiring atmosphere.



Energy markets are developing rapidly, with new marketplaces emerging globally for electricity, weather and emissions. The Energy Finance workshop Stolberg 2016 focused on recent trends in modelling and management of risk in energy markets. The topics included, but were not limited to wind energy, emission trading, commodity markets and applied advanced statistical and forecasting methods.

As part of the workshop the participants jointly tried to fulfil the requirements for the German *Sportabzeichen*.

From the HU participated: Cathy Chen, Wolfgang Härdle, Martin Odening, Thijs Benschop, Shi Chen, Awdesch Melzer, Matthias Ritter and Zhiwei Shen. The next workshop will take place in April 19-21, 2017. All presentations and more information can be found [here](#). (TB)



NEWS OF THE PROJECTS

Wolfgang Karl Härdle (B1) was invited to the Department of Probability and Mathematical Statistics at Università del Salento, Lecce, Italy from the 7th to the 9th of April to present his CRIX or Evaluating Blockchain Based Currencies study. From the 20th to the 22nd of April, Wolfgang Karl Härdle attended the SFB-649 Energy Finance Workshop with delegates from Universität Duisburg-Essen and Universität Rostock and presented his new SFB concept, Digital Economy and Decision Analytics (DEDA).

Jens Kolbe (B3) participated in the 2016 Annual Conference of the Royal Economic Society at the University of Sussex (Brighton) from 21st to the 23rd of March, where he presented his paper "The Greener, the Happier? The Effects of Urban Green and Abandoned Areas on Residential Well-Being", which is joint work together with Christian Krekel (DIW) and Henry Wüstemann (TU).

Michael C. Burda (C7) visited the University of Adelaide from the 5th to the 16th of April for a research stay by Prof. Mark Weder at the School of Economics. On the 7th of April he gave a presentation on "The Economics of German Unification" at the School of Economics, and on the 8th April 2016 he held a lecture "Not Working at Work: Loafing, Unemployment and Labor Productivity" in the Economics Seminar.

On the 21st of April Michael Burda gave a presentation on "Lessons from the German Labor Market" at the Research Institute of Industrial Economics in Stockholm.

At the beginning of the lecture series "The economic development of Europe, research results and discussion" at the School of Business and Economics at the Humboldt-Universität zu Berlin, Michael Burda spoke about the "Consequences and evaluation of the Hartz reforms, and the development of the European labor market" on the 26th of April in Berlin.

On the 28th of April Michael Burda held a lecture on "Centrifugal forces in the European Union" at the Federal Ministry of Finance in Berlin.

Frank Heinemann (C10) participated in the annual meeting of the Sozialwissenschaftlicher Ausschuss in Göttingen on the 21st to the 22nd of April. He gave a talk on "Europe and the Banking Union" in the 1. Bremer Finanzgespräch on the 28th of April.

Philipp Pfeiffer (C10) presented "Endogenous Growth Cycles and Asset Prices in a Search Economy" in Taipei on the 8th of April at Academia Sinica (Taipei, Taiwan) where he is a visiting scholar from the 15th of February to the 15th of May supported by a DAAD grant.

Lars Winkelmann (C14) visited Monash University Melbourne from the 4th of April to the 22nd of April for a research stay at the Department of Econometrics and Business Statistics. During this time he gave seminars on "The cross-sectional correlation of price and volatility cojumps" on the 15th of April at the University of Tasmania in Hobart and on the 19th of April at Monash University.

RDC NEWS

The RDC is the backbone and the technological hub for the empirical and computer supported research of the CRC 649. It provides access to real [databases](#) such as Bloomberg, Datastream, European Energy Exchange, Standard & Poor (S&P) or NASDAQ among others, as well as hardware and software resources.

The RDC provides the necessary computational power needed for modern scientific research. Currently the RDC offers to all CRC members a total of more than 100 cores, 2TB memory and 30TB storage distributed over several Linux and Windows servers.



GUESTS OF THE CRC 649

You find a summary of all guests here:
sf649.wiwi.hu-berlin.de/fedc/guests_actual.php

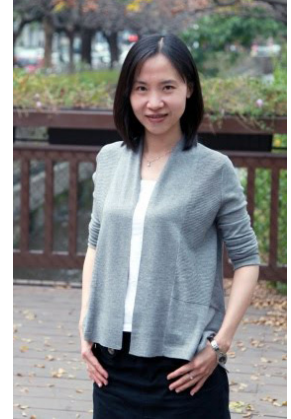
01.08.2015 -
30.08.2016

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

Project: The integration of credit default swaps markets

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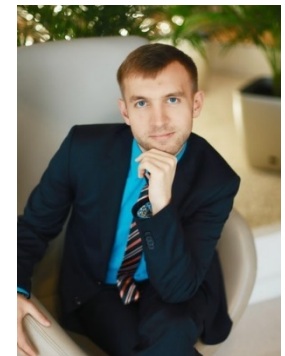


01.08.2015 -
31.05.2016

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 - Yamamoto, Yoshiro
15.09.2016 Tokai University (JP)

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

Contact:
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10178 Berlin
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05.04.2016 - Karahanoglu, Ilhami
28.02.2017 Development Bank of Turkey (TR)

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

Contact:
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15.04.2016 - Zhu, Xuening
14.05.2016 Peking University (CN)

Project: Network Modelling / Network Dynamics

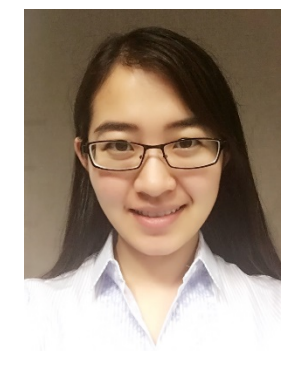
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10.05.2016 - Zhang, Jiejie
06.06.2016 National University of Singapore (SG)

Project: Functional Data Analysis; Electricity Price Forecasting; fMRI Data

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10.05.2016 -
06.06.2016

Xu, Xiaofei

National University of Singapore (SG)

Project: Financial Time Series; Adaptive Approach; Change point detect in covariance/correlation matrix

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10.05.2016 -
06.06.2016

Chua, Wee Song

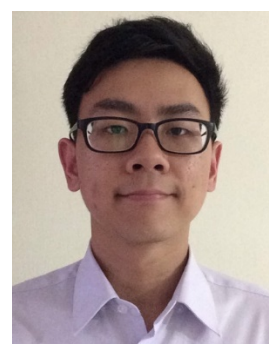
National University of Singapore (SG)

Project: Functional Data Analysis; High-frequency Time Series Analysis; LOB Data

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10.05.2016 -
06.06.2016

Yao, Qiwei

London School of Economics (GB)

Project: Time series analysis; dynamical network modelling; financial econometrics; nonparametric regressio

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NEW DISCUSSION PAPERS

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

2016-020

"Academic Ranking Scales in Economics: Prediction and Imputation" ([File](#))
by Alona Zharova, Andrija Mihoci and Wolfgang Karl Härdle, May 2016.

2016-019

"International dynamics of inflation expectations" ([File](#))
by Aleksei Netšunajev and Lars Winkelmann, May 2016.

PUBLICATIONS

Choros, B. Härdle, W. and Okhrin, O.

A semiparametric factor model for CDO surfaces dynamics
Journal of Multivariate Analysis
DOI: 10.1016/j.jmva.2015.09.002

Quantlets

Factorisable Sparse Tail Event Curves with Expectiles

Project: FASTEC with Expectiles

Data are observed more and more in form of curves, thus prompting a joint modelling to find out common patterns and also individual variations. With increasing dimension of both explanatory and response variables, penalization approach with nuclear norm can help to estimating the high dimensional coefficient matrix and provides insight into common factors. In addition, in a variety of applications one is more interested in the tail behaviors. Tail event curve study may be identified through tail probabilities or more general through functions based on conditional tail events to discover the extremes which do not follow the majority among curves.

The authors employ Factorisable Sparse Tail Event Curves (FASTEC) with expectiles to implement multivariate expectile regression in a high-dimensional framework. Expectiles capture the tail moments globally and the smooth loss function improves the convergence rate in the iterative estimation algorithm compared with quantile regression. Finite sample oracle properties of the estimator associated expectile loss and nuclear norm regularizer are studied formally.

As an empirical illustration, their model is applied on fMRI data to see if individual's risk perception can be recovered by brain activities. Results show that main factors can reflect the common patterns of curves. Factor loadings over different tail levels can help to find out the most risk-seeking and averse behaviours. Taking tail risks into consideration, individual's risk attitudes can be predicted more precisely, especially the extremes.

More details of results and methodology are described in the recent discussion paper Härdle W.K., Huang C., S. Chao (2016), [SFB 649 DP 2016-018](#).

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

The Quantlet [FASTEC with Expectiles](#) plots the three selected weather stations marked in Chinese map.

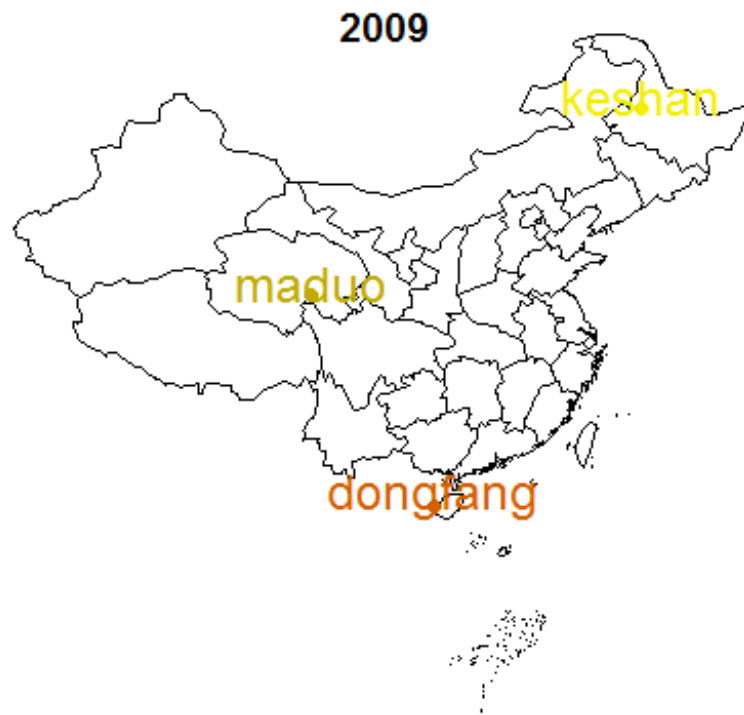


Fig. 1 Chinese map marked with three selected weather stations.

QUOTE OF THE MONTH

“A room without books is like a body without a soul.”

Marcus Tullius Cicero (106 BCE – 43 BCE).

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 June 2016 is 29.05.2016.