NEWSLETTER

CRC 649

Collaborative Research Center 649 „Economic Risk“

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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

Nobelprizelecture 2016
CRC 649
Download the iCalendar data file here.
NEWS OF THE CRC

Hermann Otto Hirschfeld Lecture Series 2016

Prof. Daniel S. Hamermesh, Professor of Economics at Royal Holloway University of London, Sue Killam Professor Emeritus at the University of Texas at Austin and Research Associate at the Institute for the Future of Labor (IZA), was invited for the 2016 Hermann-Otto-Hirschfeld Lecture series on the 25th and the 26th October. His first lecture focused on metrics for assessing economists’ academic performance. He used a large data set of citation histories and different econometric techniques to analyze some popular beliefs about the discipline. It turns out that statistically, being friends with the editor does not really help for getting a paper published. It is also true that the best departments in the US do not have a monopoly on the best talent, indicating an important role for local preferences of scholars. The second lecture on “time in economics” explored how people choose to spend their time at home and at work, and how this affects their economic standing. Drawing on time-use surveys from different countries, Prof. Hamermesh explained that school children use freed up time to sleep instead of study, and how this nonetheless improves their performance. In a study using the american time use survey, employees’ work time spent not working has an ethnic dimension which is difficult to account for. Delving into the details of data collection, Prof. Hamermesh explained how becoming an observation of his own favorite data survey affected the way he understands and works with the data. He used his own time wisely, motivating the audience to challenge his findings and generate new hypotheses, which will surely affect his own academic performance.

CRC Abschlusskolloquium

The Abschlusskolloquium (final colloquium) of your beloved CRC 649 took place on 20th and 21st of October in the Heilig Geist Capella. The Dean, Christian Schade, welcomed guests and members of the CRC with a brief opening speech and passed the baton to the two members of project that have been the personification of the CRC over the last 12 years, namely, Michael Burda and Wolfgang Härdle. In a nostalgic atmosphere they reminisced about the numerous excellent researchers from all over the word that have been guests of the CRC. They also talked about the many outstanding collaborations, among them with Princeton University, and, of course, they talked about the many inspiring conferences in Motzen which were highlighted by Wolfgang Härdle cutting the ribbon for the Friday’s barbecue and Michael Burda playing guitar and inspiring sing-a-longs with all the delegates. The opening to the conference was followed by numerous talks by invited guests in three separate parallel sessions held in adjacent rooms. In the evening
the colloquium continued on board the cruise ship Phantasia. The four-hour dinner on the Spree was filled with anecdotal stories from past and present SFB members highlighting the SFB leadership, in addition to which congratulations were bestowed on Wolfgang Härdle who was also celebrating his birthday on this day. Nostalgic about the past but looking ahead to new future projects, the evening came to an end and so did the CRC 649.

CRC Outing - Berlinische Gallerie

The museum visit took place on 19.10.2016 in Berlinische Gallerie. Most of the LvB members participated in this activity. The exhibition shows the art of Berlin from 1880 to 1980, which illustrates a lively dialogue between paintings, prints, sculpture, photography and architecture.
NEWS OF THE PROJECTS

Michael C. Burda (C7) was invited to the 8th Berlin Debate “No European banking union without a common deposit guarantee” on the 18th of October 2016 and discussed with Dr. Karl-Peter Schackmann-Fallis (German Savings Banks Association (DSGV)). The Debate had its focus on political efforts to establish a genuine Eurozone banking union, and proposals put forward by the European Commission to create a supranational bank deposit guarantee insurance scheme.

On the 19th of October he participated on a panel discussion at CEO Timbro “High-level Conference of Ideas” in Berlin and gave an explanation as to how the German labor market miracle came about.


Also on the 28th of October 2016 Michael Burda held the Keynote on the topic of “Economic Power?” on the workshop of the Studienstiftung des deutschen Volkes “Scholarships make program”. He discussed together with scholarship holders about “How much state does a successful economy need?”. The event took place in the youth center Pumpe in Berlin on the 29th of October.

Falk Mazelis (C7) presented his paper "Implications of Shadow Bank Regulation for Monetary Policy at the Zero Lower Bound" at the "Monetary Policy Implementation in the Long-Run" Conference, which was jointly organized by the Federal Reserve Banks of Minneapolis, Kansas City, Chicago and New York in Minneapolis, MN, on the 18th of October. The paper has also been published in the CRC 649 DP Series.

Vera Angelova (A6) was a visiting scholar at the University of California San Diego from the 15th of August through the 7th of October. She gave a talk at the University of California San Diego on the 4th of October and gave a talk at the University of Southern California in Los Angeles on the 29th of September.

Zhiwei Shen (C11, T1) gave a talk on "Adaptive local parametric estimation of crop yields: Implications for crop insurance ratemaking" at the 156th European Association of Agricultural Economists (EAAE) seminar in Wageningen The Netherlands on the 3rd to the 4th of October 2016.

GUESTS OF THE CRC 649

You find a summary of all guests here: sfb649.wiwi.hu-berlin.de/fedc/guests_actual.php
<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Institution</th>
<th>Project</th>
<th>Contact Information</th>
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<tbody>
<tr>
<td>01.07.2016 - 15.11.2016</td>
<td><strong>Linton, Marco</strong></td>
<td>York University (GB)</td>
<td>Machine Learning and Applications, Natural Language Processing, Text Mining</td>
<td>E-Mail: <a href="mailto:msl508@york.ac.uk">msl508@york.ac.uk</a></td>
</tr>
<tr>
<td>20.08.2016 - 21.08.2017</td>
<td><strong>Zhu, Leo Jun</strong></td>
<td>Nanjing University of Finance and Economics (CN)</td>
<td>DSGE and Bayesian Methods, Dynamic Fiscal Policy, Chinese Economy</td>
<td>E-Mail: <a href="mailto:247937882@qq.com">247937882@qq.com</a></td>
</tr>
<tr>
<td>11.11.2016 - 20.11.2016</td>
<td><strong>Xie, Taojun</strong></td>
<td>Singapore Management University</td>
<td>Real Estate Evaluations in Singapore: How does the Market React to Cooling Measures?</td>
<td>E-Mail: <a href="mailto:tjxie@smu.edu.sg">tjxie@smu.edu.sg</a></td>
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NEW DISCUSSION PAPERS

More detailed information is available here.

2016-039
"Disinflation and the Phillips Curve: Israel 1986-2015" (File)
by Rafi Melnick and Till Strohsal

2016-040
"Principal Component Analysis in an Asymmetric Norm" (File)
by Ngoc M. Tran, Petra Burdejová, Maria Osipenko and Wolfgang K. Härdle

2016-041
"Forward Guidance under Disagreement - Evidence from the Fed's Dot Projections" (File)
by Gunda-Alexandra Detmers

2016-042
"The Impact of a Negative Labor Demand Shock on Fertility - Evidence from the Fall of the Berlin Wall" (File)
by Hannah Liepmann

2016-043
"Implications of Shadow Bank Regulation for Monetary Policy at the Zero Lower Bound" (File)
by Falk Mazelis

2016-044
"Dynamic Contracting with Long-Term Consequences: Optimal CEO Compensation and Turnover" (File)
by Suvi Vasama

2016-045
"Information Acquisition and Liquidity Dry-Ups" (File)
by Philipp Koenig and David Pothier
A first econometric analysis of the CRIX family

**Project: EconCrix**

The CRIX (CRypocurrency IndeX) has been constructed based on approximately 30 cryptos and captures high coverage of available market capitalisation. The CRIX index family covers a range of cryptos based on different liquidity rules and various model selection criteria. Details of ECRIX (Exact CRIX), EFCRIX (Exact Full CRIX) and also intraday CRIX movements may be found on the webpage of hu.berlin/crix.

In order to price contingent claims one needs to first understand the dynamics of these indices. Here we provide a first econometric analysis of the CRIX family within a time-series framework. The key steps of our analysis include model selection, estimation and testing. Linear dependence is removed by an ARIMA model, the diagnostic checking resulted in an ARIMA(2,0,2) model for the available sample period from Aug 1st, 2014 to April 6th, 2016. The model residuals showed the well known phenomenon of volatility clustering. Therefore a further refinement lead us to an ARIMA(2,0,2)-t-GARCH(1,1) process. This specification conveniently takes care of fat-tail properties that are typical for financial markets. The multivariate GARCH models are implemented on the CRIX index family to explore the interaction.


All corresponding R codes can be found [here](http://quantnet.com) in Quantnet on Github.

The Quantlet **econ_ccgar** Produces DCC-GARCH estimation results using ARIMA model residuals.
Fig. 1 The estimated volatility (black) and realized volatility (grey) using DCC-GARCH model, with CRIX (upper), ECRIX (middle) and EFCRIX (lower).
Even the mainstream media is full of information about cryptocurrencies such as Bitcoin. Our institute contributes to this by offering a scientifically backed index for this emerging market, called CRIX.

Our CRIX index, can be found here: http://crix.hu-berlin.de/

CRIX is updated at five minute intervals 24 hours a day.

The data on the website is available to all by a simple mouse click.

Figure. 2 CRyptocurrency InDeX showing past three months’ progress.
Please visit the projects’ website for further informations: [http://sfb649.wiwi.hu-berlin.de/frm/](http://sfb649.wiwi.hu-berlin.de/frm/)

Figure 3: Linear CoVaR Time series. Interactive moving time window available online.
QUOTE OF THE MONTH

言教不如身教
(yán jiāo bù rú shēn jiào)

Example is better than precept

Chinese Proverb

Please also note that the newsletter is published on the homepage of the CRC 649.

Editorial deadline for the Newsletter of December 2016 is 27.11.2016.