



HUMBOLDT COPENHAGEN Conference 2009

Recent Developments
in Financial Econometrics

March 20 - 21, 2009
Humboldt-Universität zu Berlin

Program





2	Conference Schedule
4	Session A
7	Session B
10	Session C
13	Session D
16	Session E
19	Poster Session
22	Contact

Friday, March 20, 2009

- 08.00 - 09.00 | Registration
- 09.00 - 09.15 | Welcome Address
(Kapelle) Nikolaus Hautsch
(Humboldt-Universität zu Berlin, CASE)
- Anders Rahbek
(U Copenhagen)
- 09.15 - 10.15 | Keynote Talk:
(Kapelle) Joel Hasbrouck
(Stern School of Business,
New York University)
- „Technology, Latency and Strategy“
- 10.15 - 10.45 | Coffee Break
- 10.45 - 12.45 | Session A
(Kapelle) 1) Estimating Asset Return Covariances
(Room 22) 2) High-Frequency Data and Market
Liquidity
(Room 23) 3) Derivative Pricing
- 12.45 - 14.15 | Lunch
(1st Floor)
- 14.15 - 16.15 | Session B
(Kapelle) 1) Modelling and Forecasting Asset Return
Covariances
(Room 22) 2) Measuring Risk and Risk Aversion
(Room 23) 3) Quantitative Macro Finance
- 16.15 - 16.30 | Coffee Break
- 16.30 - 18.00 | Poster Session
(Foyer)
- 20.00 | Conference Dinner
(Cum Laude)

Saturday, March 21, 2009

- 09.00 - 10.30 | **Session C**
(Kapelle) 1) Realized Volatility Estimation
(Room 22) 2) Copula Modeling
(Room 23) 3) Empirical Corporate Finance
- 10.30 - 11.00 | **Coffee Break**
- 11.00 - 12.00 | **Keynote Talk:**
(Kapelle) **Neil Shephard**
(Oxford-Man Institute,
University of Oxford)
- „Econometrics of Localising Realised
Measures: Estimating the Spot Variance
Using High Frequency Data“
- 12.00 - 13.30 | **Lunch**
(1st Floor)
- 13.30 - 15.00 | **Session D**
(Kapelle) 1) Empirical Market Microstructure Analyses
(Room 22) 2) Volatility and Jumps
(Room 23) 3) Testing Theory
- 15:00 - 15:30 | **Coffee Break**
- 15:30 - 17:00 | **Session E**
(Kapelle) 1) Estimation Theory
(Room 22) 2) GARCH Modelling
(Room 23) 3) Risk and Return
- 17:00 | **Farewell Reception**
(1st Floor)

Estimating Asset Return Covariances *(Heilig-Geist-Kapelle)*

Chair: **Asger Lunde** (Aarhus School of Business)

Consistent Estimator of Covolatility For Asynchronous Assets In The Presence Of Microstructure Noise

Qiuyan Xu (Academia Sinica, Taiwan)

Rituparna Sen (University of California at Davis)

Estimating High-Frequency Based (Co-) Variances: A Unified Approach

Valeri Voev (CREATES, University of Aarhus)

Ingmar Nolte (Warwick Business School)

Refining Multivariate Realized Kernels: A Blocking and Random Matrix Theory Approach

Lada Kyj (Humboldt-Universität zu Berlin, QPL)

Nikolaus Hautsch (Humboldt-Universität zu Berlin, CASE)

Roel Oomen (Deutsche Bank, London)

Multivariate Realised Kernels: Consistent Positive Semi-Definite Estimators of the Covariation of Equity Prices with Noise and Non-Synchronous Trading

Asger Lunde (Aarhus School of Business)

Ole E. Barndorff-Nielsen (University of Aarhus)

Peter Reinhard Hansen (Stanford University)

Neil Shephard (Oxford-Man Institute, University of Oxford)

High-Frequency Data and Market Liquidity

(*Heilig - Geist - Kapelle*)

Chair: **Christian Brownlees** (Stern School of Business, NYU)

Are Market Makers Liquidity Suppliers?

Michel van der Wel (VU University Amsterdam)

Albert J. Menkveld (VU University Amsterdam)

Asani Sarkar (Federal Reserve Bank of New York)

*Dynamic Factor Models for Multivariate Count Data:
An Application to Stock-Market Trading Activity*

Roman Liesenfeld (Christian-Albrechts-Universität zu Kiel)

Robert C. Jung (University of Erfurt)

Jean-François Richard (University of Pittsburgh)

*Modelling and Forecasting Liquidity Supply Using
Semiparametric Factor Dynamics*

Andrija Mihoci (Humboldt-Universität zu Berlin, CASE)

Wolfgang Härdle (Humboldt-Universität zu Berlin, CASE)

Nikolaus Hautsch (Humboldt-Universität zu Berlin, CASE)

*Capturing Daily Heterogeneity in Intra-Daily Durations
Time Series: the Mixed Autoregressive Conditional
Duration Model*

Christian Brownlees (Stern School of Business, NYU)

Marina Vannucci (Rice University)

Derivative Pricing

(Room 23)

Chair: **Massimiliano Caporin** (University of Padova)

*Sequential Bayesian Analysis of Time-Changed
Infinite Activity Derivatives Pricing Models*

Junye Li (Bocconi University)

*Nonparametric Partial Importance Sampling for
Financial Derivative Pricing*

Jan Christoph Neddermeyer (University of Heidelberg)

*Option-Implied Correlation and Factor Betas
Revisited*

Adrian Buss (University of Frankfurt)

Grigory Vilkov (University of Frankfurt)

Memory Time-Varying Models for Weather

Massimiliano Caporin (University of Padova)

Juliusz Pres (Szczecin University of Technology)

Modelling and Forecasting Asset Return Covariances

(Heilig-Geist-Kapelle)

Chair: **Mindaugas Baltutis** (Vienna University of Economics and Business Administration)

Forecasting Realized (Co)-Variances with a Block Wishart Autoregressive Model

Massimiliano Caporin (University of Padua)

Matteo Bonato (University of Zürich)

Angelo Rinaldo (Swiss National Bank)

A Multivariate Generalized Hyperbolic Stochastic Volatility Model and the Use of Realized Covariances

Uta Pigorsch (University of Mannheim)

Stefan Mittnik (University of Munich)

Christian Pigorsch (University of Bonn)

Spatial Dependence in Multivariate Volatility Models

Paolo Paruolo (The European Commission and University of Insubria)

Massimiliano Caporin (Università degli Studi di Padova)

Non-Stationary Stock Returns and Time to Revise the Optimal Portfolio

Mindaugas Baltutis (Vienna University of Economics and Business Administration)

Measuring Risk and Risk Aversion

(Room 22)

Chair: **Anders Vilhelmsson** (Lund University, Sweden)

Shape Invariant Modelling of the Empirical Pricing Kernel

Maria Grith (Humboldt-Universität zu Berlin, CASE)

Wolfgang Härdle (Humboldt-Universität zu Berlin, CASE)

Juhyun Park (Lancaster University)

Macro and Industry Dynamics for Frailty-correlated Default: A Joint Modeling Approach

Bernd Schwaab (VU University Amsterdam, Tinbergen Institute)

Siem Jan Koopman (VU University Amsterdam, Tinbergen Institute)

Andre Lucas (VU University Amsterdam, Tinbergen Institute)

Measuring Event Risk

Anders Vilhelmsson (Lund University, Sweden)

Peter Nyberg (Swedish School of Economics and Business Administration and the Graduate School of Finance)

Quantitative Macro Finance *(Room 23)*

Chair: **Jens H. E. Christensen** (Federal Reserve Bank of San Francisco)

Puzzle Solver

Christian Müller (Zürich University of Applied Sciences)

Jumps in Interest Rates: To What Extent Do News Surprises Matter

Szabolcs Sebestyén (Catholic University of Portugal)
Ángel León (University of Alicante)

Short-Run Forecasting of the Euro-Dollar Exchange Rate with Economic Fundamentals: Some Evidence from Mixing the Frequencies

Marcos Dal Bianco (University of Alicante)
Máximo Camacho Alonso (University of Murcia)
Gabriel Pérez-Quirós (Bank of Spain)

Incorporating Stochastic Volatility into Arbitrage-free Nelson-Siegel Models of the Term Structure

Jens H. E. Christensen (Federal Reserve Bank of San Francisco)
Jose A. Lopez (Federal Reserve Bank of San Francisco),
Glenn D. Rudebusch (Federal Reserve Bank of San Francisco)

Realized Volatility Estimation

(Heilig-Geist-Kapelle)

Chair: **Nour Meddahi** (Toulouse School of Economics)

Optimal Combinations of Realised Volatility Estimators

Andrew Patton (University of Oxford)

Kevin Sheppard (University of Oxford)

Jump Robust Volatility Estimation

Torben Andersen (Northwestern University)

Dobrislav Dobrev (Federal Reserve Board of Governors)

Ernst Schaumburg (Northwestern University)

Bid-Ask Bounds and Volatility

Nour Meddahi (Toulouse School of Economics)

Selma Chaker (Université de Montréal)

Copula Modeling

(Room 22)

Chair: **Helmut Herwartz** (Christian-Albrechts-Universität zu Kiel)

A Canonical Vine Autoregressive Model for Large Dimensions

Alfonso Valdesogo (CORE - Université catholique de Louvain)

Andréas Heinen (Universidad Carlos III de Madrid)

Dynamic Stochastic Copula Models: Estimation, Inference and Financial Applications

Hans Manner (Maastricht University)

Christian M. Hafner (CORE, Université catholique de Louvain)

Explaining the Index Skew by Means of Copula Dynamic Conditional Correlation Models

Helmut Herwartz (Christian-Albrechts-Universität zu Kiel)

Mathias Fengler (Frankfurt School of Finance and Management)

Christian Menn (Sal. Oppenheim jr. & Cie.)

Christian Werner (Christian-Albrechts-Universität zu Kiel)

Empirical Corporate Finance (Room 23)

Chair: **Anurag Banerjee** (Durham Business School, University Durham)

Nonlinear Modelling of Target Leverage with Latent Determinant Variables – New Evidence on the Trade-off Theory

Ralf Sabiwalsky (University of Cologne)

How do Executives Exercise Stock Options?

Daniel Klein (University of Mannheim)

Ernst Maug (University of Mannheim)

The Momentum Effect: A Statistical Illusion?

Anurag Banerjee (Durham Business School, University Durham)

Chi-Hsiou Hung (Durham Business School, University Durham)

Empirical Market Microstructure Analysis *(Heilig-Geist-Kapelle)*

Chair: **Joachim Grammig** (University of Tübingen)

Quote Quality in an Order Driven Market: How Much Volatility is Information and How Much is Noise?

David Veredas (ECARES, Université Libre de Bruxelles)

Roberto Pascual (Universidad de las Islas Baleares)

Transaction Costs in an Unmediated Call Auction in the Presence of Insider Information

Tobias Brünner (University of Freiburg)

International Price Discovery in the Presence of Microstructure Effects

Joachim Grammig (University of Tübingen)

Franziska J. Peters (University of Tübingen)

Volatility and Jumps

(Room 22)

Chair: **Kris Boudt** (K.U. Leuven)

Trading Activity, Realized Volatility and Jumps

Mikael Petitjean (Louvain School of Management)

Impact of Time-Inhomogeneous Jumps and Leverage Type Effects on Returns and Realised Variances

Almut Veraart (CREATES, University of Aarhus)

Robust Estimation of the Periodicity in Intraday Volatility and Intraday Jump Detection

Kris Boudt (K.U. Leuven)

Sébastien Laurent (University of Namur and CORE)

Christophe Croux (K.U.Leuven)

Testing Theory (Room 23)

Chair: **Rohit Deo** (New York University)

Testing Conditional Factor Models

Dennis Kristensen (Columbia University)

Andrew Ang (Columbia University and NBER)

Semiparametric Inference in a GARCH-in-Mean Model

Christian M. Dahl (University of Aarhus, CREATES)

Bent Jesper Christensen (University of Aarhus, CREATES)

Emma M. Iglesias (Michigan State University)

Bias Reduction and Likelihood Based Almost-Exactly Sized Hypothesis Testing in Predictive Regressions using the Restricted Likelihood

Rohit Deo (New York University)

Willa W. Chen (Texas A&M University)

Estimation Theory (Heilig-Geist-Kapelle)

Chair: **Osnat Stramer** (University of Iowa)

*Estimating Autocorrelations Under Long Memory
and Deterministic Trends*

Christian Hafner (CORE, Université catholique de Louvain)
Shin-Huei Wang (CORE, Université catholique de Louvain)

*Models for Time-Varying Moments Using Maximum
Entropy*

Klaus Herrmann (University of Erlangen-Nürnberg)
Matthias Fischer (University of Erlangen-Nürnberg)

*Bayesian Inference of Discretely Sampled Markov
Processes with Closed-Form Likelihood Expansions*

Osnat Stramer (University of Iowa)
Matthew Bognar (University of Iowa)
Paul Schneider (Warwick Business School)

GARCH Modelling

(Room 22)

Chair: **Cristina Amado** (Stockholm School of Economics and University of Minho and NIPE)

*Negative Volatility Spillovers in the Unrestricted
ECCC-GARCH Model*

Christian Conrad (University of Heidelberg)

Menelaos Karanasos (Brunel University)

A Three-Factors GARCH Model for Daily Returns

Silvia Miranda Agrippino (Bocconi University)

*Conditional Correlation Models of Autoregressive
Conditional Heteroskedasticity with Nonstationary
GARCH Equations*

Cristina Amado (Stockholm School of Economics and University of Minho and NIPE)

Timo Teräsvirta (University of Aarhus, CREATES)

Risk and Return
(Room 23)

Chair: **Hans Bystrom** (Lund University, Sweden)

*Construction and Inferences of the Efficient Frontier
in Elliptical Models*

Taras Bodnar (European University Viadrina)
Arjun K. Gupta (Bowling Green State University)

*Measuring Causality Between Volatility and Returns
with High-Frequency Data*

Abderrahim Taamouti (Universidad Carlos III de Madrid)
Jean-Marie Dufour (McGill University)
René Garcia (Edhec Business School)

The Age of Turbulence - Credit Derivatives Style
Hans Bystrom (Lund University, Sweden)

Exhibited Posters

(Entrance Hall)

Modelling and Forecasting Multivariate Realized Volatility

Roxana Chiriac (Universität Konstanz)

Valeri Voev (CREATES, University of Aarhus)

Financial Market Spillovers Around The Globe

Thomas Dimpfl (University of Erfurt)

Robert C. Jung (University of Erfurt)

A Global Model of International Yield Curves: No-Arbitrage Term Structure Approach

Iryna Kaminska (Bank of England)

Andrew Meldrum (University of Cambridge)

James Smith (Bank of England)

Modeling and Forecasting Return Volatility: A New Reduced Form Approach Using Nonparametric Variation Measures

Kerstin Kehrle (University of Tübingen)

Specification Tests for Nonlinear Time Series Models

Igor Kheifets (Universidad Carlos III de Madrid)

Exibited Posters

(Entrance Hall)

Long Memory and Tail Dependence in Trading Volume and Volatility

Paolo Santucci de Magistris (University of Pavia)

Eduardo Rossi (University of Pavia)

Dean Fantazzini (M.V. Lomonosov Moscow State University)

Market Efficiency, Asymmetric Price Adjustment and Over-Evaluation: Linking Investor Behaviors to EGARCH

Tatsuyoshi Miyakoshia (Osaka University)

Yoshihiko Tsukuda (Tohoku University)

Junji Shimada (Aoyama Gakuin University)

Trading Dynamics in the Foreign Exchange Market: A Latent Factor Panel Intensity Approach

Ingmar Nolte (Warwick Business School)

Valeri Voev (CREATES, University of Aarhus)

Adaptive Model Combinations for Volatility Forecasts

Yarema Okhrin (University of Bern)

Vasyl Golosnoy (Christian-Albrechts-Universität zu Kiel)

Extracting Market Expectations on Macroeconomic Announcements from Bond Prices

Lars Jul Overby (University of Copenhagen)

Exibited Posters

(Entrance Hall)

Modeling International Financial Returns With a Multivariate Regime Switching Copula

Alfonso Valdesogo (CORE, Université catholique de Louvain)

Lorán Chollete (Norwegian School of Economics and Business Administration)

Andréas Heinen (Universidad Carlos III de Madrid)

Common Influences, Spillover and Integration in Chinese Stock Markets

Enzo Weber (Freie Universität Berlin, Universität Mannheim)

Yanqun Zhang (Chinese Academy of Social Sciences)

Estimating Realized Spot Volatility With Noisy High-Frequency Data

Yang Zu (University of Amsterdam)

Peter Boswijk (University of Amsterdam)

Head:

Nikolaus Hautsch

Phone: +49 (0) 30 2093 - 5711

Fax: +49 (0) 30 2093 - 5712

E-mail: nikolaus.hautsch@wiwi.hu-berlin.de

General Issues:

Michael Viertel

Phone: +49 (0) 30 2093 - 5705

Fax: +49 (0) 30 2093 - 5712

E-mail: michael.viertel@wiwi.hu-berlin.de

Oliver Blaskowitz

Phone: +49 (0) 30 2093 - 5705

Fax: +49 (0) 30 2093 - 5712

E-mail: blaskowitz@wiwi.hu-berlin.de

Postal Address:

Humboldt-Universität zu Berlin
School of Business and Economics
Chair of Econometrics
Spandauer Str.1
10099 Berlin
Germany



