

# 2nd Humboldt - Copenhagen Conference on Financial Econometrics

May 13 and 14 2011, Copenhagen

**Anders Rahbek (local organiser) and Nikolaus Hautsch**

Program committee:

Nikolay Gospodinov, Concordia, Montreal.  
Peter Reinhardt Hansen, Stanford University.  
Nikolaus Hautsch, Humboldt University, Berlin.  
Dennis Kristensen, Columbia University.  
Asger Lunde, CREATES, Aarhus University.  
Andrew Patton, Duke University.  
Mark Podolskij, Heidelberg University.  
Anders Rahbek, Copenhagen University & CREATES.  
Markus Reiss, Humboldt University.  
Kevin Sheppard, Oxford University.  
Michael Sørensen, Copenhagen University, Denmark  
Timo Terasvirta, CREATES, Aarhus University.



**Friday, May 13, 2011**

**08.30 - 09.00 Registration** (in Christian Hansen Aud., Building 34)

**09.00 - 09.15 Welcome Address** (in Christian Hansen Aud., Building 34)

Anders Rahbek and Nikolaus Hautsch

Univ. of Copenhagen and Humboldt-Universität zu Berlin

**09.15 - 10.00 Invited Session** (in Christian Hansen Aud., Building 34)

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

*“Expected Value Models: A New Approach”*

**10.00 - 10.30 Coffee Break** (in Christian Hansen Aud., Building 34)

**10.30 - 12.10 Contributed Session I** (in Christian Hansen Aud., Building 34)

**Session I.1: High-Frequency Based Covariance Estimation**

**Chair: Markus Bibinger (Humboldt-Universität zu Berlin), in Christian Hansen Aud., Building 34**

**Realized Beta GARCH: A Multivariate GARCH Model with Realized Measures of Volatility and CoVolatility**

Peter Reinhard Hansen (Stanford University, CREATES)

Asger Lunde (Aarhus University, CREATES)

Valeri Voev (Aarhus University, CREATES)

**Multivariate High-Frequency-Based Volatility (HEAVY) Models**

Diaa Noureldin (University of Oxford & Oxford-Man Institute)

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

Kevin Sheppard (University of Oxford & Oxford-Man Institute)

**Forecasting Covariance Matrices: A Mixed Frequency Approach**

Roxana Halbleib (Université libre de Bruxelles, ECARES, CoFE)

Valeri Voev (Aarhus University, CREATES)

**Efficient Covariance Estimation for Asynchronos Noisy High-Frequency Data**

Markus Bibinger (Humboldt-Universität zu Berlin)

**Session I.2: Term Structure Modelling**

**Chair Anders Rahbek (University of Copenhagen), in 15.3.01, Building 15**

**Testing for Models of Short-Term Interest Rate**

Xu Zheng (Shanghai Jiao Tong University)

**Bayesian Parameter Estimation and Identification of Affine Term Structure Models**

Leopold Sögner (Vienna University of Economics and Business)

**A Forward-looking Model of the Term Structure of Interest Rates**

Albert L. Chun (Copenhagen Business School)

**Reduced Rank Autogression with Volatility Induced Stationarity**

Heino Bohn Nielsen (University of Copenhagen)

Anders Rahbek (University of Copenhagen)

**Friday, May 13, 2011 (continued)**

**12.10 - 13.30 Lunch**

(in Christian Hansen Aud., Building 34)

**13.30 - 15.10 Contributed Session II**

**Session II.1: Volatility Dynamics**

**Chair: Almut E.D. Veraart (Aarhus University, CREATES), in Christian Hansen Aud., Building 34**

**The Risk-Return Tradeoff and Leverage Effect in a Stochastic Volatility-in-Mean Model**

Bent Jesper Christensen (University of Aarhus, CREATES)

**Petra Posedel (Zagreb School of Economics and Management)**

**Volatility Behavior and Structure of Dependence between Commodity Futures and Stocks**

Lin Gao (University of St. Gallen)

**Lu Liu (Lund University)**

**Modelling Volatility by Variance Decomposition**

Cristina Amado (University of Minho, NIPE)

**Timo Teräsvirta (Aarhus University, CREATES)**

**Stochastic dynamics of variance risk premia through stochastic volatility of volatility**

Ole E. Barndorff-Nielsen (Thiele Centre, Aarhus University, CREATES)

**Almut E. D. Veraart (Aarhus University, CREATES)**

**Session II.2: Asset Pricing**

**Chair: Nikolay Gospodinov (Concordia University), in 15.3.01, Building 15**

**Option Pricing with Asymmetric Heteroskedastic Normal Mixture Models**

Jeroen V.K. Rombouts (HEC Montreal, CIRANO, CIRPEE, CORE)

**Lars Stentoft (HEC Montreal, CIRANO, CIRPEE, CREATES)**

**Semi-Parametric Estimation Of American Option Prices**

Patrick Gagliardini (University of Lugano, Swiss Finance Institute)

**Diego Ronchetti (University of Lugano)**

**Are There Benefits To Being Naked**

Giovanni Calice (University of Southampton)

**Jing Chen (Swansea University)**

Julian Williams (University of Aberdeen)

**Chi-Squared Tests for Evaluation and Comparison of Asset Pricing Models**

**Nikolay Gospodinov (Concordia University)**

Raymond Kan (University of Toronto)

Cesare Robotti (Federal Reserve Bank of Atlanta)

**15.10 - 15.40 Coffee Break**

(in Christian Hansen Aud., Building 34)

**Friday, May 13, 2011 (continued)**

**15.40 - 17.20      Contributed Session III**

**Session III.1:      Systemic Risk and Volatility**

**Chair: Asger Lunde (Aarhus University & CREATES), in Christian Hansen Aud., Building 34**

**On the Relation between Firm Characteristics and Volatility Dynamics with an Application to the 2007-2009 Financial Crisis**

**Christian Brownlees (Stern School of Business New York University)**

**Quantifying Marginal Systemic Risk Contributions**

Nikolaus Hautsch (Humboldt-Universität zu Berlin & CASE, CFS, QPL)

**Julia Schaumburg (Humboldt-Universität zu Berlin)**

Melanie Schienle (Humboldt-Universität zu Berlin & CASE)

**Systemic Risk Diagnostics Coincident Indicators and Early Warning Signals**

Siem Jan Koopman (VU University Amsterdam, Tinbergen Institute)

Andre Lucas (VU University Amsterdam, Duisenberg School of Finance, Tinbergen Institute)

**Bernd Schwaab (European Central Bank)**

**And Now, the Rest of the Story**

Robert F. Engle (Stern School of Business New York University)

Martin Klint Hansen (Aarhus University)

**Asger Lunde (Aarhus University & CREATES)**

**Session III.2:      Macro Finance**

**Chair: Christian D. Dick (ZEW Mannheim), in 15.3.01, Building 15**

**Pricing Deflation Risk with U.S. Treasury Yields**

**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)

**Why Do Certain Macroeconomic News Announcements Have a Big Impact on Asset Prices**

Thomas Gilbert (University of Washington)

Chiara Scotti (Board of Governors of the Federal Reserve System, Washington D.C.)

**Georg Strasser (Boston College)**

Clara Vega (Board of Governors of the Federal Reserve System, Washington D.C.)

**On the Forecasting Performance of Macroeconomic Fundamentals on Exchange Rate Movements**

**Weiwei Yin (Bocconi University)**

**Macro Expectations, Aggregate Uncertainty, and Expected Term Premia**

**Christian D. Dick (ZEW Mannheim)**

Maik Schmeling (Leibniz University Hannover)

Andreas Schrimpf (Aarhus University, CREATES)

**17.30 - 18.30      Invited Session**

(in Christian Hansen Aud., Building 34)

**Stephen Taylor (Lancaster University)**

*"How often do stock market prices jump?"*

**20.00**

**Dinner**

**Søren K, Søren Kierkegaards Plads 1  
1221 København K**

**Saturday, May 14, 2011**

**09.00 - 10.40      Contributed Session IV**

**Session IV.1:      GARCH Models**

*Chair: Peter R. Hansen (Stanford University), in Christian Hansen Aud., Building 34*

**GEL Estimation for Semi-Strong GARCH(1,1) with Robust Empirical Likelihood Inference**

Jonathan B. Hill (University of North Carolina)

**Artem Prokhorov (Concordia University)**

**The Power Log-GARCH Model**

**Genaro Sucarrat (BI Norwegian School of Management)**

Alvaro Escribano (Universidad Carlos III de Madrid)

**Long Memory and Nonlinearity in Conditional Variances A Smooth Transition FIGARCH Model**

**Rehim Kilic (Georgia Institute of Technology)**

**Exponential GARCH Modeling with Realized Measures of Volatility**

**Peter R. Hansen (Stanford University)**

Zhou Huang (Peking University)

**Session IV.2:      Asset Return Dependence**

*Chair: Rémy Chicheportiche (Ecole Centrale Paris), in 15.3.01, Building 15*

**A New Model for Dynamic Correlations under Skewness and Fat Tails**

Drew Creal (University of Chicago)

Siem J. Koopman (VU University Amsterdam, Tinbergen Institute)

Andre Lucas (VU University Amsterdam, Duisenberg School of Finance, Tinbergen Institute)

**Xin Zhang (VU University Amsterdam, Tinbergen Institute)**

**The Conditional Autoregressive Wishart Model for Multivariate Stock Market Volatility**

Vasyl Golosnoy (Christian-Albrechts-Universität Kiel)

**Bastian Gribisch (Christian-Albrechts-Universität Kiel)**

Roman Liesenfeld (Christian-Albrechts-Universität Kiel)

**Modelling Dependence in High Dimensions with Factor Copulas**

Dong H. Oh (Duke University)

**Andrew J. Patton (Duke University)**

**The Joint Distribution of Stock Returns is not Elliptical**

Jean-Philippe Bouchaud (ESPCI ParisTech, École polytechnique.)

**Rémy Chicheportiche (Ecole Centrale Paris)**

**10.40 - 11.10      Coffee Break**

(in Christian Hansen Aud., Building 34)

**Saturday, May 14, 2011 (continued)**

**11.10 - 12.30 Poster Session**

**Modelling Asset Correlations A Nonparametric Approach**

**Nektarios Aslanidis (Universitat Rovira i Virgili)**

Isabel Casas (Aarhus University, CREATES)

**A Summary Statistic for Cross-Sectional Dependence in Large Datasets**

**Natalia Bailey (Queen Mary, University of London)**

George Kapetanios (Queen Mary, University of London)

**Mean-Variance Cointegration and the Expectations Hypotheses**

**Till Strohsal (Free University of Berlin)**

Enzo Weber (University of Regensburg)

**International Diversification Benefits with Foreign Exchange Investment Styles**

**Tim A. Kroencke (ZEW Mannheim)**

Felix Schindler (ZEW Mannheim)

Andreas Schrimpf (Aarhus University, CREATES)

**A Multidimensional Dependent Jump-Diffusion Approach for Pricing Barrier Reverse Convertibles**

**Balazs Cserna (University of Frankfurt)**

**Do Jumps Help In Forecasting The Density Of Returns**

Julien Chevallier (Universite Paris Dauphine, CGEMP/LEDa)

Florian Ielpo (Lombard Odier Investment Management)

**Benoit Sevi (DEFI - Universite Aix-Marseille II)**

**Disagreement, Uncertainty and the True Predictive Density**

**Fabian Krüger (University of Konstanz, CoFE)**

Ingmar Nolte (University of Warwick, FERC, CoFE)

**How Efficient is the Kalman Filter at Estimating Affine Term Structure Models?**

**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)

**On the Transmission of Memory Inflation Persistence and the Great Moderation**

**Christian Conrad (University of Heidelberg)**

Simone Elmer (KOF Swiss Economic Institute)

Menelaos Karanasos (Brunel University, West London)

**Financial Soundness in Danish Banks Does the Composition of Customers Matter**

**Kirsten B. Rørdam (Danish Financial Supervisory Authorities)**

**Non-invertible Heteroscedastic Models**

**Alexey Sorokin (AHL Research, Oxford and London)**

**A General Approach to Conditional Moment Specification Testing with Projections**

**Xuexin Wang (Universidad Carlos III de Madrid)**

**12.30 - 13.50 Lunch**

(in Christian Hansen Aud., Building 34)

**Saturday, May 14, 2011 (continued)**

**13.50 - 15.30      Contributed Session V**

**Session V.1:      High-Frequency Data**

**Chair: Rocco Mosconi (Politecnico di Milano), in Christian Hansen Aud., Building 34**

**Measuring Market Speed**

**Kevin Sheppard (University of Oxford, Oxford-Man Institute of Quantitative Finance)**

**Capturing the Zero: A New Class of Zero-Augmented Distributions and Multiplicative Error Processes**

Nikolaus Hautsch (Humboldt-Universität zu Berlin, CASE, CFS, QPL)

**Peter Malec (Humboldt-Universität zu Berlin)**

Melanie Schienle (Humboldt-Universität zu Berlin, CASE)

**The Dynamic Relationship between Trading Volume and Conditional Volatility in the European Emissions Trading Scheme A High-Frequency Perspective**

**Daniel Rittler (University of Heidelberg)**

**The Impact Of Supply And Demand Imbalance On Stock Prices: An Analysis Based On Fractional Cointegration Using Borsa Italiana Ultra High Frequency Data**

Federico Carlini (Politecnico di Milano)

Mattia Manzoni (Borsa Italiana)

**Rocco Mosconi (Politecnico di Milano)**

**Session V.2:      Financial Time Series Modelling**

**Chair: Samuele Centorrino (University of Toulouse), in 15.3.01, Building 15**

**Combining Long Memory and Level Shifts in Modeling and Forecasting of Persistent Time Series**

**Rasmus T. Varneskov (Aarhus University, CREATES)**

Pierre Perron (Boston University)

**Testing For Rational Bubbles In A Co-Explosive Vector**

Tom Engsted (Aarhus University, CREATES)

**Bent Nielsen (University of Oxford)**

**Smooth Filtering and Likelihood Inference in Dynamic Latent Variables Models**

Christian T. Brownlees (Stern School of Business, New York University)

**Dennis Kristensen (Columbia University)**

Yongseok Shin (Oxford University)

**Nonparametric Nonstationary Regression In Continuous Time**

**Samuele Centorrino (University of Toulouse)**

**15.30 - 16.00      Coffee Break** (in Christian Hansen Aud., Building 34)

**16.00 - 17.00      Invited Session** (in Christian Hansen Aud., Building 34)

**Bas Werker (Tilburg University)**

*“The Dynamic Mixed Hitting-Time Model for Multiple Transaction Prices and Times”*