Vienna-Copenhagen Conference

Vienna, March 9-11, 2017

Program

Version: 20.01. 2017

Thursday, March 9

12:00-13:00   Registration

13:00-13:15   **Opening**
Room: Kleiner Festsaal
Heinz Engl, Rector of the University of Vienna

SESSION 1 (Plenary)
Chair: Nikolaus Hautsch, University of Vienna

13:15-14:00   **Keynote Talk**
Room: Kleiner Festsaal
Graham Elliott, University of California San Diego
Predictive Regression with a Local to Unity Regressor

14:00-14:30   Coffee

SESSION 2 (Parallel)

14:30-16:30   **Invited Session 2A: High-Frequency Finance & Market Microstructure**
Room: Elise Richter Saal
Chair: Cecilia Mancini, Università Degli Studi Firenze

Fabrizio Lillo, Scuola Normale Superiore di Pisa
Price, it's a GAS! Modelling ultra-high-frequency covariance dynamics with an observation-driven approach
(with Giuseppe Buccheri, Scuola Normale Superiore, Pisa, Giacomo Bormetti, University of Bologna, and Fulvio Corsi, Ca' Foscari University of Venice and City University London)

Frédéric Abergel, École Centrale Paris
Optimal order placement in order-driven markets

Cecilia Mancini, Università Degli Studi Firenze
Optimum Thresholding for Semimartingales with Levy Jumps under the mean-square error
(with Jose Figueroa-Lopez, Washington University in St. Louis)

14:30-16:30   **Contributed Session 2B: Factor Models**
Room: Kleiner Festsaal
Chair: *Marcelo C. Medeiros, Pontifical Catholic University of Rio de Janeiro*

Elisa Ossola, **European Commission**
A Diagnostic Criterion for approximate Factor Structure
(with Patrick Gagliardini, University of Lugano, and Olivier Scaillet, Université de Genève)

Eric Hillebrand, **Aarhus University**
Maximum Likelihood Estimation of Time-Varying Loadings in High-Dimensional Factor Models
(with Jakob Guldbaek Mikkelsen, Aarhus University, and Giovanni Urga, Cass Business School)

Rasmus Tangsgaard Varneskov, **Northwestern University**
Unified Inference for Nonlinear Factor Models from Panels with Fixed and Large Time Span
(with Torben G. Andersen, Northwestern University, Nicola Fusari, Johns Hopkins University and Viktor Todorov, Northwestern University)

Marcelo C. Medeiros, **Pontifical Catholic University of Rio de Janeiro**
Modeling and Forecasting Large Panel of Volatilies: The Benefits of Combining Factor Models and Shrinkage
(with Ricardo P. Masini, University of Sao Paulo and Eduardo F. Mendes, Fundação Getulio Vargas, Rio de Janeiro)

14:30-16:30   **Contributed Session 2C: Time Series**
Room: Erika Weinzierl Saal
Chair: *Christian Conrad, University of Heidelberg*

Mehdi Hosseinkouchack, Goethe University Frankfurt
CUSUM Based Ratio Tests for Parameter Constancy: With application to variance stability
(with Uwe Hassler, Goethe University Frankfurt, Paulo M. M. Rodrigues, Nova School of Business & Economics and Banco de Portugal, and Antonio Rubia, University of Alicante)

Jihyun Kim, Toulouse School of Economics
Mean Reversion and Stationarity in Financial Time Series Generated from Diffusion Models
(with Joon Y. Park, Indiana University)

Karin Stürmer, Northwestern University
Time-varying volatility persistence in a GARCH-MIDAS framework

Christian Conrad, University of Heidelberg
Misspecification Testing in GARCH-MIDAS Models
(with Melanie Schienle, Karlsruhe Institute of Technology)

16:30-17:00   Coffee

SESSION 3 (Parallel)

17:00-18:30   **Contributed Session 3A: Volatility**
Room: Kleiner Festsaal
Chair: Ilze Kalnina, University College London

Gustavo Fruet Dias, Aarhus University
Volatility Discovery
(Christina Mabel Scherrer, Aarhus University, and Fotis Papailias, Queen's University Belfast)

Yifan Li, Lancaster University
High-Frequency Volatility Modelling: A Markov-Switching Autoregressive Conditional Intensity Model
(with Ingmar Nolte, Lancaster University and Sandra Nolte, Lancaster University)

Ilze Kalnina, University College London
Cross-Sectional Dependence in Idiosyncratic Volatility
(with Kokouvi Tewou, Université de Montréal)

17:00-18:30   **Contributed Session 3B: Portfolio Allocation**
Room: Elise Richter Saal
Chair: Simone Manganelli, European Central Bank

Ekaterina Kazak, University of Konstanz
Testing Out-of- Sample Portfolio Performance
(with Winfried Pohlmeier, University of Konstanz)

Stefan Voigt, Vienna University of Business and Economics
Tackling the curse of portfolio optimization: How to adjust for transaction costs and estimation uncertainty?
(with Nikolaus Hautsch, University of Vienna)

Simone Manganelli, European Central Bank
Deciding with Judgment

17:00-18:30   **Contributed Session 3C: Empirical Finance**
Room: Erika Weinzierl Saal
Chair: *Carlo Sala, ESADE Business School*

Jens H. E. Christensen, Federal Reserve Bank of San Francisco
Does Quantitative Easing Affect Market Liquidity?
(with James Gillan, University of California, Berkeley)

Bernd Schwaab, European Central Bank
Bank business models at zero interest rates
(with André Lucas, Vrije Universiteit Amsterdam and Tinbergen Institute, and Julia
Schaumburg, Vrije Universiteit Amsterdam and Tinbergen Institute)

Carlo Sala, ESADE Business School
*Sentiment Lost: the Effect of Projecting the Empirical Pricing Kernel onto a Smaller
Filtration Set*
(with Giovanni Barone-Adesi, Swiss Finance Institute)

19:30   Conference Dinner, Vienna City Hall

Chair: Torben G. Andersen, Northwestern University

9:00-9:45 **Keynote Talk**
Room: Kleiner Festsaal
Bas Werker, Tilburg University
Arbitrage Pricing Theory for Idiosyncratic Variance Factors
(with Eric Renault, Brown University, and Thijs van der Heijden, University of Melbourne)

9:45-10:15 Coffee

SESSION 5 (Parallel)

10:15-12:15 **Invited Session 5A: Bootstrap**
Room: Elise Richter Saal
Chair: Anders Rahbek, University of Copenhagen

Peter Boswijk, University of Amsterdam
Bootstrapping non-stationary stochastic volatility
(with Guiseppe Cavaliere, University of Bologna, Iliyan Georgiev, University of Bologna, and Anders Rahbek, University of Copenhagen)

Jens-Peter Kreiss, Technical University Braunschweig
Baxter's Inequality and Sieve Bootstrap for Random Fields
(with Marco Meyer, Technical University Braunschweig, and Carsten Jentsch, University of Mannheim)

Heino Bohn Nielsen, University of Copenhagen
Bootstrap-based Bubble Modeling Inference in Noncausal Autoregressions
(with Guiseppe Cavaliere, University of Bologna and Anders Rahbek, University of Copenhagen)

Morten Øregaard Nielsen, Queen's University
Bootstrap Inference with Clustered Errors
(with James MacKinnon, Queen's University and Antoine Djogbenou, Queen's University)

10:15-12:15 **Contributed Session 5B: Time Series**

Room: Erika Weinzierl Saal
Chair: Niels Haldrup, Aarhus University

Ryoko Ito, Oxford University
Dynamic time series models with many zeroes; with applications in finance
(with Andrew Harvey, University of Cambridge)

Genaro Sucarrat, BI Norwegian Business School
Models of Financial Return With Time-Varying Zero Probability
(with Steffen Groenneberg, BI Norwegian Business School)

Cristina Amado, CREATES and University of Minho
A Smooth Transition Approach to Modelling Diurnal Variation in Models of Autoregressive Conditional Duration
(with Timo Teräsvirta, CREATES and Aarhus University)

Niels Haldrup, Aarhus University
Long Memory, Fractional Integration and Cross-Sectional Aggregation
(with J. Eduardo Vera Valdés, Aarhus University)

10:15-12:15   **Contributed Session 5C: Covariances & Correlations**
Room: Kleiner Festsaal
Chair: *Tim Bollerslev, Duke University*

Nour Meddahi, Toulouse School of Economics
High Dimensional Multivariate Realized Volatility Measures
(with Tim Bollerslev, Duke University, and Serge Nyawa, Toulouse School of Economics)

František Čech, Charles University, Prague
On the modelling and forecasting multivariate realized volatility: Generalized Heterogeneous Autoregressive (GHAR) model
(with Jozef Baruník, Charles University, Prague)

Christian Brownlees, Universitat Pompeu Fabra
Community Detection in Partial Correlation Network Models
(with Guðmundur Stefán Guðmundsson, Universitat Pompeu Fabra, and Gábor Lugosi, Universitat Pompeu Fabra)

Tim Bollerslev, Duke University
Modeling and Forecasting (Un)Reliable Realized Covariances for More Reliable Financial Decisions
(with Andrew J. Patton, Duke University, and Rogier Quaedvlieg, Erasmus University Rotterdam)

12:15-14:00   Lunch and Poster Session

Yang-Ho Park, Federal Reserve Board
On the Relation between S&P 500 Options and VIX Derivatives

Giulia Livieri, Scuola Normale Superiore
Smile at errors: A discrete-time stochastic volatility framework for pricing options with realized measures
(with Giacomo Bormetti, University of Bologna, Roberto Casarin, Ca' Foscari University of Venice, and Fulvio Corsi, City University of London)

Stefan Hubner, University of Oxford
Asymmetric Nonlinear Smooth Transition Generalized Autogregressive Conditional Quantile Model
(with Pavel Čížek, Tilburg University)

Michael Noé, EUREX Frankfurt AG and HU Berlin
Do High-Frequency Traders Stabilize Markets? Evidence from the European Futures Market
(with Nikolaus Hautsch, University of Vienna, and Sarah S. Zhang, University of Manchester)

Haiyue Yu, University of Hong Kong
Option Pricing with Generalized Autoregressive Score Models
(with Qi Lin, University of Hong Kong)

Peter Exterkate, University of Sydney
A regime-switching stochastic volatility model for forecasting electricity prices
(with Oskar Knapik, CREATES and Aarhus University)

Leopold Sögner, Institute for Advanced Studies Vienna
Fully Modified OLS Estimation of Spatially Correlated Cointegrated Relationships
(with Martin Wagner, Technical University Dortmund)

Stanislav Khrapov, New Economic School Moscow
Option Pricing via Risk-Neutral Density Forecasting

Olivier Hubert, University of Namur
Non-Linear Effects of Fiscal Policy on the Yield Curve Paper
(with Hans Dewachter, KU Leuven, and Romain Houssa, University of Namur)

Chong Liang, Karlsruhe Institute of Technology
Vector Error Correction Model in Diverging Dimensions - with Application in High Frequency Trading Data
(with Melanie Schienle, Karlsruhe Institute of Technology)

Jozef Baruník, Charles University in Prague
Quantile Cross-Spectral Measures of Dependence between Economic Variables
(with Tobias Kley, London School of Economics)

Bernd Funovits, University of Helsinki
Multivariate All-Pass Time Series Models: Modelling and Estimation Strategies
(with Juho Nyholm, University of Helsinki)

Jantje Sönksen, University of Tübingen
Empirical Asset Pricing with Multi-Period Disasters and Partial Government Defaults

SESSION 6 (Parallel)

14:00-16:00 **Invited Session 6A: Bubbles**
Room: Kleiner Festsaal
Chair: Anders Rahbek, University of Copenhagen

Bent Nielsen, University of Oxford
Rational bubbles and the co-explosive model

Jörg Breitung, University of Cologne
Multivariate tests for asset price bubble
(with Robin Kruse, University of Groningen)

Jean-Michel Zakoian, CREST
Noncausal heavy-tailed autoregressive process and the modeling of bubbles
(with Christian Gouriéroux, CREST, Toronto University, and Sébastien Fries, CREST)

14:00-16:00   **Contributed Session 6B: Statistical Theory**
Room: Elise Richter Saal
Chair: Benedikt Funke, Technical University Dortmund

Mingli Chen, University of Warwick
Quantile Graphical Models: Prediction and Conditional Independence with Applications to Financial Risk Managment
(with Alexandre Belloni, Duke University, and Victor Chernozhukov, Massachusetts Institute of Technology)

Sulkhan Chavleishvili, European Central Bank
Quantile Impulse Response Functions
(with Simone Manganelli, European Central Bank)

Zehra Ekşi-Altay, Vienna University of Business and Economics
EM Algorithm For Markov Chain Observed via Gaussian Noise and Point Processes Information
(with Rüdiger Frey, Vienna University of Business and Economics, and Camilla Damian, Vienna University of Business and Economics)

Benedikt Funke, Technical University of Dortmund
Nonparametric Estimation and Testing on Discontinuity of Positive Supported Densities: A Kernel Truncation Approach
(with Masayuki Hirukawa, Setsunan University)

16:00-16:30   Coffee

SESSION 7 (Parallel)

16:30-18:00   **Invited Session 7A: Frontiers in Financial Econometrics**
Room: Kleiner Festsaal
Chair: Peter R. Hansen, University of North Carolina Chapel Hill

Elena I. Dumitrescu, Paris X
Exchange Rate Volatility Forecasting: a Multivariate Realized GARCH Approach
(with Peter R. Hansen, University of North Carolina Chapel Hill)

Denis Pelletier, North Carolina State University
Returns, Durations and Time Endogeneity
(with Quifeng Weng, North Carolina State University)

Peter. R. Hansen, University of North Carolina Chapel Hill
A Multi-Factor Realized GARCH Model, with An Application to the Fama-French Model
(with Ilya Archakov, European University Institute and Asger Lunde, Aarhus University)

16:30-18:00   **Contributed Session 7B: Systemic Risk & Financial Stability**
Room: Elise Richter Saal
Chair: Jose A. Lopez, Federal Reserve Bank of San Francisco

Jérémy Leymarie, University of Orléans
Backtesting Marginal Expected Shortfall and Related Systemic Risk Measures
(with Denisa Banulescu, University of Orléans, Christophe Hurlin, University of Orléans and Olivier Scaillet, Université de Genève)

Robin Lumsdaine, American University Washington
The Intrafirm Complexity of Systemically Important Financial Institutions
(with Daniel Rockmore, Dartmouth College and Santa Fe Institute, Nicholas Foti, University of Washington, Gregory Leibon, Dartmouth College, and J. Doyne Farmer, University of Oxford and Santa Fe Institute)

Jose A. Lopez, Federal Reserve Bank of San Francisco
Calibrating Macroprudential Policy to Forecasts of Financial Stability
(with Scott A. Brave, Federal Reserve Bank of Chicago)

16:30-18:00   **Contributed Session 7C: Tails & Jumps**
Room: Erika Weinzierl Saal
Chair: Gustavo A. Schwenkler, Boston University

Haiyue Yu, University of Hong Kong
Co-Jump Asymmetry
(Qi Lin, University of Hong Kong)

Lukas Vacha, Charles University in Prague
Do co-jumps impact correlations in currency markets?
(with Jozef Baruník, Charles University in Prague)

Gustavo A. Schwenkler, Boston University
Efficient Parameter Estimation for Multivariate Jump-Diffusions
(with François Guay, Cornerstone Research)

9:00-11:00   **Invited Session 8A: Factor Models**
Room: Kleiner Festsaal
Chair: *Torben G. Andersen, Northwestern University*

Jia Li, Duke University
Rank Tests at Jump Events
(with Viktor Todorov, Northwestern University, George Tauchen, Duke University, Huidi Lin, Northwestern University)

Svetlana Bryzgalova, Stanford University
Optimal portfolios

Ernst Schaumburg, AQR Capital Management LLC
Robust Forecasting by Regularization
(with Dobrislav P. Dobrev, Federal Reserve Board of Governors)

Nicola Fusari, Johns Hopkins University
The Pricing of Tail Risk and the Equity Premium: Evidence from International Option Markets
(with Torben G. Andersen, Northwestern University, and Viktor Todorov, Northwestern University)

9:00-11:00   **Contributed Session 8B: Prediction**
Room: Elise Richter Saal
Chair: Guanhao Feng, University of Chicago

Michael Rockinger, University of Lausanne
Do Higher Realized Moments Predict Cross-sectional Returns? The Case of France
(with Eric Jondeau, University of Lausanne)

Rong Fu, Heriot-Watt University, Edinburgh
Stock return prediction with fully flexible models and coefficients
(with Joseph P. Byrne, Heriot-Watt University)

Guanhao Feng, University of Chicago
Regularizing Bayesian Predictive Regressions
(with Nicholas G. Polson, University of Chicago)

9:00-11:00   **Contributed Session 8C: Asset Pricing**
Room: Erika Weinzierl Saal
Chair: *Dacheng Xiu, University of Chicago*

Jens H. E. Christensen, Federal Reserve Bank of San Francisco
The TIPS Liquidity Premium
(with Martin M. Andreasen, Aarhus University, Kevin Cook, Federal Reserve Bank of San Francisco, and Simon Riddell, Federal Reserve Bank of Francisco)

Rogier Quaedvlieg, Erasmus School of Economics, Rotterdam
Score-Driven Nelson Siegel: Hedging Long-Term Liabilities
(with Peter C. Schotman, Maastricht University and Limburg Institute of Financial Economics)

Maria Grith, HU Berlin
Functional Principal Component Analysis for Derivatives of Multivariate Curves
(with Wolfgang K. Härdle, HU Berlin, Alois Kneip, University of Bonn and Heiko Wagner, University of Bonn)

Dacheng Xiu, University of Chicago
Inference on Risk Premia Without a Fully Specified Factor Model
(with Stefano Giglio, University of Chicago)

11:00-11:30	Coffee

SESSION 9 (Parallel)

11:30-13:00 **Contributed Session 9A: Volatility**
Room: Erika Weinzierl Saal
Chair: *Yang-Ho Park, Federal Reserve Board*

Lars Winkelmann, FU Berlin
Estimation of the discontinuous leverage effect: evidence from the NASDAQ order book
(with Markus Bibinger, University of Marburg, and Christopher Neely, Federal Reserve Bank of St. Louis)

Ulrich Hounyo, Aarhus University
Testing for heteroscedasticity in jumpy and noisy high-frequency data: A resampling approach
(with Kim Christensen, Aarhus University and Mark Poldoskij, Aarhus University)

Yang-Ho Park, Federal Reserve Board
The VIX in the Spotlight: Attention Formation and Volatility Forecasting

11:30-13:00 **Contributed Session 9B: High-Frequency Data & Market Microstructure**
Room: Kleiner Festsaal
Chair: *Dobrislav Dobrev, Federal Reserve Board*

Roberto Renò, University of Verona
Systematic Flatness
(with Federico M. Bandi, John Hopkins University and Davide Pirino, University of Rome)

Stephen J. Taylor, Lancaster University
Microstructure noise components of the S&P 500 index: variation, persistence and distributions

Dobrislav Dobrev, Federal Reserve Board
High-Frequency Cross-Market Trading: Model Free Measurement and Applications
(with Ernst Schaumburg, Federal Reserve Bank of New York)

11:30-13:00   **Contributed Session 9C: Tails & Jumps**
Room: Elise Richter Saal
Chair: Kim Christensen, Aarhus University/CREATES

Caio Almeida, EPGE/FGV
High Frequency Tail Risk
(with Kym Ardison, EPGE/FGV and Rene Garcia, EDHEC)

Peter C. Schotman, Maastricht University
Annual VaR from High Frequency Data
(with Alessandro Pollastri, Maastricht University)

Kim Christensen, Aarhus University/CREATES
The Drift Burst Hypothesis
(with Roel Oomen, Deutsche Bank and LSE, and Roberto Renò, University of Verona)

13:00-14:00   Lunch

SESSION 10 (Plenary)
Chair: Anders Rahbek, University of Copenhagen

14:00-14:45   **Keynote Talk**
Room: Kleiner Festsaal
Paolo Zaffaroni, Imperial College London
Portfolio Choice with Model Misspecification: A Foundation for Alpha and Beta Portfolios
(with Raman Uppal, EDHEC Business School)

14:45   **Closing Remarks**