



THE UNIVERSITY OF  
CHICAGO

Fourth Annual Society for Financial Econometrics Conference  
The University of Chicago Gleacher Center  
June 15, 16, 17, 2011

<b>Wednesday, June 15, 2011</b>	
<b>7:30-8:30am</b>	<b>Registration and Continental Breakfast</b>
<b>8:30-8:45am</b>	<b>Opening Remarks</b> Robert Fefferman, <i>University of Chicago</i>
<b>8:45-9:30am</b>	<b>Invited Speaker</b> <i>Chair: George Tauchen, Duke University</i> Ravi Jagannathan, <i>Northwestern University, Kellogg School of Management</i> "Price Momentum Cycles in the U.S. Stock Market"
<b>9:30-10:45am</b>	<b>"A Variety of Frontiers"</b> <i>Chair: Ruey Tsay, University of Chicago</i> Kris Jacobs, <i>University of Houston, McGill University, and Tilburg University</i> "Option Anomalies and the Pricing Kernel" <i>Co-Authors: Steven Heston and Peter Christoffersen</i> Simone Manganelli, <i>European Central Bank</i> "VAR for VaR: Measuring Systemic Risk Using Multivariate Regression Quantiles" <i>Co-Authors: Tae-Hwan Kim and Halbert White</i> Bart Diris, <i>Erasmus University Rotterdam</i> "Model Uncertainty for Long-Term Investors"
<b>10:45-11:15am</b>	<b>Refreshment Break</b>
<b>11:15-12:00pm</b>	<b>Invited Speaker</b> <i>Chair: Robert Engle, NYU Stern School of Business</i> Chester Spatt, <i>Carnegie Mellon University</i> "Measurement and Policy Formulation"
<b>12:00-1:30pm</b>	<b>Lunch</b>
<b>1:30-2:15pm</b>	<b>Invited JFEC Lecture</b> <i>Chair: Rene Garcia, EDHEC Nice</i> Kenneth Singleton, <i>Stanford University</i> "The Anatomy of Risk Premiums in Gaussian Dynamic Term Structure Models"
<b>2:15-3:05pm</b>	<b>"Equity Risk Premia"</b> <i>Chair: John Heaton, University of Chicago</i> Anisha Ghosh, <i>Carnegie Mellon University, Tepper School of Business</i> "What is the Consumption-CAPM Missing?" <i>Co-Authors: Christian Julliard Alex P. Taylor</i> Benoît Perron, <i>Université de Montréal</i> "A Long-Horizon Perspective on the Cross-Section of Expected Returns" <i>Co-Authors: Federico M. Bandi, Renè Garcia, Abraham Lioui</i>

<b>3:05-3:35pm</b>	<b>Refreshment Break</b>
<b>3:35-4:25pm</b>	<p><b>“Bond Risk Premia”</b>  <i>Chair: Luca Benzoni, Federal Reserve Bank of Chicago</i></p> <p>Pavol Povala, <i>University of Lugano</i>  <b>“Understanding Bond Risk Premia”</b>  <i>Co-Author: Anna Cieslak</i></p> <p>Jing Cynthia Wu, <i>University of California, San Diego</i>  <b>“Unbiased Estimation of Dynamic Term Structure Models”</b>  <i>Co-Authors: Glenn D. Rudebusch and Michael D. Bauer</i></p>
<b>4:25-5:25pm</b>	<p><b>SoFiE Presidential Address</b>  <i>Chair: Eric Renault, UNC Chapel Hill</i></p> <p>Eric Ghysels, <i>University of North Carolina, Chapel Hill</i>  <b>“Skewness in Equity Returns: Measurement and Modelling”</b></p>
<b>7:00-10:00pm</b>	<p><b>Gala Dinner: Trump International Hotel and Towers</b></p> <p><b>Gala Dinner Speaker</b>  <i>Chair: Francis X. Diebold, University of Pennsylvania</i></p> <p>John Taylor, <i>Stanford University</i>  <b>“The Rules-Discretion Cycle in Economic Policy: Implications for Financial Markets”</b></p>

<b>Thursday, June 16, 2011</b>	
<b>8:00-9:00am</b>	<b>Continental Breakfast</b>
<b>9:00-10:40am</b>	<b>Parallel Sessions</b>
<b>Session A</b>	<p><b>“Risk Measurement”</b>  <i>Chair: Kevin Sheppard, University of Oxford</i></p> <p>Christian Brownlees, <i>New York University, Stern School of Business</i>  <b>“On the Relation between Firm Characteristics and Volatility Dynamics with an Application to the 2007-2009 Financial Crisis”</b></p> <p>Nikolaus Hautsch, <i>Humboldt-Universität zu Berlin</i>  <b>“Quantifying Time-Varying Marginal Systemic Risk Contributions”</b>  <i>Co-Authors: Julia Schaumburg and Melanie Schienle</i></p> <p>Brenda López Cabrera, <i>Humboldt-Universität zu Berlin</i>  <b>“Localising Temperature Risk”</b>  <i>Co-Authors: Wolfgang Karl Härdle, Ostap Okhrin, Weining Wang</i></p> <p>Tyler Muir, <i>Northwestern University, Kellogg School of Management</i>  <b>“Financial Intermediaries and the Cross-Section of Asset Returns”</b>  <i>Co-Authors: Tobias Adrian and Erkko Etula</i></p>
<b>Session B</b>	<p><b>“Options”</b>  <i>Chair: Roger Lee, University of Chicago</i></p> <p>Raul Gonzalez, <i>University of Geneva</i>  <b>“Recovering Nonlinear Dynamics from Option Prices”</b>  <i>Co-Authors: Alexandre Engulato and Olivier Scaillet</i></p>

	<p>Bruno Feunou, <i>Bank of Canada</i>  “The Economic Value of Realized Volatility”  <i>Co-Authors: Peter Christoffersen, Nour Meddahi and Kris Jacobs</i></p> <p>Michael Neumann, <i>Munich University of Technology</i>  “ Predictable Dynamics in Higher Order Risk-Neutral Moments: Evidence from the S&amp;P 500 Options ”  <i>Co-Authors: George Skiadopoulos</i></p> <p>Yang-Ho Park, <i>University of Colorado, Leeds School of Business</i>  “The Roles of Short-Run and Long-Run Volatility Factors in Options Market: a Term Structure Perspective”</p>
<b>10:40-11:10am</b>	<b>Refreshment Break</b>
<b>11:10-11:55am</b>	<p><b>Invited Speaker</b>  <i>Chair: Andrew Patton, Duke University</i></p> <p>James Hamilton, <i>University of California San Diego</i>  “Testable Implications of Affine Term Structure Models”</p>
<b>11:55-2:00pm</b>	<b>Lunch and Poster Session 1</b>
	<p><b>Dacheng Xiu</b>  <i>Princeton University, Bendheim Center for Finance</i>  “Dissecting and Deciphering European Option Prices using Closed-Form Series Expansion”</p>
	<p><b>Dan Christina Wang</b>  <i>The University of Chicago and The University of Oxford</i>  “The Estimation of Leverage Effect with High Frequency Data”  <i>Co-Author: Per A. Mykland</i></p>
	<p><b>Jeremy J. Graveline</b>  <i>University of Minnesota, Carlson School of Management</i>  “G10 Swap and Exchange Rates”  <i>Co-Author: Scott Joslin</i></p>
	<p><b>Thuy-Duong Tô</b>  <i>University of New South Wales, School of Banking and Finance</i>  “Stochastic Correlation and Risk Premia in Term Structure Models”  <i>Co-Authors: Carl Chiarella and Chih-Ying Hsiao</i></p>
	<p><b>Claudio Morana</b>  <i>Milan State University (Bicocca)</i>  “Heteroskedastic Factor Vector Autoregressive Estimation of Persistent and Non Persistent Processes Subject to Structural Breaks”</p>
<b>2:00-3:40pm</b>	<b>Parallel Sessions</b>
<b>Session A</b>	<p><b>“Financial Forecasting”</b>  <i>Chair: Francis X. Diebold, University of Pennsylvania</i></p> <p>John Geweke, <i>University of Technology Sydney</i>  “Improving Asset Price Prediction When All Models are False”  <i>Co-Author: Garland Durham</i></p> <p>George Panayotov, <i>Georgetown University</i>  “The Baltic Dry Index as a Predictor of Global Stock Returns, Commodity Returns, and Global Economic Activity”  <i>Co-Authors: Gurdip Bakshi and Georgios Skoulakis</i></p> <p>Seth Pruitt, <i>Federal Reserve Board of Governors</i>  “The Three-Pass Regression Filter: A New Approach to Forecasting Using Many Predictors”  <i>Co-Author: Bryan Kelly</i></p>

	<p>Pawel Szerszen, <i>Federal Reserve Board of Governors</i>  “The Information Content of High-Frequency Data for Estimating Equity Return Models and Forecasting Risk”  <i>Co-Author: Dobrislav Dobrev</i></p>
<b>Session B</b>	<p><b>“Microstructure”</b>  <i>Chair: Jeffrey Russell, The University of Chicago</i></p> <p>Arseniy Kukanov, <i>Columbia University</i>  “The Price Impact of Order Book Events”  <i>Co-Authors: Rama Cont and Sasha Stoikov</i></p> <p>Per Mykland, <i>The University of Chicago</i>  “Between Data Cleaning and Inference: Pre-Averaging and other Robust Estimators of the Efficient Price”  <i>Co-Author: Lan Zhang</i></p> <p>Cem Cakmakli, <i>Erasmus University Rotterdam, Tinbergen Institute</i>  “Modeling and Estimation of Synchronization in Multistate Markov-Switching Models”  <i>Co-Authors: Richard Paap and Dick van Dijk</i></p> <p>Jin-Huei Yeh, <i>National Central University</i>  “Synchronizing Asynchronously Traded Financial Assets for Noise-robust Realized Covariance”  <i>Co-Authors: Ruey S, Tsay and Chung-Ming Kuan</i></p>
<b>3:40-4:15pm</b>	<b>Refreshment Break</b>
<b>4:15-5:00pm</b>	<p><b>Invited Speaker</b>  <i>Chair: Lan Zhang, University of Illinois Chicago</i></p> <p>Neil Shephard, <i>University of Oxford, Oxford-Man Institute</i>  “Efficient and Feasible Inference for the Components of Financial Variation using Blocked Multipower Variation”</p>
<b>5:00-6:00pm</b>	<b>SoFiE Member Meeting</b>
<b>6:00-7:30pm</b>	<b>Wine and Cheese Reception</b>

<b>Friday, June 17, 2011</b>	
<b>8:00-9:00am</b>	<b>Continental Breakfast</b>
<b>9:00-10:40am</b>	<b>Parallel Sessions</b>
<b>Session A</b>	<p><b>“Realized Volatility”</b>  <i>Chair: Per Mykland, University of Chicago</i></p> <p>Yingying Li, <i>Hong Kong University of Science and Technology</i>  “Realized Volatility When Sampling Times are Possibly Endogenous”  <i>Co-Authors: Per Mykland, Eric Renault, Lan Zhang and Xinghua Zheng</i></p> <p>Nicola Fusari, <i>Northwestern University, Kellogg School of Management</i>  “Realizing Smiles: Options Pricing with Realized Volatility”  <i>Co-Authors: Fulvio Corsi and Davide La Vecchia</i></p> <p>Asger Lunde, <i>Aarhus University, School of Economics and Management</i>  “Realized Beta GARCH: A Multivariate GARCH Model with Realized Measures of Volatility and CoVolatility”  <i>Co-Authors: Peter Reinhard Hansen and Valeri Voev</i></p>

	<p>Diaa Noureldin, <i>University of Oxford, Department of Economics</i>  “Multivariate High-Frequency-Based Volatility (HEAVY) Models”  <i>Co-Authors: Neil Shephard and Kevin Sheppard</i></p>
<b>Session B</b>	<p><b>“Modeling Defaultable Bonds”</b>  <i>Chair: Olivier Scaillet, Université de Genève</i></p> <p>Jean-Paul Renne, <i>Banque de France</i>  “Default, Liquidity and Crises: an Econometric Framework”  <i>Co-Author: Alain Monfort</i></p> <p>Marika Vezzoli, <i>University of Brescia</i>  “Fitting and Forecasting Sovereign Defaults Using Multiple Risk Signals”  <i>Co-Author: Roberto Savona</i></p> <p>Wei-Choun Yu, <i>Winona State University</i>  “Forecasting the Term Structures of Treasury and Corporate Yields Using Dynamic Nelson-Siegel Models”  <i>Co-Author: Eric Zivot</i></p>
<b>10:40-11:10am</b>	<b>Refreshment Break</b>
<b>11:10-11:55am</b>	<p><b>Invited Speaker</b>  <i>Chair: Tim Bollerslev, Duke University</i></p> <p>Jin-Chuan Duan, <i>National University of Singapore</i>  “Price and Volatility Dynamics Implied by the VIX Term Structure”</p>
<b>11:55-2:00pm</b>	<b>Lunch and Poster Session 2</b>
	<p><b>Caio Almeida</b>  <i>Graduate School of Economics, Getulio Vargas Foundation</i>  “Assessing Misspecifications in Asset Pricing Models with Nonlinear Projections of Pricing Kernels”  <i>Co-Author: René Garcia</i></p>
	<p><b>Sílvia Goncalves</b>  <i>Département de sciences économiques</i>  “Bootstrapping Factor-Augmented Regression Models”  <i>Co-Author: Benoit Perron</i></p>
	<p><b>Viktor Todorov</b>  <i>Northwestern University, Kellogg School of Business</i>  “Jump Tails, Extreme Dependencies, and the Distribution of Stock Returns”  <i>Co-Author: Tim Bollerslev</i></p>
	<p><b>Marine Carrasco</b>  <i>Université de Montréal</i>  “Optimal Portfolio Selection Using Regularization”  <i>Co-Author: Nérée Noumon</i></p>
	<p><b>Michel van der Wel</b>  <i>Erasmus University Rotterdam and CREATES</i>  “Estimating Continuous-Time DSGE Models using Macro and Financial Data”  <i>Co-Authors: Bent Jesper Christensen and Olaf Posch</i></p>
<b>2:00-3:40pm</b>	<b>Parallel Sessions</b>
<b>Session A</b>	<p><b>“Term Structure Modeling”</b>  <i>Chair: Torben Andersen, Northwestern University, Kellogg School of Management</i></p> <p>Scott Joslin, <i>MIT, Sloan School of Management</i>  “On the Observational Equivalence of Kalman-Filter Estimates of Gaussian Macro-Term Structure and Unconstrained State-Space Model”  <i>Co-Authors: Anh Le Kenneth J. Singleton</i></p>

	<p>Haitao Li, <i>University of Michigan, Stephen M. Ross School of Business</i>  “No-Arbitrage Taylor Rules with Switching Regimes”  <i>Co-Authors: Tao Li and Cindy Yu</i></p> <p>Adlai J. Fisher, <i>University of British Columbia, Sauder School of Business</i>  “Dimension-Invariant Dynamic Term Structures”  <i>Co-Authors: Laurent E. Calvet and Liuren Wu</i></p> <p>Jens H. E. Christensen, <i>Federal Reserve Bank of San Francisco</i>  “Pricing Deflation Risk with U.S. Treasury Yields”  <i>Co-Authors: Jose A. Lopez and Glenn D. Rudebusch</i></p>
<b>Session B</b>	<p><b>“Jumps and Fat Tails”</b>  <i>Chair: Michael Rockinger, University of Lausanne</i></p> <p>Hedibert F. Lopes, <i>University of Chicago, Booth School of Business</i>  “Particle Learning for Fat-tailed Distributions”  <i>Co-Author: Nicholas G. Polson</i></p> <p>Paul Schneider, <i>Warwick Business School</i>  “Density Approximations for Multivariate Affine Jump-Diffusion Processes”  <i>Co-Authors: Damir Filipovic and Eberhard Mayerhofer</i></p> <p>Xin Zhang, <i>VU University Amsterdam</i>  “A New Model for Dynamic Correlations under Skewness and Fat Tails”  <i>Co-Authors: Drew Creal, Siem Jan Koopman and André Lucas</i></p> <p>George Tauchen, <i>Duke University, Department of Economics</i>  “Realized Laplace Transforms for Estimation of Jump Diffusive Volatility Models”  <i>Co-Authors: Viktor Todorov and Iaryna Gryniv</i></p>
<b>3:40-4:00pm</b>	<b>Refreshment Break</b>
<b>4:00-4:45pm</b>	<p><b>Invited Speaker</b>  <i>Chair: Drew Creal, University of Chicago</i></p> <p>Siem Jan Koopman, <i>VU University Amsterdam</i>  “‘The Analysis of Stochastic Volatility in the Presence of Daily Realised Measures”</p>
<b>4:45pm</b>	<b>Closing Remarks</b>