

Vienna-Copenhagen Conference

Vienna, March 9-11, 2017

Program

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

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)

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)

Marcelo C. Medeiros, Pontifical Catholic University of Rio de Janeiro

Modeling and Forecasting Large Panels of Volatilities: 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

(with 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

Friday, March 10

SESSION 4 (Plenary)

Chair: Tim Bollerslev, Duke 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 Borgetti, 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 Autoregressive 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, 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

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 Management**(with Alexandre Belloni, Duke University, and Victor Chernozhukov, MIT)***Sulkhan Chavleishvili, European Central Bank***Quantile Impulse Response Functions**(with Simone Manganeli, 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**

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 Complexity of Bank Holding Company Resolution: A Topological Approach
(with Mark D. Flood, US Department of the Treasury, Dror Y. Kenett, US Department of
the Treasury, and Jonathan K. Simon (University of Iowa))***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)*

Saturday, March 11

SESSION 8 (Parallel)

9:00-10:30 **Invited Session 8A: Factor Models**

Room: Kleiner Festsaal

Chair: Nicola Fusari, Johns Hopkins University

Jia Li, Duke University

Rank Tests at Jump Events

(with Viktor Todorov, Northwestern University, George Tauchen, Duke University, Huidi Lin, Northwestern University)

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)

9:00-10:30 **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)

9:00-10:30 **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 San Francisco)

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

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

10:30-11:00 Coffee

SESSION 9 (Parallel)

11:00-12:30 **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

11:00-12:30 **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)

11:00-12:30 **Contributed Session 9C: Tails & Jumps**

Room: Elise Richter Saal

Chair: Kim Christensen, Aarhus University

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)

SESSION 10 (Plenary)

Chair: Anders Rahbek, University of Copenhagen

12:40-13:25 **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)

13:25 **Closing Remarks**