

**TWELFTH ANNUAL SYMPOSIUM
OF
THE SOCIETY FOR NONLINEAR DYNAMICS AND ECONOMETRICS**

MARCH 11-12, 2004

FEDERAL RESERVE BANK OF ATLANTA

THURSDAY, MARCH 11

7:45 A.M. - 8:45 A.M.

REGISTRATION

8:00 A.M. - 8:45 A.M.

BREAKFAST (REDBUD ROOM)

8:45 A.M. - 9:00 A.M.

WELCOMING REMARKS (AZALEA ROOM)

9:00 A.M. - 10:30 A.M.

NONLINEAR BUSINESS CYCLE ANALYSIS (AZALEA ROOM)

Chair and Organizer: Dick Van Dijk (Erasmus University Rotterdam)

The Microeconomics of Macroeconomic Asymmetries: Sectoral Evidence

Oleg Korenok (Rutgers University)

Bruce Mizrach (Rutgers University)

Stanislav Radchenko (University of North Carolina at Charlotte)

A Steady-State Approach to Trend-Cycle Decomposition

James Morley (Washington University)

Jeremy Piger (Federal Reserve Bank of St. Louis)

Dynamic Factor Analysis with Nonlinear Temporal Aggregation

Constraints

Tommaso Proietti (Universita de Udine)

Filippo Mauro (ISTAT)

10:30 A.M. - 11:00 A.M.

BREAK

11:00 A.M. - 12:30 P.M.

FORECASTING AND INFLATION (AZALEA ROOM)

CHAIR: Dick Van Dijk (Erasmus University Rotterdam)

Output and Inflation Responses to Credit Shocks: Are There Threshold Effects in the Euro Area?

Alessandro Calza (European Central Bank)

Joao Sousa (European Central Bank)

Forecast Accuracy and the Choice of Observation Window

Todd E. Clark (Federal Reserve Bank of Kansas City)

Michael W. McCracken (University of Missouri)

A Structural Common Factor Approach to Core Inflation Estimation and Forecasting

Claudio Morana (University of Piemonte Orientale-Novara)

Forecasting Inflation Changes

Fuchun Li (Bank of Canada)

Florian Pelgrin (Bank of Canada)

Greg Tkacz (Bank of Canada)

FINANCIAL TIME SERIES (MAGNOLIA ROOM)

Chair: Gerald Dwyer (Federal Reserve Bank of Atlanta)

Exchange Rate Puzzles. A Tale of Switching Attractors

Paul De Grauwe (University of Leuven)

Marianna Grimaldi (Sveriges Riksbank)

Term Structure Dynamics and Predictability in a Rational Expectations Equilibrium Model of a Partially Observable Economy

Sadayuki Ono (University of Virginia)

Modeling High-Frequency Dynamics of Financial Markets in Continuous Time: An Event-Based Approach

Konstantin Tyurin (Indiana University)

12:30 P.M. - 2:00 P.M.

LUNCH (REDBUD ROOM)

2:00 P.M. - 3:30 P.M.

FINANCIAL MARKETS (AZALEA ROOM)

Chair: Bruce Mizrach (Rutgers)

Stock Markets as Minority Games: Cognitive Heterogeneity and Equilibrium Emergence

Olivier Brandouy (Université des Sciences et Technologies Lille 1)

Coordinated investing with feedback and learning

David Goldbaum (Rutgers University)

Was Japan's Real Interest Rate Really Too High During the 1990's?

Hiro Ito (Claremont McKenna College)

Indexing Speculative Pressure for an Exchange Rate Regime: A Case Study of Macedonia

King Banaian (St. Cloud State University)

Ming Chien Lo (St. Cloud State University)

MACROECONOMIC TIME SERIES (MAGNOLIA ROOM)

Chair and Organizer: Phil Rothman (East Carolina University)

Limits to Speculation and Nonlinearity in Deviations from Uncovered Interest Parity: Empirical Evidence and Implications for the Forward Bias Puzzle

Lucio Sarno (University of Warwick)

Georgio Valente (University of Warwick)

Hyginus Leon (International Monetary Fund)

The Transmission Mechanism in a Changing World

Ana Beatriz Galvao (Ibmec Business School)

Michael J. Artis (European University Institute)

Massimiliano Marcellino (Bocconi University)

Markov-Switching Durations: An Assessment of U.S. Business Cycles

Troy Davig (William & Mary)

Multivariate STAR Unemployment Rate Forecasts

Phil Rothman (East Carolina University)

Costas Milas (City University)

3:30 P.M. - 4:00 P.M.

BREAK

4:00 P.M. - 5:30 P.M.

ASSET PRICING (AZALEA ROOM)

Chair and Organizer: Cesare Robotti (Federal Reserve Bank of Atlanta)

Size and Value Anomalies under Regime Shifts

Massimo Guidolin (Center for Research on Pensions and Welfare Policies-University of Turin & University of Virginia)

Allan Timmermann (University of California, San Diego)

A Nonlinear Factor Analysis of S&P 500 Index Option Returns

Christopher Jones (University of Southern California)

The News in Financial Assets Returns

Gerald P. Dwyer, Jr. (Federal Reserve Bank of Atlanta)

Cesare Robotti (Federal Reserve Bank of Atlanta)

THEORETICAL AND NUMERICAL ANALYSIS (MAGNOLIA ROOM)

Chair: Willi Semmler (CEM, Bielefeld and New School University)

Endogenous Fluctuations in Small Open Economies: The Perils of Taylor Rules Revisited

Marco Airaudo (Center for European Policy Studies)

Felipe Zanna (Board of Governors, Washington, DC)

Solving Ramsey Problems with Nonlinear Projection Methods

Thomas F. Cosimano (University of Notre Dame)

Michael T. Gapen (International Monetary Fund)

Factor Intensity Reversal and Chaos

Aditya Goenka (University of Essex)

Odile Poulsen (Aarhus School of Business)

5:30 P.M. - 7:00 P.M. RECEPTION

FRIDAY, MARCH 12

8:30 A.M. - 9:00 A.M.

CONTINENTAL BREAKFAST (PEACHTREE/PIEDMONT ROOM)

9:00 A.M. - 10:30 A.M.

NONLINEAR TIME-SERIES ECONOMETRICS (AZALEA ROOM)

Chair: Mark Jensen (Brigham Young University)

Testing for a Unit-Root with a Nonlinear Fourier Function

Walter Enders (University of Alabama)

Junsoo Lee (University of Alabama)

Nonlinear Cointegration and Nonlinear Error Correction: Applications of Tests
Based on First Difference of Ranges

F.M. Aparicio (Universidad Carlos III de Madrid)

Alvaro Escribano (Universidad Carlos III and Georgetown University)

A. Garcia (Universidad Carlos III de Madrid)

Consistent LM-Tests for Linearity Against Compound Smooth Transition Alternatives

Jonathan B. Hill (Florida International University)

Testing a Linear Unit Root Against a Stationary ESTAR Process

Robert de Jong (Ohio State University)

Rehim Kilic (Georgia Institute of Technology)

EMPIRICAL AND QUANTITATIVE ANALYSIS OF NONLINEAR MODELS (MAGNOLIA ROOM)

Chair and Organizer: Carl Chiarella (University of Technology, Sydney)

Monetary Policy for an Open Economy with Pegged Exchange Rate

Peter Flaschel (University of Bielefeld)

Gang Gong (Tsinghua University)

Willi Semmler (CEM, Bielefeld and New School University)

Testing Wage and Price Phillips Curves for the United States

Pu Chen (University of Bielefeld)

Peter Flaschel (University of Bielefeld)

Keynesian Dynamics under Myopic Perfect Foresight. A Baseline Model
and

its Stability Properties

Toichiro Asada (Chuo University)

Carl Chiarella (University of Technology, Sydney)

Peter Flaschel (University of Bielefeld)

10:30 A.M. - 11:00 A.M.

BREAK

11:00 a.m. - 12:45 p.m.

THE PHILLIPS CURVE, LEARNING AND MONETARY POLICY (Azalea Room)
Chair and Organizer: Willi Semmler (CEM, Bielefeld and New School University)

Social Learning and Monetary Policy Rules
James Bullard (Federal Reserve Bank of St. Louis)

Monetary Policy with Nonlinear Phillips-curve and Endogenous NAIRU
Willi Semmler (CEM, Bielefeld and New School University)
Whenlang Zhang (CEM, Bielefeld)

Real Time

The Reliability of Inflation Forecasts Based on Output Gap Estimates in
Athanasios Orphanides (Board of Governors, Washington, DC)
Simon van Norden (HEC Montreal)

Estimating Phillips-curves Using Wavelet Analysis
Marco Gallegati (Universita' Politecnica delle Marche)
Mauro Gallegati (Universita' Politecnica delle Marche)

ASSET PRICING II (MAGNOLIA ROOM)
Chair: Gerald Dwyer (Federal Reserve Bank of Atlanta)

On the Economic Impact of Modeling Non-Linearities: The Asset Pricing Example
Prasad Bidarkota (Florida International University)

Asset Prices and Asset Correlations in Illiquid Markets
Celso Brunetti (Johns Hopkins University)
Alessio Caldarera (Independent)

12:45 P.M. - 2:00 P.M.

LUNCH (PEACHTREE/PIEDMONT ROOM)

2:00 p.m. - 3:30 p.m.

NONLINEAR TIME-SERIES ANALYSIS (AZALEA ROOM)
Chair: Mark Jensen (Brigham Young University)

The Limiting Behavior of the Estimated Parameters in a Possibly "Misspecified"
Random Field Regression Model
Christian Dahl (Purdue University)
Yu Qin (Purdue University)

Tracking and Forecasting Business Cycle Fluctuations
Marcelle Chauvet (Federal Reserve Bank of Atlanta)
Dennis Chwat (Raytheon Electronic Systems)

Small Sample Confidence Intervals for Multivariate Impulse Response Functions
at Long Horizons
Elena Pesavento (Emory University)
Barbara Rossi (Duke University)

A Dynamic Factor Approach for Nonlinear Stability Analysis
Mototsugu Shintani (Vanderbilt University)

NONLINEAR MODELS: THEORETICAL DEVELOPMENTS (MAGNOLIA ROOM)

Chair and Organizer: Carl Chiarella (University of Technology, Sydney)

Thresholds

Economic Growth and Global Warming; A Model of Multiple Equilibria and

Alfred Greiner (University of Bielefeld)

Willi Semmler (CEM, Bielefeld and New School University)

Rational

A Stochastic Model of Real-Financial Interaction with Boundedly

Heterogeneous Agents

Carl Chiarella (University of Technology, Sydney)

Tony He (University of Technology, Sydney)

Peter Flaschel (University of Bielefeld)

Hing Hung (University of Technology, Sydney)

Firms' Growth, Technological Innovation and Financial Fragility

D. Delli Gatti (Universita' Cattolica di Milano)

M. Gallegati (Universita' Politecnica delle Marche)

M. Napoletano (Scuola Superiore Sant'Anna, Pisa)

3:30 P.M. - 4:00 P.M.

BREAK

4:00 P.M. - 5:30 P.M.

THE CRAIG HIEMSTRA MEMORIAL LECTURE

William A. Brock (University of Wisconsin-Madison)