EIGHTEENTH ANNUAL SYMPOSIUM
OF
THE SOCIETY FOR NONLINEAR DYNAMICS AND ECONOMETRICS
APRIL 1 – APRIL 2, 2010

UNIVERSITY OF PIEMONTE ORIENTALE
COLLEGIO CARLO ALBERTO (CeRP)

THURSDAY, APRIL 1

7:30 – 8:45   **CONTINENTAL BREAKFAST (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

7:30 – 8:45   **REGISTRATION (GROUND FLOOR)**

8:45 – 8:55   **WELCOME (AULA MAGNA, UNDERGROUND FLOOR)**

9:00 - 10:30   **SESSION 1: EMPIRICAL MACRO I (ROOM 101)**
Chair: Michael T. Owyang (Federal Reserve Bank of St. Louis)

A New Approach to Estimating Equilibrium Exchange Rates for Small Open Economies: The Case of Canada
Tino Berger, University of Muenster
Bernd Kempa, University of Muenster

Inventory Mistakes and the Great Moderation
James Morley; Washington University in St. Louis
Aarti Singh; University of Sydney

Permanent and Transitory Macroeconomic Relationships between the U.S. and China
Yueqing Jia; George Washington University
Tara M. Sinclair; George Washington University

9:00 - 10:30   **SESSION 2: FINANCE I (ROOM 103)**
Chair: Kevin J. Lansing (Federal Reserve Bank of San Francisco)

Cross-listings and Time-Varying Arbitrage: A Trans-Niagra Tale
Bart Frijns; Finance Group, Auckland University of Technology
Remco C.J. Zwinkels; Erasmus School of Economics, Erasmus University Rotterdam

Conventions in the Foreign Exchange Market: Can They Really Explain Exchange Rate Dynamics?
Gabriele Di Filippo; LEDA-SDFi; University Paris IX Dauphine

Information Flows Around the Globe: Predicting Opening Gaps from Overnight Foreign Stock Price Patterns
Cees Diks; University of Amsterdam
Lukasz Gatarek; Erasmus University Rotterdam
Jan De Gooijer; University of Amsterdam

9:00 - 10:30   **SESSION 3: FINANCE II (ROOM 201)**
Chair: Drew Creal (University of Chicago)

Spot Volatility Estimation Using Delta Sequences
Vanessa Mattiussi; City University, London
Roberto Renò; Università di Siena

An Analysis of Intraday Market Behaviour
Bruno D. Rodrigues; The University of Sydney
Maxwell J. Stevenson; The University of Sydney

Aggregation of Exponential Smoothing Processes with an Application to Portfolio Risk Evaluation
Giacomo Sbrana; BETA, Université de Strasbourg, France
Andrea Silvestrini; Bank of Italy

9:00 - 10:30   **SESSION 4: ECONOMETRICS I (ROOM 203)**
Chair: *Cesare Robotti* (Federal Reserve Bank of Atlanta)

Regime Specific Predictability in Predictive Regressions
  Jesus Gonzalo; Universidad Carlos III de Madrid
  Jean-Yves Pitarakis; University of Southampton

Cyclicality and Term Structure of Value-at-Risk within a Threshold Autoregression Setup
  Frederique Bec; THEMA, University of Cergy-Pontoise and CREST
  C. Gollier; Toulouse School of Economics and IDEI

Semi-Nonparametric Estimation and Testing in Time-Varying Regression Models
  Dennis Kristensen, Columbia University

10:30 – 11:00   **COFFEE/TEA (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

11:00 - 12:30   **SESSION 5: EMPIRICAL MACRO II (ROOM 101)**
Chair: Francesco Ravazzolo (Norges Bank)

Labor Market Dynamics over the Business Cycle: Evidence from Markov Switching Models
  Jeremy Schwartz; Loyola University Maryland

Real and Nominal Business Cycles:
New Evidence from a Generalized Unobserved Components Model
  Jun Ma; University of Alabama
  Mark E. Wohar; University of Nebraska at Omaha

Apocalypse Now, Apocalypse Then: Economic Growth¸ Structural Breaks and Argentina (1886-2003)
  Nauro F. Campos; Brunel University and CEPR
  Menelaos G. Karanasos; Brunel University
  Michail Karoglou; University of Newcastle

11:00 - 12:30   **SESSION 6: MACRO THEORY I (ROOM 103)**
Chair: L. Christina Steiger (Northeastern Universtiy)

Time-Varying Effects of Fiscal Policy in the Euro Area
  Jacopo Cimadomo; European Central Bank
  Sebastian Hauptmeier; European Central Bank
  Markus Kirchner; University of Amsterdam

Nonparametric Hybrid Phillips Curves Based on Subjective Expectations: Estimates for the Euro Area
  Marco Buchmann, Goethe University Frankfurt, Chair of International Macroeconomics and Macroeconometrics; European Central Bank, Econometric Modelling Division

The Empirical Relevance of Rational Inattention in Consumption-Savings Decisions: A Bayesian Approach
  Antonella Tutino; Federal Reserve Board, Department of Research and Statistics

11:00 - 12:30   **SESSION 7: FINANCIAL ECONOMETRICS (ROOM 201)**
Chair: Daniel Rittler (University of Heidelberg)

Band-Limited Stochastic Processes in Discrete and Continuous Time
D.S.G. Pollock, Department of Economics, University of Leicester, United Kingdom

Financial Development and Convergence Clubs
Nalan Basturk; Econometric Institute; Tinbergen Institute; Erasmus University Rotterdam
Richard Paap; Econometric Institute Erasmus University Rotterdam
Dick van Dijk; Econometric Institute Erasmus University Rotterdam

A Dynamic Multivariate Heavy-Tailed Model for Time-Varying Volatilities and Correlations
Drew Creal; University of Chicago Booth School of Business
Siem Jan Koopman; VU University Amsterdam
Andre Lucas; VU University Amsterdam

11:00 - 12:30   **SESSION 8: ECONOMETRICS II (ROOM 203)**
Chair: Frederique Bec (University of Cergy-Pontoise)

Testing for Linearity in Cointegrating Vector Error Correction Models
Dennis Kristensen; University of Columbia, NY
Anders Rahbek; University of Copenhagen

Summability of Stochastic Processes: A Generalization of Integration and Co-integration Valid for Non-Linear Time Series
Vanessa Berenguer-Rico; Universidad Carlos III de Madrid
Jesús Gonzalo; Universidad Carlos III de Madrid

On the Hansen-Jagannathan Distance with a No-Arbitrage Constraint
Nikolay Gospodinov; Concordia University
Raymond Kan; University of Toronto
Cesare Robotti; Federal Reserve Bank of Atlanta

12:30 – 14:00   **LUNCH (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

14:00 - 15:30   **SESSION 9: FORECASTING I (ROOM 101)**
Chair: Tara M. Sinclair (George Washington University)

The Power of Weather
Christian Huurman; Financial Engineering Associates
Francesco Ravazzolo; Norges Bank
Chen Zhou; De Nederlandsche Bank

Modeling and Forecasting Wind Speed Intensity for Weather Risk Management
Massimiliano Caporin; University of Padova
Juliusz Prés; West Pomeranian University of Technology

Modeling and Forecasting Durations with Long-Memory Models
Filip Zikes; Imperial College London
Nikhil Shenai; Imperial College London

14:00 - 15:30   **SESSION 10: EXPECTATIONS (ROOM 103)**
Chair: Antonella Tutino (Federal Reserve Board)

Heterogeneous Expectations and Financial Instability in a Pure Finance Economy
 Serena Sordi; Department of Economic Policy, Finance and Development, University of Siena
  Alessandro Vercelli; Department of Economic Policy, Finance and Development, University of Siena

Heterogeneous Behavioral Expectations, Exchange Rate Dynamics and Monetary Policy Rules
 Christian R. Proaño; Macroeconomic Policy Institute (IMK)

Escaping the Poverty Trap: Expectations, Adaptive Learning and Human Capital Accumulation
 L. Christina Steiger; Northeastern University

14:00 - 15:30   **SESSION 11: EMPIRICAL MACRO III (ROOM 201)**
Chair: James Morley (Washington University in St. Louis)

Real-time Optimal Monetary Policy with Undistinguishable Model Parameters and Shock
Processes Uncertainty
 Alessandro Flamini; University of Sheffield
  Costas Milas; Keele University and Rimini Centre for Economic Analysis

Exploring the Non-Linear Road from Oil to Consumer Energy Prices: Not Much Asymmetry
Along the Way
 Fabrizio Venditti; Banca d'Italia

What does Federal Reserve Target? Current or Expected Inflation
 Charbel Bassil; University of Cergy Pontoise France

14:00 - 15:30   **SESSION 12: ECONOMETRICS III (ROOM 203)**
Chair: Dennis Kristensen (Columbia University)

Semi-Nonparametric Indirect Inference
 Francisco Blasques; Maastricht University

Nonparametric Tests for Conditional Independence Using Conditional Distribution
 Taoufik Bouezmarni; McGill University
 Roch Roy; Université de Montréal
 Abderrahim Taamouti; Universidad Carlos III de Madrid

Price Discovery, Causality and Volatility Spillovers in European Union Allowances Phase II:
A High Frequency Analysis
 Daniel Rittler; Department of Economics, University of Heidelberg

15:30 – 16:00   **COFFEE/TEA (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

16:00 - 17:30   **SESSION 13: FORECASTING II (ROOM 101)**
Chair: Jeremy Schwartz (Loyola University Maryland)

Forecasting Recessions Using the Mixed Frequency Probit
  Michael T. Owyang; Federal Reserve Bank of St. Louis

Macroeconomic Forecasting Using Robustified Diffusion Indexes
  Christian M. Dahl; CREATES and School of Economics and Management, Aarhus University
  Johannes Tang Kristensen; CREATES and School of Economics and Management, Aarhus University
  Allan Würtz; CREATES and School of Economics and Management, Aarhus University

Assessing the Real-Time Informational Content of Macroeconomic Data Releases for Now-/Forecasting GDP: Evidence for Switzerland
  Boriss Silivestovs; KOF ETH Zurich
  Konstantin Kholodilin; DIW Berlin

16:00 - 17:30   **SESSION 14: MACRO THEORY II (ROOM 103)**
Chair: Cees Diks (University of Amsterdam)

Precautionary Price Stickiness
  James Costain; Banco de España
  Anton Nakov; Banco de España

Sticky Information and Asset Prices in a DSGE Model
  Marco Airaudo; Drexel University
  Roberta Cardani; Università di Parma
  Kevin J. Lansing; Federal Reserve Bank of San Francisco

Wage Rigidities in an Estimated DSGE Model of the UK Labour Market
  Renato Faccini; Bank of England
  Stephen Millard; Bank of England
  Francesco Zanetti; Bank of England

16:00 - 17:30   **SESSION 15: FINANCE & MACRO THEORY (ROOM 201)**
Chair: Serena Sordi (University of Siena)

Microfoundation of Conformism in a Reduced Form Model with Social Interactions
  Emilio Barucci; Politecnico di Milano, Italy
  Marco Tolotti; University Ca' Foscari Venice, Italy

Repeated Moral Hazard and Recursive Lagrangeans
  Antonio Mele; University of Oxford and Nuffield College

The Structural Transformation Between Manufacturing and Services and the Decline in the U.S. GDP
  Alessio Moro; University of Cagliari

16:00 - 17:30   **SESSION 16: NONLINEAR MODELING (ROOM 203)**
                  Chair: Jun Ma (University of Alabama)

                  A Latent Time-Varying Threshold Model with Error-Correction and Endogeneity
                    Michael Dueker; Russell Investments
                    Michael Owyang; Federal Reserve Bank of St. Louis
                    Martin Sola; University of London, BirkbeckCollege

                  Identification Problems in ESTAR Models and a New Model
                    Philipp Sibbertsen, Leibniz University of Hannover
                    Stefanie Donauer, Leibniz University of Hannover
                    Florian Heinen, Leibniz University of Hannover

                  Nonlinearity, Economic Fundamentals and the Dollar Sterling Real Exchange Rate
                    Hyeyoen Kim; University of Leicester

18:30   **RECEPTION AND DINNER (FONDAZIONE BPN, VIA NEGRONI 12, NOVARA)**

7:30 – 8:45   **CONTINENTAL BREAKFAST (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

9:00 - 10:30   **SESSION 17: INFLATION DYNAMICS (ROOM 101)**
Chair: Sebastiano Manzan (Baruch College, CUNY)

Does the Cost Channel Matter for Inflation Dynamics? An Identification Robust Structural Analysis for the U.S. and the Euro Area
  Rolf Scheufele; Halle Institute for Economic Research (IWH)

Modeling Volatility Spillovers between U.S. Inflation Uncertainty and Output Variability: The UECCC GARCH Model
  Menelaos Karanasos; Brunel University
  Christian Conrad, Heidelberg University

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

9:00 - 10:30   **SESSION 18: MACRO THEORY III (ROOM 103)**
Chair: *Ming Chien Lo* (St. Cloud State University)

Threshold Effect, Financial Intermediation and Macroeconomic Performance
  Laurent Augier, Université de la Rochelle/Poitiers
  Wahyoe Soerdarmono, Université de Limoges

Entry Costs, Industry Structure, and Cross-Country Income and TFP Differences
  Levon Barseghyan; Cornell University
  Riccardo DiCecio; Federal Reserve Bank of St. Louis

Interaction of Labor and Credit Market Frictions: A Theoretical and Empirical Analysis
  Ekkehard Ernst; International Institute for Labour Studies
  Stefan Mittik; University of Munich
  Willi Semmler; New School for Social Research

9:00 - 10:30   **SESSION 19: TERM STRUCTURE & ASSET PRICING (ROOM 201)**
Chair: Bruce Mizrach (Rutgers University)

The Role of Regime Shifts in the Term Structure of Interest Rates: Further Evidence from an Emerging Market
  Burak Saltoglu; Bogazici University
  M. Ege Yazgan; Istanbul Bilgi University

Risk Premia and Wishart Term Structure Models
  Carl Chiarella; The University of Technology, Sydney
  Thuy Duong To; The University of New South Wales
  Chih-Ying Hsiao; The University of Technology, Sydney

Testing Habits in an Asset Pricing Model
  Melisso Boschi; Ministry of Economy and Finance
  Stefano d'Addona; University of Rome 3 and Baruch College
  Aditya Goenka; National University of Singapore

9:00 - 10:30   **SESSION 20: FINANCE III (ROOM 203)**
Chair: Claudio Morana (Universita' del Piemonte Orientale)

Understanding Liquidity Shortages During Severe Economic Downturns
  Manoj Atolia; Florida State University
  Tor Einarsson; University of Iceland
  John David Gibson, Florida State University
  Milton H. Marquis; Florida State University

Asset Pricing in a Capitalist-Worker Economy
  Kevin J. Lansing, Federal Reserve Bank of San Francisco

10:30 – 11:00   **COFFEE/TEA (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

11:00 - 12:30   **SESSION 21: MONETARY & FISCAL POLICY (ROOM 101)**
Chair: Junsoo Lee (University of Alabama)

Monetary Policy and Asset Prices: A Regime-Switching Model for the Taylor Rule
  King Banaian; St. Cloud State University
  Ming Chien Lo; St. Cloud State University
  Ting Qin; St. Cloud State University

Fiscal Policy Evaluation with Regime-Dependent Cyclically-Adjusted Budget Balance
  Melisso Boschi; Ministry of Economy and Finance, Italy and CAMA
  Stefano d'Addona; University of Rome 3 and Baruch College.

The Market-Perceived Monetary Policy Rule
  James Hamilton (UCSD)
  Seth Pruitt (Federal Reserve Board of Governors)
  Scott Borger (Office of Immigration Statistics)

11:00 - 12:30   **SESSION 22: EMPIRICAL MACRO IV (ROOM 103)**
Chair: Markus Jochmann (University of Strathclyde)

How Does Monetary Policy Change? Evidence on Inflation Targeting Countries
  Jaromír Baxa; Charles University, Prague
  Roman Horváth; Czech National Bank
  Borek Vasicek; Universitat Autonoma de Barcelona

Differential Interpretation in the Survey of Professional Forecasters
  Sebastiano Manzan, Baruch College

Sources of the Volatility Puzzle in the Crude Oil Market
  Christiane Baumeister, Ghent University
  Gert Peersman, Ghent University

11:00 - 12:30   **SESSION 23: FINANCE IV (ROOM 201)**
Chair: Gerald Dwyer (Federal Reserve Bank of Atlanta)

Integration of the Global Emissions Trading Markets
Bruce Mizrach; Rutgers University

Cointegration Versus Spurious Regression and Heterogeneity in Large Panels
Lorenzo Trapani; Cass Business School, London

A Model of Commodity Prices after Sir Arthur Lewis Reconsidered
Atanu Ghoshray; Department of Economics, University of Bath, UK
Ashira Perera; London, UK

11:00 - 12:30   **SESSION 24: FINANCIAL CRISIS (ROOM 203)**
Chair: Mark Jensen (Federal Reserve Bank of Atlanta)

The 2007-? Financial Crisis: A Money Market Perspective
Claudio Morana; Universita' del Piemonte Orientale
Nuno Cassola; European Central Bank

Financialization, Crisis and Commodity Correlation Dynamics
Annastiina Silvennoinen; Queensland University of Technology
Susan Thorp; University of Technology, Sydney

Technological Change and Timing Reductions in Greenhouse Gas Emissions
Rolf Färe; Oregon State University
Shawna Grosskopf; Oregon State University
Dimitri Margaritis; AUT
William L. Weber; Southeast Missouri State University

12:30 – 14:00   **LUNCH (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

14:00 - 15:30   **SESSION 25: UNIT ROOTS & NONLINEARITY (ROOM 101)**
Chair: Philipp Sibbertson (Leibniz University of Hannover)

Nonlinearity and Nonstationarity in International Art Market Prices: Evidence from Markov-Switching ADF Unit Root Tests
Erdal Atukeren; ETH Zurich
Emrah İsmail Çevik; Zonguldak Karaelmas University and University of Missouri-St. Louis
Turhan Korkmaz; Zonguldak Karaelmas University

IV Unit Root Tests Using the Dickey-Fuller Detrending Method
Walter Enders; University of Alabama
Kyung So Im; Federal Deposit Insurance Corporation
Junsoo Lee; University of Alabama

Specification Tests for Nonlinear Time Series Models
Igor Kheifets; Carlos III de Madrid

14:00 - 15:30 **SESSION 26: BAYESIAN & DYNAMICS FACTOR METHODS (ROOM 103)**
Chair: Seth Pruitt (Federal Reserve Board of Governors)

Markov-Switching Dynamic Factor Models in Real Time
  Maximo Camacho; Universidad de Murcia
  Gabriel Perez-Quiros; Banco de España and CEPR
  Pilar Poncela; Universidad Autónoma de Madrid

Modeling U.S. Inflation Dynamics: A Bayesian Nonparametric Approach
  Markus Jochmann; University of Strathclyde

Estimating the Number Of Factors and Lags in High Dimensional Dynamic Factor Models
  Matthew Harding; Stanford University
  K. Krishnan Nair; Stanford University

14:00 - 15:30 **SESSION 27: EMPIRICAL FINANCE (ROOM 201)**
Chair: Annastiina Silvennoinen; (Queensland University of Technology)

Expected Returns to Angel Investors
  Ramon P. DeGennaro, University of Tennessee
  Gerald P. Dwyer, Federal Reserve Bank of Atlanta, University of Carlos III, Madrid

Expected Returns Across Time Scales
  Christophe Boucher; A.A.Advisors-QCG (ABN AMRO), Variances and University of Paris-1 (CES/CNRS).
  Bertrand Maillet; A.A.Advisors-QCG (ABN AMRO), Variances and University of Paris-1 (CES/CNRS and EIF)

Derivatives Trading and the Volume-Volatility Link in the Indian Stock Market
  Sumon Kumar Bhaumik; Brunel University
  Menelaos Karanasos; Brunel University
  Aris Kartsaklas; Queen Mary University of London

14:00 - 15:30 **SESSION 28: MACROECONOMICS (ROOM 203)**
Chair: Riccardo DiCecio (Federal Reserve Bank of St. Louis)

News and Correlations: An Impulse Response Analysis
  Yannick Le Pen; Université de Nantes
  Benoît Sévi; London Business School and Université d'Angers

Debt Sustainability in Selected Euro Area Countries. Empirical Evidence Estimating Time-Varying Parameters
  Bettina Fincke; Department of Business Administration and Economics, Bielefeld University
  Alfred Greiner; Department of Business Administration and Economics, Bielefeld University

"Google it!" Forecasting the U.S. Unemployment Rate with a Google Job Search Index
  Francesco D'Amuri; Bank of Italy
  Juri Marcucci; Bank of Italy

15:30 – 16:00 **COFFEE/TEA (LOBBY, AULA MAGNA, UNDERGROUND FLOOR)**

16:00 - 17:00 **SESSION 29: CRAIG HIEMSTRA MEMORIAL LECTURE (AULA MAGNA)**
Chair: Mark Jensen (Federal Reserve Bank of Atlanta)

Issues in Modeling Persistent Time Series and Impulse Response Estimation
  Richard Baillie; Michigan State University