

**THIRTEENTH ANNUAL SYMPOSIUM
OF
THE SOCIETY FOR NONLINEAR DYNAMICS AND ECONOMETRICS
MARCH 31 – APRIL 1, 2005
CITY UNIVERSITY, LONDON**

THURSDAY, MARCH 31

8:00A.M. – 8:30A.M. **REGISTRATION, COFFEE/TEA**

8:30AM - 8:45AM **WELCOME (ROOM DLG19/20)**

9:00AM - 10:30AM **SESSION #1: MACROECONOMETRICS (ROOM DLG08)**

Chair: Dick van Dijk (Erasmus University Rotterdam)

The Importance of Nonlinearity in Reproducing Business Cycle Features

James Morley (Washington University)

Jeremy Piger (Federal Reserve Bank of St. Louis)

Modelling UK Inflation: Persistence, Seasonality, and Monetary Policy

Denise Osborn (University of Manchester)

Marianne Sensier (University of Manchester)

The Impact of Large Structural Shocks on Economic Relationships: Evidence from Oil Price Shocks

George Kapetanios (Queen Mary, University of London)

Elias Tzavalis (Queen Mary, University of London)

SESSION #2: ECONOPHYSICS I (ROOM DLG02)

Chair: (University of Kiel)

The Subtle Nature of Financial Random Walks

Jean-Philippe Bouchaud (Science & Finance/CFM)

Cross-Correlation Measures in the High-Frequency Domain

Ovidiu Precup (King's College London)

Giulia Iori (City University)

Levels of Complexity in Financial Markets

Fabrizio Lillo (Palermo University)

Rosario Nunzio Mantegna (Palermo University)

SESSION #3: MACRODYNAMICS AND POLICY I (ROOM D112/3)

Chair: Michael Binder (Johann Wolfgang Goethe University)

Forward Looking Interest Rate Rules and Hopf Bifurcations in Open Economies

Marco Airaudo (LUISS Lab on European Economics, Center for European Policy Studies)

Luis-Felipe Zanna (Board of Governors of the Federal Reserve System)

Currency Crises and Monetary Policy Rules

Mika Kato (Howard University)

Willi Semmler (The New School and University of Bielefeld)

The Golden Rule of Optimal Growth under Prospect Utility

Rina Rosenblatt-Wisch (University of Zurich)

Klaus Reiner Schenk-Hoppe (University of Zurich and University of Copenhagen)

10:30AM – 11:00AM

BREAK

11:00AM – 12:30PM

SESSION #4: VOLATILITY AND CHANGE-POINTS (ROOM DLG08)

Chair: Philip Rothman (East Carolina University)

Volatility Forecast Evaluation and Comparison Using Imperfect Volatility Proxies

Andrew J. Patton (London School of Economics)

Nonparametric Estimation of Volatility Models with Serially Dependent Innovations

Christian M. Dahl (Purdue University)

Michael Levine (Purdue University)

Forecasting and Estimating Multiple Change-Point Models with an Unknown Number of Change-Points

Gary Koop (University of Leicester)

Simon Potter (Federal Reserve Bank of New York)

SESSION #5: NEW DEVELOPMENTS IN DYNAMIC MODELING (ROOM D112/3)

Chair: Peter Flaschel (University Bielefeld)

Backward Dynamics in Economics: the Inverse Limit Approach

Alfredo Medio (University of Udine)

Brian Raines (Baylor University)

Social Capital, Centralization, and Chaos

Odile Poulsen (Aarhus School of Business)

Gert Tinggaard Svendsen (Aarhus School of Business)

The Rise and fall of Catastrophe Theory Applications in Economics: Was the Baby Thrown Out with the Bathwater?

J. Barkley Rosser, Jr. (James Madison University)

SESSION #6: FINANCIAL ECONOMICS I (ROOM DLG02)

Chair: Carl Chiarella (University of Technology Sydney)

Intertemporal Asset Allocation When the Underlying Factors are Unobservable

Chih-Ying Hsiao (University of Bielefeld)

Willi Semmler (The New School and University of Bielefeld)

Carl Chiarella (University of Technology Sydney)

Option Pricing under Stochastic Volatility and Trading Volume

Sadayuki Ono (University of York)

Lock-in of Extrapolative Expectations in an Asset-Pricing Model

Kevin Lansing (Federal Reserve Bank of San Francisco)

12:30PM – 2:00PM

LUNCH (NORTHAMPTON SUITE)

2:00PM – 3:30PM

SESSION #7: FINANCIAL MARKET RETURNS (ROOM DLG02)

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

Returns to Investors in Stock in New Industries

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

Cora Barnhart (Palm Beach Atlantic University and Federal Reserve Bank of Atlanta)

Volume and Skewness in International Equity Markets

Elaine Hutson (University of Dublin)

Colm Kearney (University of Dublin)

Margaret Lynch (University of Dublin)

Investment Portfolio Selection under Skewness

Brian Lucey (University of Dublin)

Edel Tully (University of Dublin)

SESSION #8: TIME SERIES METHODS I (ROOM DLG08)

Chair: Mark Jensen (Brigham Young University)

Threshold Effects in Multivariate Error Correction Models

Jesus Gonzalo (Universidad Carlos III de Madrid)

Jean-Yves Pitarakis (University of Southampton)

Changing Regime Volatility: a Fractionally Integrated SETAR Model

Gilles Dufrenot (University of Paris)

Dominique Guégan (Ecole Normale Supérieure de Cachan)

Anne Peguin-Feissolle (GREQAM)

TAR Models of the Futures Basis for Commodities

Jerry Coakley (Essex University)

Alfonso Gutierrez-Aguilar (Essex University)

Neil Kellard (Essex University)

The Transmission of Aggregate Supply and Aggregate Demand Shocks in Japan: Has There Been a Structural Change?

Alexia Bastien (University of Paris 1)

Frédérique Bec (CREST-ENSAE)

SESSION #9: GROWTH DYNAMICS (ROOM DLG03)

Chair: Willi Semmler (The New School and University of Bielefeld)

A Re-Examination of the Determinants of Economic Growth Using Simultaneous Equation Dynamic Panel Data Models

Michael Binder (Johann Wolfgang Goethe University)

Susanne Broeck (Johann Wolfgang Goethe University)

An Endogenous Growth Model with Public Capital and Sustainable Government Debt

Alfred Greiner (University of Bielefeld)

Keynesian Dynamics and the Wage-Price Spiral: a Baseline Disequilibrium Approach

Toichiro Asada (Chuo University)

Pu Chen (University of Bielefeld)

Carl Chiarella (University of Technology Sydney)

Peter Flaschel (University Bielefeld)

3:30PM – 4:00PM

BREAK

4:00PM – 5:30PM

SESSION #10: TIME SERIES METHODS II (ROOM DLG08)

Chair: Richard Ashley (Virginia Tech)

Testing for Time Series Linearity

David I. Harvey (University of Nottingham)

Stephen J. Leybourne (University of Nottingham)

Tests for Nonlinear Cointegration

In Choi (Hong Kong University of Science and Technology)

Pentti Saikkonen (University of Helsinki)

Cointegration Tests Based on Instrumental Variables Estimation

Waler Enders (University of Alabama)

Kyung-So Im (University of Central Florida)

Junsoo Lee (University of Alabama)

Frequency Dependence in Regression Model Coefficients: An Alternative Approach to Modeling Nonlinear Time Series Dependence in Economic/Financial Data

Richard Ashley (Virginia Tech)

Randall J. Verbrugge (U.S. Bureau of Labor Statistics)

SESSION #11: MONETARY ECONOMICS (ROOM DLG02)

Chair: Costas Milas (Keele University)

The Japanese Deflation: Has it Had Real Effects? Could it Have Been Avoided?

Claudio Morana (Università del Piemonte Orientale)

Evaluating the 'Fed Model' of Stock Price Valuation

Dennis W. Jansen (Texas A&M University)

Zijun Wang (Texas A&M University)

Structural Changes in the US Economy: Bad Luck or Bad Policy?

Fabio Canova (Universitat Pompeu Fabra)

Luca Gambetti (Universitat Pompeu Fabra)

SESSION #12: FINANCIAL ECONOMICS II (ROOM DLG03)

Chair: Bruce Mizrach (Rutgers University)

Experts Online: An Analysis of Trading Activity in a Public Internet Chat Room

Bruce Mizrach (Rutgers University)

Susan Weerts (Rutgers University)

The Markov-Switching Multi-Fractal Model of Asset Returns: GMM Estimation and Linear Forecasting of Volatility

Thomas Lux (University of Kiel)

Extreme Value Theory and Fat Tails in Equity Markets

Blake LeBaron (Brandeis University)

Ritirupa Samanta (Brandeis University)

The Fed and the Stock Market

Antonello D'Agostino (ECARES, Université Libre de Bruxelles)

Luca Sala (IGIER, Università Bocconi)

Paulo Surico (Bank of England)

5:30PM – 7:00PM

RECEPTION (NORTHAMPTON SUITE)

FRIDAY, APRIL 1

8:30AM – 9:00AM

COFFEE/TEA

9:00AM – 10:30AM

SESSION #13: INTERNATIONAL FINANCE (ROOM DLG08)

Chair: Jerry Coakley (Essex University)

Nonlinear Adjustment Towards the Purchasing Power Parity Relation: A Multivariate Approach

Frédérique Bec (CREST-ENSAE)

Mélika Ben Salem (OEP, University of Marne-la-Valée)

Anders Rahbek (University of Copenhagen)

An Analysis of Spurious Determinants in Nonlinear Modeling: The Real Dollar-Sterling Exchange Rate, 1870-1992.

Ivan Paya (University of Alicante)

David Peel (University of Lancaster)

Nonlinear PPP Deviations.

Ming Lo (St. Cloud State University)

Towards the Optimal Design of an Early Warning System for Debt Crises

Ana-Maria Fuertes (Cass Business School)

Elena Kalotychou (Cass Business School)

SESSION #14: ECONOPHYSICS II (ROOM D104)

Chair: Thoma Lux (University of Kiel)

Scale Dependent Analysis of Financial Data

Joachim Peinke (University of Oldenburg)

A.P. Nawroth (University of Oldenburg)

The “Compass Rose” Patterns and Dependent Dynamics

Costas Vorlow (University of Durham)

The Self Organized Criticality of Efficient Markets

David Goldbaum (Rutgers University)

SESSION #15: MACRODYNAMICS AND POLICY II (ROOM D112/3)

Chair: Alfred Greiner (Bielefeld University)

Singular Perturbation in Overlapping Generations Models: A Geometrical View of Indeterminacy

Emmanuelle Augeraud-Veron (University of La Rochelle)

Laurent Augier (University of La Rochelle)

Indeterminacy, Underground Activities, and Tax Evasion

Francesco Busato (University of Aarhus)

Bruno Chiarini (University of Naples)

Enrico Marchetti (University of Rome)

Cyclical Uncertainty and Physical Investment Decisions

Yu-Fu Chen (University of Dundee)

Michale Funke (Hamburg University)

10:30AM – 11:00AM

COFFEE/TEA

11:00AM – 12:30PM

SESSION #16: MARKOV-SWITCHING (ROOM DLG08)

Chair: Dick van Dijk (Erasmus University Rotterdam)

A Bayesian Solution to the Concomitance Problem in Multivariate Markov-Switching Regressions: An Application to a Bivariate Model of Inflation and Unemployment

Mohamad Khaled (Université Paris I Panthéon-Sorbonne)

The US Phillips Curve and Inflation Expectations: A State Space Markov-Switching Explanatory Model

Nicolas Million (Université Paris I Panthéon-Sorbonne)

Guillaume Guerrero (Université Paris I Panthéon-Sorbonne)

By How Much Do the Leading Indicators Lead?

Richard Paap (Erasmus University Rotterdam)

Dick van Dijk (Erasmus University Rotterdam)

SESSION #17: TIME SERIES METHODS III (ROOM D104)

Chair: Bruce Mizraich (Rutgers University)

Nonparametric Identification and Estimation of Nonadditive Markov Models

Dennis Kristensen (University of Wisconsin-Madison)

A Smooth Permanent Surge Process

Andrés González (Stockholm School of Economics)

Extending Superexogeneity Tests to Account for Multiple Breaks in Time Series

Carlos Santos (University of Oxford)

Additive Outlier Detection via Extreme Value Theory

Peter Burridge (City University)

A.M. Robert Taylor (University of Birmingham)

SESSION #18: FINANCIAL ECONOMICS III (D112/3)

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

The Impact of Heterogeneous Trading Rules on the Limit

Carl Chiarella (University of Technology Sydney)

Giulia Iori (City University)

Technical Analysis Based on Price-Volume Signals and the Power of Trading Breaks

Frank H. Westerhoff (University of Osnabrueck)

Mean Reversion, Bubbles and Heterogeneous Beliefs in Stock Prices

Peter Boswijk (University of Amsterdam)

Cars Hommes (University of Amsterdam)

Sebastiano Manzan (University of Amsterdam)

12:30PM – 2:00PM

LUNCH (NORTHAMPTON SUITE)

2:00PM – 3:30PM

SESSION #19: MONETARY POLICY AND THE TERM STRUCTURE (ROOM DLG03)

Chair: Philip Rothman (East Carolina University)

State Asymmetries in the Effects of Monetary Policy Shocks on Output: Some New Evidence for the Euro Area

Juan Jose Dolado (Universidad Carlos III and CEPR)

Ramon Maria Dolores (Universidad de Murcia)

Uncertainty and Monetary Policy in the United States

Christopher Martin (Brunel University)

Costas Milas (Keele University)

Using a Nonlinear Filter to Estimate a Multifactor Term Structure Model with Gaussian Mixture Innovations

Wolfgang Lemke (Deutsche Bundesbank)

SESSION #20: VOLATILITY AND UNCERTAINTY (ROOM D104)

Chair: Mark Jensen (Brigham Young University)

Inequality Constraints in the Fractionally Integrated GARCH Model

Christian Conrad (University of Mannheim)

Berthold Haag (University of Mannheim)

The Continuous Limit of Normal Mixture GARCH

Carol Alexander (The University of Reading)

Emese Lazar (The University of Reading)

Stochastic Volatility Models and the Taylor Effect

Alberto Mora-Galán (Unión Fenosa Gas)

Ana Pérez (Universidad de Valladolid)

Esther Ruiz (Universidad Carlos III de Madrid)

SESSION #21: MACRODYNAMICS AND POLICY III (ROOM DLG08)

Chair: Willi Semmler (The New School and University of Bielefeld)

Exploring the International Linkages of the Euro-Area: A Global VAR Analysis

Hashem Pesaran (University of Cambridge)

Stephane Dees (European Central Bank)

Fillippo di Mauro (University of Cambridge)

L. Vanessa Smith (University of Cambridge)

Financial and Labor Market Interactions

Bruno Amable (Université Paris X-Nanterre)

Ekkehard Ernst (European Central Bank)

Testing Wage and Price Phillips Curves for the United States

Peter Flaschel (University of Bielefeld)

Goeran Kauermann (University of Bielefeld)

Willi Semmler (The New School and University of Bielefeld)

Keynesian Dynamics and the Wage-Price Spiral: Estimating and Analyzing a Baseline Disequilibrium Approach

Pu Chen (University of Bielefeld)

Carl Chiarella (University of Technology Sydney)

Peter Flaschel (University of Bielefeld)

Willi Semmler (The New School and University of Bielefeld)

3:30PM – 4:00PM

COFFEE/TEA

4:00PM – 5:30PM

SESSION #22: CRAIG HIEMSTRA MEMORIAL LECTURE (ROOM DLG19/20)

Multipower Variation: Measuring the Variation of Asset Prices
Neil Shephard (University of Oxford)



ACKNOWLEDGEMENTS

The Society thanks our local organizers, Saqib Jafarey and Giulia Iori, for their indefatigable efforts. The hospitality and financial support of the City University School of Social Sciences, and its Department of Economics, are also warmly recognized.