

2011 Meetings of the Midwest Econometrics Group
October 6-7, 2011

Conference Program

Thursday, October 6

7:30 – 8:30 am Breakfast (Room 621)

8:30 – 10:00 am Session 1

A. Exchange Rates and Expected Returns

Room 304

Chair: Mark E. Wohar

- “Underreaction to New Information in Equity Returns: Evidence from Commodity Markets,” **Mohammad R. Jahan-Parvar**, Mark E. Wohar, and Andrew J. Vivian
- “How Much Do Expected Returns and Expected Dividend Growth Contribute to Movements in Stock Returns? Issues of Weak Identification Make Existing Estimates Unreliable,” **Jun Ma** and Mark E. Wohar
- “Nonlinear Long Memory Properties and Mean Reverting Behavior of Real Exchange Rates,” **Dooyeon Cho**
- “The Contributions of Economic Fundamentals and Risk Premium to Movements in Exchange Rates: A State-Space Decomposition,” Nathan S. Balke, Jun Ma, and **Mark E. Wohar**

B. Applied Macroeconometrics

Room 204

Chair: Victor Valcarcel

- “Hysteresis vs. Natural Rate of US Unemployment,” Ka Ming Cheng, **Nazif Durmaz**, Hyeonwoo Kim, and Michael L. Stern
- “End in Sight for Housing Troubles?” **D. L. Chertok**
- “The Time Varying Effects of Permanent and Transitory Shocks to Output,” John Keating and **Victor Valcarcel**

C. GMM and GEL

Room 206

Chair: Saraswata Chaudhuri

- “Cross-Sectional GMM Estimation under a Common Shock,” Serguey Khovansky and **Oleksandr Zhylyevskyy**
- “Robust Inference for Moment Restriction Models under Misspecification,” Haiqi Li and **Sung Y. Park**
- “Asymptotic Refinements of a Misspecification-Robust Bootstrap for Generalized Method of Moments Estimators,” **SeoJeong Lee**
- “Finite-Sample Improvements of Score Tests by the Use of Implied Probabilities from Generalized Empirical Likelihood,” **Saraswata Chaudhuri** and Eric Renault

D. Model Choice and Averaging

Room 100

Chair: Aris Spanos

- “Model Selection in the Presence of Incidental Parameters,” **Yoonseok Lee**
- “A Plug-In Averaging Estimator for Regressions with Heteroskedastic Errors,” **Chu-An Liu**
- “Size Distortion and Modification of Classical Vuong Tests,” **Xiaoxia Shi**
- “Statistical Model Specification and Validation: Statistical vs. Substantive Information,” **Aris Spanos**

10:00 – 10:30 am Break

10:30 am – 12:00 pm Session 2

A. Volatility Modeling

Room 304

Chair: Ke-Li Xu

- “Asymmetric Transmission of Long-Run Volatility in the Stock Market,” **Sónia Bentes** and Rui Menezes
- “Cholesky Stochastic Volatility,” **Hedibert Lopes**, Robert McCulloch, and Ruey Tsay
- “Bayesian Adaptive Hamiltonian Monte Carlo with an Application to High-Dimensional BEKK GARCH Models,” **Martin Burda** and John M. Maheu
- “Powerful Tests for Structural Change in Volatility,” **Ke-Li Xu**

B. Fiscal Policy

Room 204

Chair: Pym Manopimoke

- “Fiscal Policy Asymmetries,” Steven Fazzari, James Morely, and **Irina Panovska**
- “Purchasing Power Parity and the Taylor Rule,” **Hyeonwoo Kim** and Masao Ogaki
- “Trend Inflation and the New Keynesian Phillips Curve,” Chang-Jin Kim, **Pym Manopimoke**, and Charles Nelson

C. Human Capital Formation

Room 206

Chair: Debopam Bhattacharya

- “Constructing Economically Justified Aggregates: An Application to the Early Origins of Health,” Gabriella Conti, James J. Heckman, Hedibert F. Lopes, and **Rémi Piatek**
- “Gradients via Oracle Estimator for Additive Nonparametric Regression Models with Application to Returns to Schooling,” **Deniz Ozabaci** and Daniel J. Henderson
- “Identification of Causal Education Effects Using a Discontinuity in School Entry Tests: First Results from a Pilot Study,” Stefan Boes, Dominik Hangartner, and **Lukas Schmid**
- “Testing the Efficiency of University Admissions,” **Debopam Bhattacharya**, Shin Kanaya, and Margaret Stevens

D. Quantile Methods

Room 100

Chair: Carlos Lamarche

- “On Testing the Equality of Conditional Mean and Quantile Effects,” Anil K. Bera, Antonio F. Galvao, Jr., and **Liang Wang**
- “Design-Adaptive Nonparametric Estimation of Conditional Quantile Derivatives,” **Chuan Goh**
- “Nonparametric Quantile Regression with Discontinuities,” **Tatsushi Oka**
- “Censored Quantile Regression for Panel Data with Fixed Effects,” Antonio F. Galvao, Jr., **Carlos Lamarche**, and Luiz Renato Lima

12:00 – 1:30 pm Lunch (Room 621)

1:30 pm – 3:00 pm Session 3

A. Applied Multivariate Models

Room 304

Chair: Drew Creal

- “Integration of China Stock Market with US Stock Market: An Application of Smooth Transition Conditional Correlation with Double Transition Functions,” **M. Fatih Oztek** and Nadir Ocal
- “On the Time-Varying Relationship Between Closed-End Fund Prices and Fundamentals: Bond vs. Equity Funds,” Seth C. Anderson, T. Randolph Beard, Hyeongwoo Kim, and **Liliana V. Stern**
- “Observation Driven Mixed-Measurement Dynamic Factor Models with an Application to Credit Risk,” **Drew Creal**, Bernd Schwaab, Siem Jan Koopman, and André Lucas

B. Cointegration and Breaks

Room 204

Chair: J. Isaac Miller

- “Convergence and Cointegration,” **Alfredo García-Hiernaux** and David E. Guerrero
- “The Asymptotic Properties of Parameter Estimates in Autoregressive Models with a Break in Persistence,” **Mohitosh Kejriwal** and Pierre Perron
- “Consistency of Trend Break Point Estimator with Under-specified Break Number,” **Jingjing Yang**
- “Cointegrating MiDaS Regressions and a MiDaS Test,” **J. Isaac Miller**

C. Microeconometrics in Public Economics

Room 206

Chair: Bruce Meyer

- “The Estimation of the Effect of Public Expenditure on Household Welfare when Revisiting Aschauer,” **Hosin Song**
- “Estimating Incentive and Selection Effects in Medigap Insurance Market: An Application with Dirichlet Process Mixture Model,” **Xuequn Hu**, Murat K. Munkin, and Pravin K. Trivedi
- “Bounds on Average and Quantile Treatment Effects of Job Corps Training on Participants’ Wages,” **German Blanco**, Carlos A. Flores, and Alfonso Flores-Lagunes
- “Errors in Survey Reporting and Imputation and their Effects on Estimates of Food Stamp Program Participation,” **Bruce D. Meyer** and Robert M. George

D. Panel Data with Cross-Sectional Dependence

Room 100

Chair: Mehmet Caner

- “Specification Testing for Panel Spatial Models,” **Monalisa Sen** and Anil K. Bera
- “A Direct Test for Cross-Sectional Correlation in Panel Data Models,” **Ted Juhl**
- “Determining the Number of Factors with Potentially Strong Cross-Sectional Correlation in Idiosyncratic Shocks,” **Xu Han**
- “Selecting the Correct Number of Factors in Approximate Factor Models: The Large Panel Case with Bridge Estimators,” **Mehmet Caner**

3:00 – 3:30 pm Break

3:30 pm – 5:00 pm Session 4

A. Term Structure and Monetary Aggregates

Room 304

Chair: Jing Cynthia Wu

- “Yield Spreads as Predictors of Economic Activity: A Real-Time VAR Analysis,” **N. Kundan Kishor** and Evan F. Koenig
- “The Dynamic Relationships Among Medium of Exchange, Monetary Index Numbers, and the Macroeconomy,” **Richard G. Anderson**, Marcelle Chauvet, and Barry Jones
- “Identification and Estimation of Gaussian Affine Term Structure Models,” **Jing Cynthia Wu** and James D. Hamilton

B. Bayesian Macroeconomic Models and Learning

Room 204

Chair: Lutz Kilian

- “Improving Out-of-Sample Equity Premium Prediction: The Role of Adaptive Learning,” **David E. Rapach**, Tao Zha, and Guofu Zhou
- “A Bayesian Evaluation of Alternative Models of Trend Inflation,” **Todd E. Clark** and Taeyoung Doh
- “DSGE Estimation of Models with Learning,” **Eric Gaus**
- “Inference on Impulse Response Functions in Structural VAR Models,” Atsushi Inoue and **Lutz Kilian**

C. High Dimensional Models

Room 206

Chair: Yuan Liao

- “Entropy-based Model Averaging Partial Effect Estimation with Large Dimensional Data,” **Yundong Tu**
- “Model Selection and Estimation in a Simultaneous Equation Model with a Large Number of Weak Instruments and Heteroskedasticity,” **Enrique Pinzón García**
- “The Adaptive Lasso Method for Structural Equation Variable Selection,” **Michael Fan**
- “Ultra High Dimensional Variable Selection with Endogenous Covariates,” Jianqing Fan and **Yuan Liao**

D. Dynamics and Measurement Error in

Room 100

Panel Models

Chair: Jeffrey A. Mills

- “Identification and Estimation of Nonparametric Panel Data Regressions with Measurement Error,” **Daniel Wilhelm**
- “Identification and Estimation in Nonparametric Dynamic Simultaneous Equations Models,” **David M. Kang**
- “Asymptotic Inference for Dynamic Panel Estimators of Infinite Order Autoregressive Processes,” Yoon-Jin Lee, Ryo Okui, and **Mototsugu Shintani**
- “Bayesian Panel Stationarity Testing with Small T,” **Jeffrey A. Mills** and Olivier Parent

5:00 – 6:00 pm Break

6:00 – 6:30 pm Reception

Room 621

6:30 pm Dinner

Room 621

- After dinner comments provided by **Roger Koenker**, William B. McKinley Professor of Economics at the University of Illinois at Urbana-Champaign

Friday, October 7

7:30 – 8:30 am Breakfast (Room 621)

8:30 – 10:00 am Session 5

A. Empirical Asset Pricing

Room 304

Chair: Maria T. Gonzalez-Perez

- “An Empirical Study of Stock and American Option Prices,” **David Ronchetti**
- “Fear and Closed-End Fund Discounts: Investor Sentiment Revisited,” **Seth Anderson**, T. Randolph Beard, Hyeongwoo Kim, and Liliana V. Stern
- “Pricing Central Tendency in Volatility,” **Stanislav Khrapov**
- “A Corridor Fix for VIX: Developing a Coherent Model-Free Option-Implied Volatility Measure,” Torben G. Andersen, Oleg Bondarenko, and **Maria T. Gonzalez-Perez**

B. Predictive Modeling

Room 204

Chair: Gray Calhoun

- “Indirect Inference on Predictive Regression,” **Biing-Shen Kuo** and Jhih-Gang Chen
- “Tests of Equal Forecast Accuracy for Overlapping Models,” Todd E. Clark and **Michael W. McCracken**
- “Forecast Optimality Tests in the Presence of Instabilities,” Barbara Rossi and **Tatevik Sekhposyan**
- “An Asymptotically Normal Out-of-Sample Test of Equal Predictive Accuracy for Nested Models,” **Gray Calhoun**

C. Empirical Demand Estimation

Room 206

Chair: Carl Nelson

- “Modeling Gasoline Demand in the United States: A Flexible Semiparametric Approach,” **Weiwei Liu**
- “In-Store Search and Retail Demand,” **Matthew Gentry**
- “Portfolio Considerations in Automobile Purchases: An Application to the Japanese Market,” **Naoki Wakamori**
- “Econometrics of Welfare Evaluation of Price Changes: The Case of Food Price Increases in México,” **Carl Nelson**, Benjamin Wood, and Lia Nogueira

D. Nonparametric Methods

Room 100

Chair: Federico M. Bandi

- “Inference in Semiparametric Conditional Moment Model with Partial Identification,” **Shengjie Hong**
- “Inference of the Trend in a Partially Linear Model,” **Kun-Ho Kim**
- “A Test of Independence in Econometric Models,” **Ivan Medovikov**
- “Data-Driven Bandwidth Selection for Nonparametric Nonstationary Regressions,” **Federico M. Bandi**, Valentina Corradi, and Daniel Wilhelm

10:00 – 10:30 am Break

10:30 am – 12:00 pm Session 6

A. High Frequency Data and Continuous Time Models

Room 304

Chair: Torben G. Andersen

- “Infinitely Divisible Models for Financial Prices,” George Tauchen and **Iaryna Grynkiv**
- “Two Classes of Drift Parameter Estimators via Infinitesimal Operator Based Characterization,” **Zhaogang Song**
- “A Nonparametric Test for Stationarity in Continuous-Time Markov Processes,” **Shin Kanaya**
- “A Functional Filtering and Neighborhood Truncation Approach to Integrated Quarticity Estimation,” **Torben G. Andersen**, Dobrislav Dobrev, and Ernst Schaumburg

B. Economics of Oil

Room 204

Chair: Richard Ashley

- “Do Oil Producers Extract More as They Become Richer? A Natural Experiment Using Unanticipated Reserve Discoveries,” **Mahdi Rastad**
- “Nonlinearities in the Oil Price-Industrial Production Relationship: Evidence from 18 OECD Countries,” Ana María Herrera, Latika Gupta Lagalo, and **Tatsuma Wada**
- “The Oil Price-Macroeconomy Relationship: Does Persistence Matter,” **Richard Ashley** and Kwok Ping Tsang

C. Discrete Choice Models

Room 206

Chair: Shakheeb Khan

- “Nonparametric Identification of Dynamic Games with Discrete and Continuous Choices,” **Jason R. Blevins**
- “Generalized Control Function Approach in a Class of Non-Separable Models without Independence and Monotonicity,” **Kyoo il Kim** and Amil Petrin
- “Information Bounds and Impossibility Theorems for Simultaneous Discrete Response Models,” **Shakheeb Khan** and Denis Nekipelov

D. Semiparametric Estimation

Room 100

Chair: Daniel J. Henderson

- “Semiparametric Conditional Moment Models with Possibly Nonsmooth Residuals and Nonclassical Measurement Errors,” **Suyong Song**
- “Uniform Convergence for Semiparametric Two Step Estimators and Tests,” Juan Carlos Escanciano, **David T. Jacho-Chávez**, and Arthur Lewbel
- “Smooth Coefficient Estimation of a Seemingly Unrelated Regression,” **Daniel J. Henderson**, Subal C. Kumbhakar, Qi Li, and Christopher F. Parmeter

12:00 – 1:30 pm Lunch (Room 621)

1:30 pm – 3:00 pm Session 7

A. Topics in Financial Econometrics

Room 304

Chair: Mohammad R. Jahan-Parvar

- "Testing Linearity Against Threshold Effects: Uniform Inference in Quantile Regression," **Antonio F. Galvao**, Kengo Kato, Gabriel Montes-Rojas, and Jose Olmo
- "Which Parametric Model for Conditional Skewness?" Bruno Feunou, **Mohammad R. Jahan-Parvar**, and Roméo Tédongap

B. International Economics

Room 204

Chair: John W. Keating

- "Persistence and Cointegration in the Global Stock Market: Empirical Evidence from Europe," **Rui Menezes** and Sónia Bentes
- "Better Off without the Euro? Evaluating Monetary Policy and Macroeconomic Performance for Denmark, Sweden, and the U.K." Stefan Krause and **Claude Lopez**
- "Financial Sector Shocks and G-7 Business Cycle Fluctuations," David Rapach and **Jack Strauss**
- "Time Varying Volatilities of Output Growth and Inflation: A Multi-Country Investigation," **John W. Keating** and Victor J. Valcarcel

C. Econometrics of Treatment Effects

Room 206

Chair: Yu-Chin Hsu

- “When the Practioner Saved the Theorist: Theory and Practice of Inference in Regression Discontinuity,” **Otavio Bartalotti**
- “Marginal Quantile and Mean Treatment Effect and on the Treated for a Continuous Treatment,” **Ying-Ying Lee**
- “Testing for Distributional Treatment Effects: A Set Identification Approach,” Sung Jae Jun, Yoonseok Lee, and **Youngki Shin**
- “Consistent Tests for Conditional Treatment Effects,” **Yu-Chin Hsu**

D. Features of Densities

Room 100

Chair: Andriy Norets

- “Asymptotic Covariance of Sample Mean and Sample Quantiles,” **Anil K. Bera**, Antonio F. Galvao, Jr., and Liang Wang
- “New Tests for Stochastic Dominance Via Gaussian Field Approximations,” **Thomas Parker**
- “Posterior Consistency in Conditional Density Estimation by Covariate Dependent Mixtures,” **Andriy Norets** and Justinas Pelenis

3:00 – 3:30 pm Break

3:30 pm – 5:00 pm Session 8

A. Applied Microeconometrics

Room 204

Chair: Dukpa Kim

- “GMM Estimation of Income Distributions from Grouped Data,” Gholamreza Hajargasht, **William E. Griffiths**, Joseph Brice, D. S. Prasada Rao, and Duangkamon Chotikapanich
- “On the Use of Continuous Duration Models to Predict Customer Churn in the ADSL Industry in Portugal,” **Sofia Portela**
- “Residential Mobility, Family Relationships, and Spatial Distance,” **Olivier Parent** and Nicolas Williams
- “Divorce Law Reforms and Divorce Rates in the U.S.: An Interactive Fixed Effects Approach,” **Dukpa Kim** and Tatsushi Oka

B. Nonparametric Estimation with Endogeneity

Room 206

Chair: Jerome M. Krief

- “Nonparametric Estimation with Binary Endogenous Regressors: An Application to Voluntary Pollution Abatement,” **Michael S. Delgado**
- “Sampling Variation, Monotone Instrumental Variables, and the Bootstrap Bias Correction,” **Hang Qian**
- “Wavelet Estimators for LATE under Discontinuous (Kink) Incentive Assignment Mechanism,” **Heng Chen**
- “Instrumental Nonparametric Estimation Under Conditional Moment Restrictions: A Nonlinear Tikhonov Approach,” **Jerome M. Krief**