



22nd (EC)² Conference

Econometrics for Policy Analysis: After the Crisis and Beyond

European University Institute and University of Florence
Florence, Italy, 15-17 December 2011

Programme

Thursday 15 December 2011

Location: **Four Seasons Hotel**
Via Gino Capponi 46, Florence
<http://www.fourseasons.com/florence>

18.30-19.30: Registration
19.30-21.00: Welcome Reception

Friday 16 December 2011

Location: **European University Institute**
Badia Fiesolana, Theatre
Via dei Roccettini 9
50014 San Domenico di Fiesole

08.30-9.00: Registration

Session 1 **Chair: Frank Smets (European Central Bank)**

09.00-09.45 **Counterfactual Analysis in Econometrics**
Invited speaker: Hashem Pesaran (University of Cambridge)

09.45-10.15 **Systemic Risk Diagnostics: Coincident Indicators and Early Warning Signals**
Siem Jan Koopman (VU University Amsterdam), Andre Lucas (VU University Amsterdam),
Bernd Schwaab* (European Central Bank)

10.15-10.45 **Systemic Real and Financial Risks: Measurement, Forecasting, and Stress Testing**
Gianni De Nicolò* (International Monetary Fund)

With special thanks to



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10.45-11.15 *Coffee break*

Session 2 **Chair: Fabio Canova (Universitat Pompeu Fabra and CREI)**

11.15-11.45 **Is There a Trade-off between Inflation and Output Stabilization?**
Alejandro Justiniano (Federal Reserve Bank of Chicago), Giorgio Primiceri (Northwestern University), Andrea Tambalotti* (Federal Reserve Bank of New York)

11.45-12.15 **The Optimal Inflation Rate Revisited**
Giovanni Di Bartolomeo* (Università di Teramo), Patrizio Tirelli (Università di Milano Bicocca), Nicola Acocella (Università di Roma Sapienza)

12.15-12.45 **Sustainable Financial Obligations and Crisis Cycles**
Mikael Juselius* (Hanken School of Economics), Moshe Kim (University of Haifa)

12.45-13.45 *Lunch*

Poster Session 1

13.45-14.45 *See list of posters attached to this programme*

Session 3 **Chair: Timo Teräsvirta (CREATES, Aarhus University)**

14.45-15.30 **A New Class of Nonlinear Times Series Models for the Evaluation of DSGE Models**
Invited speaker: Frank Schorfheide (University of Pennsylvania)

15.30-16.00 **A Diversity of Agents in a New Keynesian Model: Monetary Policy with Technology and Cost Push Shocks**
Giulia Piccillo* (Katholieke Universiteit Leuven)

16.00-16.30 **Taking the Twists into Account: Predicting Firm Bankruptcy Risk with Splines of Financial Ratios**
Tor Jacobson (Sveriges Riksbank), Erik von Schedvin* (Tilburg University), Mattias Villani (Linköping University), Paolo Giordani (Sveriges Riksbank)

16.30-17.00 **Credit Shocks, Monetary Policy, and Business Cycles: Evidence from a Structural Time Varying Bayesian FAVAR**
Pooyan Amir Ahmadi* (Goethe University)

17.00-17.15 *Coffee break*

- 17.15-19.00 **Panel on “Econometric Tools for Policy Making after the Crisis”**
Chair: Massimiliano Marcellino (European University Institute, Head of Economics Department and Robert Schuman Centre)
Moderator: Frank Smets (European Central Bank, Director General Research)
Speakers: Jean Boivin (Bank of Canada, Deputy Governor)
Marco Buti (European Commission - DG ECFIN, Director General)
Charles Evans (Chicago FED, President)
Athanasios Orphanides (Central Bank of Cyprus, Governor)

19.30-23.00 *Conference Gala Dinner (at Conference venue)*

Saturday 17 December 2011

Location: **European University Institute**
Badia Fiesolana, Theatre
Via dei Roccettini 9
50014 San Domenico di Fiesole

Session 4 **Chair: Gabriele Fiorentini (University of Florence)**

09.00-9.45 **On the Network Topology of Variance Decompositions: Measuring the Connectedness of Financial Firms**

Invited speaker: Frank Diebold (University of Pennsylvania)

09.45-10.15 **The Joint Dynamics of Equity Market Factors**

Peter Christoffersen (University of Toronto), Hugues Langlois* (McGill University)

10.15-10.45 **Has the CDS Market Influenced the Borrowing Cost of European Countries during the Sovereign Crisis?**

Antonia Lopez-Villavicencio* (University of Paris North), Anne-Laure Delatte (Rouen Business School), Mathieu Gex (Banque de France and University of Grenoble)

10.45-11.15 *Coffee Break*

Session 5 **Chair: Jean-Marie Dufour (McGill University)**

11.15-11.45 **Financial Stress and Economic Dynamics: The Transmission of Crises**

Kirstin Hubrich* (European Central Bank), Robert Tetlow (Board of Governors of the Federal Reserve System)

11.45-12.15 **Effectiveness of Unconventional Monetary Policy at the Zero Lower Bound**

Boris Hofmann* (Bank for International Settlements)

12.15-13.45 *Lunch*

Poster Session 2

13.45-14.45 *See list of posters attached to this programme*

Session 6 **Chair: Helmut Lütkepohl (European University Institute)**

14.45-15.30 **Measuring Uncertainty About Long-run Growth**
Invited speaker: Mark Watson (Princeton University)

15.30-16.00 **Real-Time Analysis of Oil Price Risks Using Forecast Scenarios**
Christiane Baumeister* (Bank of Canada), Lutz Kilian (University of Michigan)

16.00-16.30 **Tails of Inflation Forecasts and Tales of Monetary Policy**
Eric Ghysels* (University of North Carolina - Chapel Hill)

16.30-16.45 *Coffee break*

16.45-17.45 **Special Invited Lecture: Robert Engle (New York University, Nobel Laureate)**
Chair: Giampiero M. Gallo (University of Florence, Faculty of Economics)

Poster Session 1 (Friday, 13.45-14.45)

Funding Liquidity, Market Liquidity and TED Spread: A Two-Regime Model

Kris Boudt (Katholieke Universiteit Leuven), Ellen Paulus (London Business School), Dale Rosenthal* (University of Illinois at Chicago)

Liquidity and Investment Behaviour in the Auction Rate Municipal Bonds' Market

Nicola Branzoli* (University of Wisconsin – Madison)

Fiscal Policy Asymmetries

Steven Fazzari (Washington University in St. Louis), James Morley (University of New South Wales), Irina Panovska* (Washington University in St. Louis)

Factor Augmented Autoregressive Distributed Lag Models

Serena Ng (Columbia University), Stevanovic Dalibor* (European University Institute)

Bayesian Evaluation of DSGE Models with Financial Frictions

Michal Brzoza-Brzezina* (National Bank of Poland), Marcin Kolasa (National Bank of Poland)

Professional Forecasters: How to Understand and Exploit them through a DSGE Model

Luis Rojas* (European University Institute)

Interest Rate Expectations and Uncertainty during ECB Governing Council Days - Evidence from Intraday Implied Densities of 3-Month EURIBOR

Olivier Vergote* (European Central Bank), Josep Maria Puigvert (European Central Bank)

Bubbles and Investment Horizons

Nadja Guenster (Maastricht University), Erik Kole* (Erasmus University Rotterdam)

Robust Inference in Dynamic Regression Models with Persistent Regressors

Joerg Breitung (University of Bonn), Matei Demetrescu* (University of Bonn)

Forecasting Performance of Three Automated Modelling Techniques during the Economic Crisis 2007-2009

Anders Kock (Aarhus University), Timo Teräsvirta* (Aarhus University)

Forecast Optimality Tests in the Presence of Instabilities

Barbara Rossi (Duke University), Tatevik Sekhposyan* (Bank of Canada)

Third Phase of the Business Cycle: Can Leading Indicators Signal the Severity of Recessions?

Cem Cakmakli* (University of Amsterdam), Richard Paap (Erasmus University Rotterdam), Dick van Dijk (Erasmus University Rotterdam)

U-MIDAS: MIDAS Regressions with Unrestricted Lag Polynomials

Claudia Foroni* (European University Institute), Massimiliano Marcellino (European University Institute), Christian Schumacher (Deutsche Bundesbank)

Do Banks Take More Risk in Extended Periods of Expansive Monetary Policy? Evidence from a Natural Experiment

Maria Valderrama* (Oesterreichische Nationalbank)

Policymakers' votes and predictability of monetary policy

Andrey Sirchenko* (European University Institute)

Credit Spread Interdependencies of European States and Banks during the Financial Crisis

Adrian Alter (University of Konstanz), Yves Stephan Schüler* (University of Konstanz)

Poster Session 2 (Saturday, 13.45-14.45)

Causality and Contagion in Peripheral EMU Public Debt Markets: A Dynamic Approach

Simon Sosvilla-Rivero* (Universidad Complutense de Madrid), Marta Gomez-Puig* (University of Barcelona)

Dynamic Labor Market Behavior of Married Women with Endogenous Participation, Unemployment, Working Time and Wage

Thierry Kamionka* (CNRS)

Optimal VAT Threshold in Presence of Tax Evasion, Corruption and Firms Dynamics

Jonathan Goyette* (Université de Sherbrooke)

Exchange Rates and Fundamentals: Co-movement, Long-run Relationships and Short-run Dynamics

Stelios Bekiros* (Athens University of Economics and Business)

Time Varying Volatilities of Output Growth and Inflation: A Multi-Country Investigation

John Keating* (University of Kansas), Victor Valcarcel (Texas Tech University)

Contagion or Flight-to-Quality Phenomena in Stock and Bond Returns

Apostolos Thomadakis* (University of Surrey)

Bayesian Testing of Granger Causality in Markov Switching VARs

Matthieu Droumaguet* (European University Institute), Tomasz Wozniak (University of Melbourne)

Disentangling Demand and Supply Shocks in the Crude Oil Market: How to Check Sign Restrictions in Structural VARs

Helmut Lutkepohl* (European University Institute), Aleksei Netsunajev (European University Institute)

Speculation in the Oil Market

Luciana Juvenal (Federal Reserve Bank of St Louis), Ivan Petrella* (Katholieke Universiteit Leuven)

How to Identify and Predict Bull and Bear Markets?

Erik Kole* (Erasmus University Rotterdam), Dick van Dijk (Erasmus University Rotterdam)

Toward a Taylor Rule for Fiscal Policy

Martin Kliem (Deutsche Bundesbank), Alexander Kriwoluzky* (University of Bonn)

Structural Multi-Equation Macroeconomic Models: Identification-Robust Estimation and Fit

Jean-Marie Dufour* (McGill University), Lynda Khalaf (Carleton University), Maral Kichian (Bank of Canada)

Regions, Sectors, and Time: Forecasting Using Three Dimensional Datasets

Dante Amengual (CEMFI), Luca Repetto* (CEMFI)

Phoenix Taylor Rule Exchange Rate Forecasting during the Financial Crisis

Tanya Molodtsova*(Emory University), David Papell (University of Houston)

A Comparison of Bottom-up Approaches and Direct Forecasts of German GDP in a Data-rich Environment

Rolf Scheufele* (Swiss National Bank), Katja Drechsel (Halle Institute for Economic Research)

Moment-based tests for backtesting Value-at-Risk models

Christian Bontemps* (Toulouse School of Economics)

Factor based identification-robust inference in IV regressions

Massimiliano Marcellino (European University Institute), Georges Kapetanios (Queen Mary, University of London), Lynda Khalaf* (Carleton University)

Scientific Committee

Programme Chair: Frank Smets (European Central Bank)

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