

Midwest Econometrics Group  
Eighteenth Annual Meeting  
University of Kansas, Lawrence, KS  
October 17-18, 2008

Conference Program

**Friday, October 17**

**12:00 – 4:00 pm Registration**

Snow Hall, 3<sup>rd</sup> Floor Lobby

**1:00 – 1:30 pm Welcome**

**1:30-3:30 Parallel Sessions**

**Session 1: Bayesian Methods and Model Selection I**

Session Chair: Mohamed Saidane

“A Bayesian Mixed Logit-Probit Model for Multinomial Choice”, by **Martin Burda** (University of Toronto), Matthew Harding (Stanford), and Jerry Hausman (MIT)

“Efficient Bayesian Estimation of DGSE Models”, Siddhartha Chib (Washington University), and **Srikanth Ramamurthy** (Washington University)

“Model Selection and Model Testing: A Unified Framework and Some New Results”, **Vidisha Vachharajani** (University of Illinois at Urbana Champaign)

“Contributions to the Estimation of Mixed-State Conditionally Heteroskedastic Latent Factor Models: A Comparative Study”, **Mohamed Saidane** (University of Montpellier II), and Christian Lavergne (University of Montpellier II)

**Session 2: Volatility**

Session Chair: Ting Ting Huang

“Long Memory and Nonlinearity in Conditional Variances: A Smooth Transition FIGARCH Model”, **Rehim Kılıç** (Georgia Institute of Technology)

“Bayesian Semiparametric Stochastic Volatility Modeling”, **Mark Jensen** (Federal Reserve Bank of Atlanta) and John M. Maheu (University of Toronto)

“Extreme News Events, Long-Memory Volatility, and Time Varying Risk Premia in Stock Market Returns”, Wing Hong Chan (Wilfrid Laurier University), and **Liling Feng** (City University of Hong Kong)

“Importance Sampling Analysis in Parameter Estimation of Stochastic Volatility Models”, Qian Sun (University of Pittsburg), Xinfu Chen (University of Pittsburg), and **Ting Ting Huang** (University of Pittsburg)

### **Session 3: Panel Data I**

Session Chair: Bertrand Hounkannounon

“Missing Data in Panel Data Models”, **Jason Abrevaya** (University of Texas)

“New Nonparametric Estimation of the Marginal Effects in Fixed-Effects Panel Models: An Application to the Environmental Kuznets Curve”, Yoonseok Lee (University of Michigan) and **Debasri Mukherjee** (Western Michigan University)

“Penalized Quantile Regression Estimation for a Model with Endogenous Individual Effects”, **Carlos Lamarche** (University of Oklahoma)

“Bootstrap for Panel Regression Models with Random Effects”, **Bertrand Hounkannounon** (Université de Montréal)

### **Session 4: Forecasting I**

Session Chair: Eleonora Granziera

“Nested Forecast Model Comparisons: A New Approach to Testing Equal Accuracy”, Todd E. Clark (Federal Reserve Bank of Kansas City) and **Michael W. McCracken** (Board of Governors of the Federal Reserve System)

“Integrated Variance Forecasting: Model-Based vs. Reduced-Form”, **Natalia Sizova** (Duke University)

“A New Forecast Approach in Vector Autoregression Models with an Application to U.S. Nonfarm Payroll Employment”, Allan W. Gregory (Queen’s University) and **Julia Hui Zhu** (Queen’s University)

“A Predictability Test for a Small Number of Nested Models”, **Eleonora Granziera** (University of Southern California), Kirstin Hubrich, and Roger Moon.

### **3:30 – 4:00 Break**

Snow Hall, 3<sup>rd</sup> Floor Lobby

## **4:00-5:30 Parallel Sessions**

### **Session 5: Econometric Theory I**

Session Chair: Yong Bao

“More Efficient Estimation Under Non-Normality when Higher Moments do not Depend on the Regressors, Using Residual Augmented Least Squares”, **Kyung So Im** (FDIC) and Peter Schmidt (Michigan State University)

“m-Testing of Model Specification in Many Groups”, **Shinichi Sakata** (University of British Columbia)

“On Skewness and Kurtosis of Econometric Estimators”, **Yong Bao** (Purdue University) and Aman Ullah (University of California, Riverside)

### **Session 6: Time Series I**

Session Chair: Sung Y. Park

“Regression Models with Mixed Sampling Frequencies”, **Alena Andreou** (University of Cyprus), Eric Ghysels (University of North Carolina), and Andros Kourtellis (University of Cyprus)

“Valid Inference for a Class of Models Where Standard Inference Performs Poorly: Including Nonlinear Regression, ARMA, GARCH, and Unobserved Components”, **Jun Ma** (University of Alabama) and Charles Nelson (University of Washington)

“Estimation of Conditional Value at Risk under Regression Quantile”, **Sung Y. Park** (WISE, Xiamen University)

### **Session 7: Exchange Rates**

Session Chair: Luciana Juvenal

“Testing the Bounds: Empirical Behavior of Target Zone Fundamentals”, **J. Isaac Miller** (University of Missouri)

“PPP Strikes Out: The Effect of Common Factor Shocks on the Real Exchange Rate”, Nelson C. Mark (University of Notre Dame and NBER) and **Donggyu Sul** (University of Auckland)

“Nominal Shocks and Real Exchange Rate Fluctuations”, **Luciana Juvenal** (Federal Reserve Bank of St. Louis)

## **Session 8: Macroeconomics I**

Session Chair: Omer Bayar

“Macroeconomic Variables, Euler Equation and Future Returns on Treasury Bonds: (Semi) Nonparametric Investigation”, Ai-ru (Meg) Cheng (UC Santa Cruz) and **Yuriy Kitsul** (Georgia State University)

“Are IMF Lending Programs Effective? A Panel VAR Approach with Switching Policy Reaction Functions and Participation Selection”, **Shigeru Iwata** (University of Kansas) and Hiroshi Muraio (Aomori Public College)

“An Empirical Analysis of Inertia in Discount Rate Policy”, **Omer Bayar** (University of Tennessee)

### **Reception 6:00 – 7:00**

Kansas Union, Kansas Room

### **Dinner 7:00**

**After Dinner Presentation: Mark Watson (Princeton University)**

**Saturday, October 18**

**7:30-8:30 Breakfast**

Snow Hall

**8:30 – 10:00 Parallel Sessions**

**Session 9: Time Series II**

Session Chair: Ryan Greenaway-McGrevy

“TV Unit Root Tests with ARMA Errors”, **Junsoo Lee** (University of Alabama) and Mark Wohar (University of Nebraska-Omaha)

“A Robust, Uniformly Most Powerful Unit Root Test”, **Jeffrey A. Mills** (University of Cincinnati)

“Estimating the Number of Common Factors in Serially Dependent Approximate Factor Models”, **Ryan Greenaway-McGrevy** (Bureau of Economic Analysis), Chirok Han (University of Auckland), and Donggyu Sul (University of Auckland)

**Session 10: Nonparametric I**

Session Chair: Alfonso Flores-Lagunes

“Nonparametric Multiplicative Bias Correction for Kernel Density Estimation on the Unit Interval”, **Masayuki Hirukawa** (Northern Illinois University)

“Integrated Conditional Moment Tests for Parametric Conditional Distributions”, Herman J. Bierens (Pennsylvania State University) and **Li Wang** (Pennsylvania State University)

“Nonparametric Identification of Net or Direct Causal Effects”, Carlos A. Flores (University of Miami) and **Alfonso Flores-Lagunes** (University of Florida)

**Session 11: Bayesian Methods and Model Selection II**

Session Chair: George Chang

“Semiparametric Bayesian Approache to ZINB with Multi-level Random Effects: Analysis of Patent Data”, **Shiferaw Gurmu** (Georgia State University) and Pulak Ghosh (Emory University)

“A Direct Monte Carlo Approach for Bayesian Analysis of the Seemingly Unrelated Regression Model”, Arnold Zellner (GSB University of Chicago) and **Tomohiro Ando** (GSB University of Chicago)

“Bayesian Portfolio Choice with Insufficient Sample Information”, **George Chang** (Grand Valley State University)

## **Session 12: Inflation**

Session Chair: Heather L.R. Tierney

“Testing for Convergence Using Multivariate Approach Panel Data Methods with an Application to the Euro-zone Inflation”, **Claude Lopez** (University of Cincinnati) and David H. Papell (University of Houston)

“Is Inflation an International Phenomenon?” Christopher J. Neely (Federal Reserve Bank of St. Louis) and **David E. Rapach** (Saint Louis University)

“A Local Examination for Persistence in Exclusions-from-Core Measures of Inflation Using Real Time Data”, **Heather L.R. Tierney** (College of Charleston)

### **10:00-10:30 Break**

Snow Hall, 3<sup>rd</sup> Floor Lobby

### **10:30-12:00 Parallel Sessions**

#### **Session 13: Financial Econometrics I**

Session Chair: Stefan Jacewitz

“Spurious Regressions in Technical Trading: Momentum or Contrarian?” **Motosugu Shintani** (Vanderbilt University), Tomoyoshi Yabu (University of Tsukuba), and Daisuke Nagakura (Bank of Japan)

“Long-Run Consumption Risk and the Real Yield Curve”, **Shu Wu** (University of Kansas)

“Testing for No Arbitrage in Continuous Time: A Resolution to the Forward Premium Anomaly”, **Stefan Jacewitz** (Texas A&M University), Hwagyun Kim (Texas A&M University), and Joon Y. Park (Texas A&M University)

#### **Session 14: Econometric Theory II**

Session Chair: Victor Aguirregabiria

“Efficient Estimation Despite Heteroskedasticity: Map from Numerical Values to Time Domain”, **H.D. Vinod** (Fordham University)

“Set Estimation and Inference with Models Characterized by Conditional Moment Inequalities”, **Kyoo il Kim** (University of Minnesota)

“Estimation of Dynamic Discrete Games when Players’ Beliefs are not in Equilibrium”, **Victor Aguirregabiria** (University of Toronto) and Arvind Magesan (University of Toronto)

## **Session 15: Microeconometrics I**

Session Chair: Jing Liu

“Binary Choice Models with Social Interactions under Heterogeneous Rational Expectations”, Lung-fei Lee (Ohio State University), Ji Li (Captial One), and **Xu Lin** (Tsinghua University).

“Sharp Bounds on the Distribution of the Treatment Effect in Switching Regime Models”, Yanqin Fan (Vanderbilt University) and **Jisong Wu** (Vanderbilt University).

“Money and Marriage: Implications of Wage Inequality on Marriage Outcomes”, **Jing Liu** (University of Texas)

## **Session 16: Macroeconomics II**

Session Chair: Logan J. Kelly

“Statistical Contribution of Business Cycle Indicators in Nowcasting Business Cycle Regimes”, **Arabinda Basistha** (West Virginia University)

“The Impact of Fiscal Expansions on Private Spending: A Two-Sector Real Business Cycle Approach”, **Victor J. Valcarcel** (Texas Tech University)

“Measuring the Economic Stock of Money”, **Logan J. Kelly** (Bryant University)

**12:00 – 1:30 Lunch**

**1:30-3:00 Parallel Sessions**

## **Session 17: Econometric Theory III**

Session Chair: Youngki Shin

“Credible Two-Stage Least Squares Inference with Possibly-Flawed Instruments”, **Richard A. Ashley** (Virginia Polytechnic Institute and State University)

“A Unified Approach to Validating Univariate and Multivariate Conditional Models in Time Series”, **Bin Chen** (University of Rochester) and Yongmiao Hong (Cornell University and Xiamen University)

“Length-bias Correction in Transformation Models”, **Youngki Shin** (University of Western Ontario)

## **Session 18: Panel Data II**

Session Chair: Olivier Parent

“Tests for Cross-sectional Dependence in Panel Models: A Random Matrix Theory Approach”, Badi H. Baltagi (Syracuse University), **Qu Feng** (Syracuse University), and Chihwa Kao (Syracuse University)

“Instrumental Variable Quantile Regression for Panel Data with Measurement Errors”, **Antonio Galvao** (University of Illinois) and Gabriel V. Montes-Rojas (City University London)

“Space and Time Filters Using Panel Data with Random Effects”, James P. LaSage (Texas State University San Marcos) and **Olivier Parent** (University of Cincinnati)

## **Session 19: Nonparametric II**

Session Chair: David T. Jaco-Chávez

“Nonparametric Regression Estimation with General Parametric Error Covariance”, Carlos Martins-Filho (Oregon State University) and **Feng Yao** (West Virginia University)

“Functional Coefficient Estimation of Instrumental Variables and Control Function Models”, **Ximing Wu** (Texas A&M University), Qi Li (Texas A&M University), and Jianhua Huang (Texas A&M University)

“Root-n Uniformly Consistent Density Estimation in Nonparametric Regression Models”, Juan Carlos Escanciano (Indiana University) and **David T. Jacho-Chávez** (Indiana University)

## **Session 20: Financial Econometrics II**

Session Chair: Scott Gilbert

“Stock Price Effects of Permanent and Transitory Shocks: the Case of the UK”, Andrew Vivian (University of St. Andrews) and **Mark E. Wohar** (University of Nebraska at Omaha)

“Let’s Do it Again: Bagging Equity Premium Predictors”, **Eric Hillebrand** (Louisiana State University), Tae-Hwy Lee (University of California Riverside), and Marcelo Medeiros (Pontifical Catholic University of Rio de Janeiro)

“Sizing up the Errors in Models of Risk”, **Scott Gilbert** (Southern Illinois University Carbondale) and Petr Zemčík (CERGE-EI Prague)

## **3:00-3:30 Break**

Snow Hall, 3<sup>rd</sup> Floor Lobby



### 3:30-5:00 Parallel Sessions

#### Session 21: Macro III

Session Chair: Evgeniya Aleksandrovna Duzhak

“What Does an Oil Shock Do?” **Peter M. Summers** (Texas Tech University)

“Measurement Error in Monetary Aggregates: A Markov Switching Factor Approach”, William A. Barnett (University of Kansas), **Marcelle Chauvet** (University of California Riverside), and Heather L.R. Tierney (College of Charleston)

“Empirical Assessment of Bifurcation Regions within the New Keynesian Model”, William A. Barnett (University of Kansas) and **Evgeniya Aleksandrovna Duzhak** (Baruch College CUNY)

#### Session 22: Time Series III

Session Chair: Albert Lee Chun

“A Bayesian Analysis of Exchange Rate Dynamics”, **Ming Chien Lo** (Saint Cloud State University) and James Morley (Washington University)

“Forecasting Interest Rates and Inflation: Blue Chip Clairvoyants or Econometrics?” **Albert Lee Chun** (HEC Montréal)

#### Session 23: Applied Methods

Session Chair: Shawn Ni

“Bayesian Estimation of a Censored AIDS Model for Whole Grain Products”, **Ariun Ishdorj** (Iowa State University) and Helen H. Jensen (Iowa State University)

“Do Teachers’ Unions Weed Out the Bad Apples?” **Gregory Gilpin** (Indiana University)

“A Bayesian Analysis on the Price to Rent Ratio of Owner-Occupied Housing”, Jie Chen (Hong Kong and Shanghai Banking Corporation) and **Shawn Ni** (University of Missouri-Columbia)

#### Session 24: Econometric Theory IV

Session Chair: Anil K. Bera

“Efficient Semiparametric Detection of Changes in Trend”, **Chuan Goh** (University of Toronto)

“Likelihood-Based Confidence Sets for the Timing of Structural Breaks”, **Yunjong Eo** (Washington University) and James C. Morley (Washington University)

“Birth of a Nonlinear Model”, **Anil K. Bera** (University of Illinois at Urbana Champaign)