# 2012 Midwest Econometrics Group Meeting

Embassy Suites, Lexington Kentucky
Sponsored by: University of Kentucky, Gatton College of Business and Economics,. Department of Economics, Center for Poverty Research and the Journal of Applied Econometrics.
September 28 & 29, 2012

## Friday, September 28

## Noon - 1pm: Registration, Lobby, Embassy Suites

## 1-1:30 Opening Remarks, Coldstream 1&2

## 1:30 - 3:00PM Session I

### A. Factor Models I, Bourbon

Moderator: Minkee Song

- "Large covariance matrix estimation in approximate factor models," **Yuan Liao**
- "Understanding housing market volatility," Jun Ma, Joseph Fairchild, **Shu Wu,**
- "Leaders and followers: identification of unknown common factors," **Jason Parker**, & Donggyu Sul
- "Asymptotic theory for dynamic heterogeneous panels with cross-sectional dependence," **Minkee Song**

### B. Treatment Effects, Coldstream 1&2

Moderator: Ying-Ying Lee

- "Examining the distributional effects of military service on earnings: a test of initial dominance," **Christopher J. Bennett** & Ričardas Zitikis
- "Bounds on population average treatment effects with an instrumental variable," Xian Chen, Carlos Flores & **Alfonso Flores-Lagunes**
- "Estimation of treatment effects in repeated public good experiments," **Donggyu Sul**
- "Uniform inference on distributional impacts of a continuous treatment with generated regressors," **Ying-Ying Lee**

### C. Bayesian Estimation I, Coldstream 4

Moderator: Jeffry Mills

- "Common drifting volatility in large Bayesian VARs,", Andrea Carriero, **Todd Clark** & Massimiliano Marcellino
- "A vector filter for multivariate time series," **Shawn Ni**
- "A Bayesian PANIC attack with small T," **Jeffrey Mills** & Olivier Parent

(session I continued 1:30-3pm)

**D. Spatial Econometrics, Coldstream 5**

Moderator: Anil Bera

- "On the bootstrap for spatial econometric models," **Fei Jin** & Lung-fei Lee
- "Using a spatial multivariate probit model to analyze public school consolidation," David Brasington & **Olivier Parent**
- "Peer effects in adolescents' delinquent behaviors: evidence from a binary choice metwork model," **Xu Lin**
- "Spatial regression: the curious case of negative spatial dependence," **Anil Bera** & Yu-Hsien Kao

**E. Topics in Econometrics, Clark**

Moderator: Yasemin Ulu

- "Scalar measures of volatility and dependence for the multivariate models of financial markets," **Sangwhan Kim** & Anil Bera
- "Exact distribution of mean reversion estimator in linear diffusion models," **Yong Bao**, Aman Ullah & Yun Wang
- "Multivariate test for forecast rationality under asymmetric loss functions: recent evidence from MMS survey of inflation-output forecasts of G7 countries and EU," **Yasemin Ulu**

## 3:00-3:30 Break

## 3:30-5:00pm Session II

**F. Factor Models II, Bourbon**

Moderator: Mehdi Shoja

- "Forecasting U.S. recessions with macro factors," **Sebastian Fossati**
- "Finite sample performance of principal components estimators for dynamic factor models: asymptotic vs. bootstrap approximations," **Mototsugu Shintani** & Zi-Yi Guo
- "When a factor is measured with error: the role of conditional heteroskedasticity in identifying and estimating linear factor models," **Todd Prono**
- "Principal Component Selection for Factor Models,", Mohsen Pourahmadi, **Mehdi Shoja** & Ehsan Soofi

**G. Bayesian Estimation II, Coldstream 4**

Moderator: Justin Tobias

- "A Bayesian semiparametric duration and competing risk model with unobserved heterogeneity," Martin Burda, **Matthew Harding** & Jerry Hausman
- "Bayesian estimation of games under Rationalizability," Victor Aguirregabiria & **Martin Burda**
- "Specification and estimation of structural sample selection models and endogenous network formation with the exponential probability distribution," **Chih-Sheng Hsieh** & Lung-fei Lee
- "Priors and posterior computation in linear endogenous variable models with imperfect instruments," Josh Chan & **Justin Tobias**

(session II continued, 3:30-5pm)

**H. Time Series I, Coldstream 1&2**

Moderator: Mark Wohar

- "Expected returns and expected dividend growth: time to rethink an established empirical literature," Jun Ma & **Mark Wohar**
- "What explains the recent jobless recoveries," **Irina Panovska**

**I. Quantile Regressions, Clark**

Moderator: Carlos Lamarche

- "Wavelet estimators for the discontinuous quantile model," **Heng Chen**
- "Nonparametric estimation of triangular binary regression quantiles," **Jen-Che Liao**
- "A new characterization of the normal distribution and test for normality," Anil Bera, Antonio Galvao, **Liang Wang** & Zhijie Xiao
- "Quantile regression estimation of panel duration models with censored data," Matthew Harding & **Carlos Lamarche**

**J. Testing, Coldstream 5**

Moderator: Rehim Kiliç

- "Graphical procedures for multiple comparisons under general dependence," Christopher J. Bennett & **Brennan Thompson**
- "On the use of Neyman's C(α) test for testing parameter heterogeneity," **Jiaying Gu**
- "A nonparametric $R^2$ test for the presence of relevant variables," **Feng Yao** & Aman Ullah
- "Tests for linearity in STAR models: SupWald and LM-type tests," **Rehim Kiliç**

## 5:30 - 7pm Reception, Hotel Lobby (complimentary bar for hotel guests)

## 7PM Conference Dinner, Coldstream 1&2:

After dinner remarks provided by **Elie Tamer**, Breen Family Professor of Economics, Northwestern University.

"Learning in a Two Stage Game: What is the Role of Identification?"

## Saturday, September 29

## 7AM - 9AM,  Breakfast (complimentary for hotel guests)

## 8:30 - 10:00AM , Session III

**K. Time Series II, Fayette**

Moderator:  Jing Li

- "Testing for GARCH effects: an exact procedure based on quasi-likelihood ratios," **Richard Luger**
- "Asymmetries in the oil price-industrial production relationship?" Ana María Herrera, Latika Gupta Lagalo, & **Tatsuma Wada**
- "Prediction of panel data under misspecification," **Ryan Greenaway-McGrevy**
- "Improved autoregressive forecasts in the presence of non-normal errors," Junsoo Lee & **Jing Li**

**L. Endogeneity, Coldstream 4**

Moderator: Nadine McCloud

- "Additive nonparametric regression in the presence of endogenous regressors," Deniz Ozabaci &  **Daniel Henderson**
- "Instrumental variables estimation with many weak instruments using regularized JIVE," Christian Hansen **& Damian Kozbur**
- "Semi parametrically efficient high-dimensional GMM estimator with many invalid moment conditions:  an application to dynamic panel data models," Mehmet Caner, Xu Han, & Y**oonseok Lee**,
- "An instrumental-variable approach to estimation and inference of conditional distribution models with endogeneity," **Nadine McCloud** &  Yongmiao Hong

**M. Topics in Dependence, Paris**

Moderator: Xiao Huang

- "Testing for biases Induced by approximation error in the estimation of dynamic decision models," **Victor Aguirregabiria** & Arvind Magesan
- "CPP estimation of dynamic/discrete continuous choice models with generalized finite dependence and correlated unobserved heterogeneity," **Wayne-Roy Gayle**
- "Dynamic panels with Cross Sectional Correlation," **Xiao Huang**
- **"**Estimation and inference in semi-parametric moment conditions models with dependent data,"  Francesco Bravo, Ba M. Chu, **David T. Jacho-Chávez**

**N. Topics in Econometrics, Coldstream 2**

Moderator: David T. Frazier

- "Bounds on treatment effects in the presence of sample selection and noncompliance: the wage effects of job corps," **Xuan Chen** & Carlos A. Flores
- "Stigma or acclaim?: a regression discontinuity analysis of graduation standards and their impact on students' academic trajectories" **Tom Ahn**
- "Backfitting profile likelihood estimation," **David T. Frazier**

(session III continued, 8:30-10am)

**O. Topics in Time Series, Coldstream 5**

Moderator: Jihyun Kim

- "Alpha representation for active portfolio management and high frequency trading in seemingly efficient markets," **Godfrey Cadogan**
- "Periodic pattern in high-frequency data," **Maria T. Gonzalez-Parez**
- "Forecasting national recessions using state level data" **Michael T. Owyang** , Jeremy Piger & Howard Wall.
- "Testing for nonstationarity in diffusion model," **Jihyun Kim**

## 10:00-10:30AM, Break

## 10:30 - noon, Session IV

**P. Non-Stationarity in Time Series, Coldstream 4**

Moderator: Ji Hyung Lee

- "Conditionally efficient estimation of long-run relationships using mixed-frequency time series," **J. Isaac Miller**
- "The effects of financialization of commodity markets on the dynamic structure of correlation among commodity and stock market indices," **Faith Oztek &** Nadir Ocal
- "Nonstationarity in time series of state densities," **Yoosoon Chang**, Chang Sik Kim and Joon Y. Park
- "Predictive quantile regressions with persistent covariates,**"** **Ji Hyung Lee**

**Q. Financial Econometrics, Fayette**

Moderator: Claude Lopez

- "A nonparametric evaluation on the usefulness of the contrarian investment strategy," **Hyeongwoo Kim** & Deockhyun Ryu
- "Are swap and bond markets alternatives to each other in Turkey?" **Murat Duran** & Doruk Küçüksaraç
- "Testing the economic value of asset return predictability," **Michael McCracken** & Giorgio Valente
- "Commodity and equity markets: some stylized facts from a copula approach," Anne-Laure Delatte & **Claude Lopez**,

**R. Semi and Non-Parametric Estimation, Coldstream 2**

Moderator: Deniz Ozabaci

- "Semiparametric modeling of municipal interest cost: average derivative estimation," **JS Butler** & Robert Greer
- "Multivariate local polynomial regression with autocorrelated errors," **Ke Yang**
- "Partially nonparametric varying coefficient model," **Deniz Ozabaci** & Subal Kumbhakar

(session IV continued, 10:30-noon)

**S. Topics in Econometrics, Coldstream 5**

Moderator: Yuqin Wang

- "Inference for the correlation coefficient between potential outcomes in the Gaussian switching regime model," Heng Chen, Yanqin Fan & **Ruixuan Liu**
- "Production function estimation with unobserved input price dispersion," Paul Grieco**, Shengyu Li**, & Hongsong Zhang
- "Agency costs and market value analysis: a value maximization stochastic frontier approach," **Yuqin Wang** & Subhash Sharma

**T. Topics in Estimation, Paris**

Moderator: H. Fahani Dermi

- "Identification and estimation of the Roy model," **Byoung G. Park**
- "Maximum likelihood estimation of a dynamic panel threshold model," **Nelson Ramírez-Rondán**
- "Voluntary training and heterogeneous student performance: evidence from a field experiment," **Kim Huynh,** David T. Jacho-Chavez & James K. Self
- "Indirect effect of environmental regulations: dynamic response of the U.S. coal industry to the clean air act amendment," **H. Faghani Dermi**

## Noon - 1pm, Lunch and closing remarks, Coldstream 1&2