



Fachbereich VWL / Department of Economics

EconNewsletter

Editorial Contact: Michael Paetz
tel: +49 40 42838-5561; e-mail: econ.newsletter.Wiso@uni-hamburg.de

MAY 6 – MAY 10, 2019

NEWSLETTER 2019-10

SEMINAR CALENDAR

Research Seminar “Labour Economics” and HCHE Research Seminar

Michael Lechner, University of St. Gallen:

*The effects of local public expenditures for sports infrastructure
on individual sports activities*

Monday May 6

16:30-18:00

Esplanade 36, R. 4011/13

PhD Seminar

Markus Michaelsen, University of Hamburg:

*Information flow dependence in return and trading volume
across different stocks*

Thursday May 9

12:15–13:15

R. 0029 (VMP 5)

Research Seminar “Microeconomics”

Dmitri Vinogradov, University of Glasgow:

Signaling probabilities in ambiguity: who reacts to vague news?

Thursday May 9

17:15–18:45

R. 0029 (VMP 5)

Forschungsseminar “Quantitative Wirtschaftsforschung“

- no seminar -

Environmental and Development Economics

- no seminar -

Hamburg Lectures on Law & Economics

- no seminar -

ABSTRACTS

PhD Seminar

Markus Michaelsen, University of Hamburg:

Information flow dependence in return and trading volume across different stocks

Abstract:

We develop a multivariate return and trading volume model, where each stock's system is driven by latent information arrivals in continuous time. The arrivals contain idiosyncratic and cross-relevant information, which provides both return and trading volume dependence. Conditional on the accumulated information, returns are jointly normal and correlated, which implies a second layer of dependence in the return dimension. Using a sample of nine common stocks, we show that trading volume significantly adds to the operationalization of the latent information flow process driving the contemporaneous return distribution. The dependence parameter estimates provide significant and interpretable degrees of information flow dependence across all results. Portfolio risk measurement applications are extended by conditioning on the level of trading volume, e.g. reflecting stress, leading to an accurate risk quantification.

Research Seminar “Microeconomics”

Dmitri Vinogradov, University of Glasgow:

Signaling probabilities in ambiguity: who reacts to vague news?

Abstract:

Ambiguity affects decisions of people who exhibit a distaste of and require a premium for dealing with it. Do ambiguity-neutral subjects completely disregard ambiguity and respond to any vague news? We couple decision-making in ambiguity with a preliminary information processing stage, where news is used to test prior beliefs and, possibly but not necessarily, update them. All decision-makers, including ambiguity-neutral, recognize and account for ambiguity at this stage; higher confidence makes ambiguity-neutral subjects less susceptible to vague news. In a two-color Ellsberg experiment with imprecise signals about the unknown probability of success they are less likely to respond to signals; the difference between them and non-neutral to ambiguity subjects vanishes for high precision signals, confirming the ambiguity-premium effect for the latter. Less than 60% subjects choose the ambiguous urn, even for high communicated probabilities of success, suggesting many participants, especially ambiguity-neutral, discard vague news at the information processing stage.

ACTIVITIES OF DEPARTMENT MEMBERS

Miscellaneous

- **Call for Papers: The Economic Consequences of Trade, Finance and FDI**

A conference on the economic consequences of trade, finance and foreign direct investment will be held in **Beijing on 29-30 August 2019** by the **National School of Development at Peking University**, jointly organized by the **Stockholm China Economic Research Institute at Stockholm School of Economics**.

Trade, finance and cross-border investments play a key role in China's continued economic development. The ongoing international trade tensions have highlighted the importance of these issues for China and the rest of the world. This conference will collect academic papers at both the micro and macro level with the aim of providing empirical evidence concerning challenges that China faces in terms of trade, finance, and foreign direct investments.

Papers that relate to the theme of this conference are especially welcome. **Topics covered may thus include but are not limited to:**

International trade, Outward and inward FDI, Trade flows, Financial flows, Sovereign debt, Subnational debt, Firm-level financing and debt, Political economy of finance, Financial reforms, Financial risk, Trade imbalances, Regional trade agreements, Exchange rate policy.

There is no conference fee for accepted presenters. The conference organizers will provide accommodation for two nights in a hotel close to the conference site and lunch free of charge.

Organizing Committee

Anders C. Johansson, Stockholm School of Economics

Miaojie Yu, National School of Development, Peking University

Loren Brandt, University of Toronto

Yiping Huang, National School of Development, Peking University

Shang-jin Wei, Asian Development Bank and Columbia University

Michael Funke, Hamburg University

Chenggang Xu, Hong Kong University

Jun Zhang, Fudan University

Xiaobo Zhang, National School of Development, Peking University

Those interested in presenting a paper are invited to email a complete paper or a two-page abstract with details of methodology and data used in the empirical analysis to Ms. Jessie Cheng (dcheng@nsd.pku.edu.cn) by **1 July 2019** at the latest. If accepted, you are expected to submit the full paper no later than 10 August 2019.

The next EconNewsletter will be published on Monday, May 13, 2019.

Editorial deadline: Friday, May 10, 2019.

EconNewsletter

Department of Economics

University of Hamburg

Von-Melle-Park 5, 20146 Hamburg

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