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Ph.D. Students Seminar

SoSe 2017

Department of Economics

The seminar meets on Thursdays, **12:15-13:15** in WiWi 0029. If you have questions, or would like to be added to the email list for the seminar, please contact **Melanie Krause** (melanie.krause@wiso.uni-hamburg.de).

Presenter information: Please keep your presentation under **35 minutes** in order to have enough time for questions and discussions.

Date	Speaker	Title
27.04.2017	Christian Hilpert	History Matters: Credit Rating under Asymmetric Information
04.05.2017	Freya Diederich	Wage Differentials Between Informal Caregivers and Non-Caregivers
11.05.2017	Arno Apffelstaedt	The Effects of (Non-) Democracy on Rule-Compliance
18.05.2017	Benjamin Blanz	Should Bycatch be Included in the Economic Modelling of Fisheries?
01.06.2017	Waldemar Beimer	On the voting bias between public and experts - evidence from the Eurovision Song Contest
15.06.2017	-	-
22.06.2017	Max-Ole Liemen	Structural Estimation of Dynamic Macroeconomic Models using Higher-Frequency Financial Data
29.06.2017	Mick Schaefer	Optimal Stopping at Random Intervention Times and Application
06.07.2017	Petar Mihaylovski	House Prices and Macroprudential Policy in an Estimated DSGE Model of New Zealand
13.07.2017	Siwen Zhou	The Signal Channel and the ECB's QE Statements

Abstracts:

27.04.2017, Christian Hilpert, „History Matters: Credit Rating under Asymmetric Information"

We analyze how a firm's reputation and track record affect its rating. In a continuous time game the rating agency learns the firm's imperfectly observed cash flow. The rating agency optimally rates the same observed cash flow higher, if the historical minimum is sufficiently low. Thus, the rating is not only driven by the most recent information, but history matters. The rating agency refines it's

unbiased cash flow estimate by ruling out the most overestimated types, leading to an overestimation at default. In response, the firm delays default and lower asset values are available to creditors upon default.

04.05.2017, Freya Diederich, „Wage Differentials Between Informal Caregivers and Non-Caregivers"

Informal caregivers look for the sick, disabled, and elderly and are often engaged in the labor force. Previous research has found that caregivers earn lower wages than non-caregivers. We ask the question why there is a wage differential between caregivers and non-caregivers and which factors cause this variation. Using data from the *Labor Market and Social Security* Panel Study, we apply an instrumental variable approach to account for endogeneity between caregiving and wages. We find that high-skilled workers who provide care experience distinct labor market disadvantages. By contrast, a selection of low-skilled workers into caregiving due to low opportunity costs is likely.

11.05.2017, Arno Apfelstaedt, „The Effects of (Non-) Democracy on Rule-Compliance"

In many developing countries, but also increasingly often in Western societies, one finds mistrust in political institutions related to the influence of money on political processes. We use an online experiment with a multi-national subject pool to identify the effect of corruption on the compliance with rules that demand people to share (rule: "give") or to not share (rule: "don't give") their income with poorer members of society. In all treatments, rules come into force endogenously by counting the votes of participants. Across treatments, we vary the level of corruption by only counting the votes of rich households, bribing participants to vote for the rule that is opposite to what they prefer, or demanding participants to pay a fee to make their vote count. We find that corruption has a strong and significant adverse effect for compliance with the pro-social rule ("give") but not with the anti-social rule ("don't give"). We induce exogenous variation in the belief about the behavior of other participants and use this as an instrument to identify in how far rule-compliance depends on the expected behavior of other members in society.

18.05.2017, Benjamin Blanz, „The Should Bycatch be Included in the Economic Modelling of Fisheries?"

Even though unintended catch, or bycatch, has been recognized as an important problem for sustainable management, it is not included in many economic models of fisheries. In this paper I seek to answer the question, if omitting bycatch in such models causes significantly different results. To this end a multi-species coupled ecosystem economy model is extended to include bycatch in harvesting. The resulting equilibria and dynamics of the model are solved analytically. This allows demonstration of the effects of bycatch not only on the ecosystem, which are comparatively well researched, but also on the economic actors harvesting and consuming fish stocks. The main results, besides replicating the finding that bycatch can increase harvesting mortality, are that even strong bycatch may have no effects on stocks and that the harvesting economy may change dramatically if discards are banned. Therefore, bycatch should indeed be taken into account in the economic modelling of fisheries. Furthermore, understanding the interrelation of bycatch and market forces is essential in designing overarching policy where economic effects, such as changing employment, need to be considered while also ensuring sustainable use of the ecosystem.

01.06.2017, Waldemar Beimer, „On the voting bias between public and experts - evidence from the Eurovision Song Contest"

Public voting, especially in the form of referenda, got more attention in the last years. Some results of public voting go strongly against the advice of experts or lead to negative results regarding the issue at hand. For example, it can be argued that the Brexit was the result of misinformed voters. Another example are the Olympic games where most referenda lead to negative outcomes. This could lead to less democratic countries mainly organizing events like this. Budzinski and Pannicke (2014) find evidence regarding the bias of public voting in national contests. Haan et al. (2005) find evidence regarding the difference between public and expert voting with regard to the sequence of participants in the ESC. I try to find evidence regarding differences in the voting-bias of experts and the public at the ESC voting. Especially whether experts have a lower or higher bias regarding cultural and geographical distances and how this differences can be explained.

22.06.2017, Max-Ole Liemen, „Structural Estimation of Dynamic Macroeconomic Models using Higher-Frequency Financial Data"

In this paper we exploit the asset pricing implications of a simple dynamic macro model to identify the structural parameters with high-frequency financial data. We show how both higher frequency financial data and lower frequency macro data can be used in a combined macro-finance framework to estimate the structural parameters of the model. Our formulation of the model allows us to substitute macro variables by asset prices in a way that enable us to cast the relevant estimation equations completely (or partly) in terms of financial data. We use the martingale estimation functions (MEF) with various extensions to account for the properties of the data. Since we are primarily interested in financial data there will be a special emphasis on models which exhibit stochastic volatility.

29.06.2017, Mick Schaefer, „Structural Estimation of Dynamic Macroeconomic Models using Higher-Frequency Financial Data"

We introduce a Markovian model to value general American-style complete contracts accounting for the contract holders' rationality in their exercise decision. The contract holder is assumed to suffer from inattention due to restricted resources when assessing the optimal exercise decision. Exercise decisions maximizing the contract's payoff are exclusively admissible at random intervention times. Moreover, the contract holder may be forced to exercise the contract due to liquidity needs or mortality. Both types of exercise events are modeled with possibly market and time dependent intensities. Our approach unifies and extends existing intensity based models applied to life-insurance, credit prepayment and real options. As central result, we convert the initial optimal stopping problem to a continuous optimal control equivalent. This reduces the random exercise events to their intensities and, thus, yields a partial integro differential equation (PIDE) characterization of the contract value in the jump diffusion setting. To overcome the issue of multi-dimensionality, we investigate the forward improvement iteration (FII) to value the contract numerically.

06.07.2017, Petar Mihaylovski, „House Prices and Macroprudential Policy in an Estimated DSGE Model of New Zealand"

We analyse the effects of macroprudential and monetary policies and their interactions using an estimated dynamic stochastic general equilibrium (DSGE) model tailored to New Zealand. We find

that the main historical drivers of house prices are shocks specific to the housing sector. While our estimates show that monetary policy has large spillover effects on house prices it does not appear to have been a major driver of house prices in New Zealand. We consider macroprudential policies including the Loan-to-Value restrictions which have been implemented in New Zealand. We find that Loan-to-Value restrictions reduce house prices with negligible effects on consumer prices, suggesting they can be used without derailing monetary policy. We estimate that the recently imposed New Zealand Loan-to-Value restrictions reduced house prices by 3.8 percent, and that greater forward guidance on their duration would make them more effective.

13.07.2017, Siwen Zhou, „The Signal Channel and the ECB's QE Statements"

While many researchers and policy makers regard the portfolio balance channel as the main transmission channel of QE, the signaling channel has been hardly considered. This paper analyses the signaling effect of the ECB's QE statements on the market's expectations for the future policy rates in euro area. Considering a broad event set and three-month Euribor futures as a proxy measure for market anticipation of the statements, a high-frequency event analysis is used to capture the changes in the ten-year policy rate expectations extracted from a set of euro area government bond yields. The results are as follows. First, the signaling channel has been effective until early-2015, as ten-year policy rate expectations have been mostly reduced by the ECB's QE statements prior to the start of QE. Second, only official press releases and Draghi's statements moved the interest rate expectations via the signaling channel, while statements made by other ECB's members did not. Third, the signaling channel reduced ten-year policy rate expectations across the euro area countries with the same amplitude. Finally, as the ECB's QE statements reduced ten-year policy rate expectations by no more than 11 basis points, fall in long-term euro area bond yields cannot primarily be attributed to signaling effects.