



New directions in economics

**JANEWAY  
INSTITUTE  
CAMBRIDGE**



## **SoFiE 2022 Annual Conference**

**June 24-27, 2022**

### **Conference Programme**

Please see the online conference programme for the latest version:  
<https://tinyurl.com/yc6urdpb>

## Friday, June 24

8:15-9:00 Registration

9:00-9:05 Welcome remarks: Oliver Linton and Andrew Patton

9:05-10:05 Invited speaker: Stefano Giglio

*Chair: René Garcia*

10:05-10:30 Coffee break

10:30-12:30 Parallel sessions

*Parallel session 1A: Multivariate high frequency econometrics* *Chair: George Tauchen*

Intraday Cross-Sectional Distributions of Systematic Risk

Torben Andersen, Raul Riva, Martin Thyrsgaard and Viktor Todorov

Realized principal component analysis of noisy high-frequency data

Francesco Benvenuti, Kim Christensen and Bezirgen Veliyev

Stock co-jump networks

Yi Ding, Yingying Li, Guoli Liu and Xinghua Zheng

Cojump Anchoring

Lars Winkelmann and Wenying Yao

*Parallel session 1B: Empirical options*

*Chair: Kris Jacobs*

Volatility Uncertainty, Disasters, and the Puzzle of VIX Futures Contango

Gurdip Bakshi, John Crosby, Xiaohui Gao and Jinming Xue

Market-Maker Supply and Investor Demand for SPX Options: A VAR Approach

Paola Pederzoli, Kris Jacobs and Anh Thu Mai

Common Factors in Equity Option Returns

Alex Horenstein, Aurelio Vasquez and Xiao Xiao

Exploring Risk Premia, Pricing Kernels, and No-Arbitrage Restrictions in Option Pricing Models

Steven Heston, Kris Jacobs and Hyung Joo Kim

*Parallel session 1C: Macro forecasting*

*Chair: Vadim Marmer*

Macro Trends and Factor Timing

Andrea Tamoni, Alessandro Melone and Carlo Favero

Predicting Recessions Using VIX-Yield-Curve Cycles

Anne Hansen

Modeling Long Cycles

Natasha Kang and Vadim Marmer

Bootstrapping out-of-sample predictability tests with real-time data

Silvia Goncalves, Michael W. McCracken and Yongxu Yao

*Parallel session 1D: Stochastic discount factors*

*Chair: Peter Reinhard Hansen*

Volatility and the Pricing Kernel

David Schreindorfer and Tobias Sichert

Semiparametric Estimation of Latent Variable Asset Pricing Models

Jeroen Dalderop

Misspecification-Robust Bootstrap t-Test for Irrelevant Factor in Linear SDF Models

Antoine Djogbenou and Ulrich Hounyo

Option Pricing with Time-Varying Volatility Risk Aversion

Peter Reinhard Hansen and Chen Tong

12:30-2:00 Lunch

2:00-4:00 Parallel sessions

*Parallel session 2A Econometrics of factor models* *Chair: Olivier Scaillet*

What is missing in asset-pricing factor models?

Paolo Zaffaroni, Massimo Dello Preite, Raman Uppal and Irina Zviadadze

Misspecification and Weak Identification in Asset Pricing

Frank Kleibergen and Zhaoguo Zhan

Instability of Factor Strength in Asset Returns

Daniele Massacci

A No-Arbitrage Approach to Asset Pricing using Panel Data Asymptotics

Fabio Araujo and João Victor Issler

*Parallel session 2B: Sovereign risks* *Chair: Alberto Plazzi*

King U.S. Dollar, Global Risks, and Currency Option Risk Premiums

Gurdip Bakshi and Juan M. Londono

The Joint Term Structure of Exchange Rate Puzzles in an Uncertain World

Huichou Huang, Ruirui Liu and Mark Taylor

The Core, The Periphery, and the Disaster: Corporate-Sovereign Nexus in COVID-19 Times

Ruggero Jappelli, Loriana Pelizzon and Alberto Plazzi

*Parallel session 2C: Volatility forecasting* *Chair: Kevin Sheppard*

A forest full of HAR models

Onno Kleen and Anastasija Tetereva

HARNet: A Convolutional Neural Network for Realized Volatility Forecasting

Rafael Reisenhofer, Xandro Bayer and Nikolaus Hautsch

Factor and Idiosyncratic VAR-Ito Volatility Models for Heavy-Tailed High-Freq Financial Data

Minseok Shin, Donggyu Kim, Yazhen Wang and Jianqing Fan

Realised Volatility Forecasting: Machine Learning via Financial Word Embedding

Eghbal Rahimikia, Stefan Zohren and Ser-Huang Poon

*Parallel Session 2D: Macro finance* *Chair: Erik Kole*

Policy Choice in Time Series by Empirical Welfare Maximization

Toru Kitagawa, Weining Wang and Mengshan Xu

The Dynamics of Stock-Bond Returns and the Cross-section of Country Stock Market Returns

Sungjune Pyun

A Present-Value Model: Identifying a Stock Market Bubble using Survey Expectations

Martin Andreasen and Jeppe Bro

Moments, Shocks and Spillovers in Markov-switching VAR Models

Erik Kole and Dick van Dijk

4:00-4:30 Coffee break

4:30-5:30 Invited speaker: Johanna Ziegel

*Chair: Allan Timmermann*

6:00-7:30 Reception

## Saturday, June 25

8:30-9:00 Registration

9:00 - 10:30 JFEC invited lecture: Patrick Gagliardini

*Chair: Fabio Trojani*

10:30-11:00 Coffee break

11:00-1:00 Parallel sessions

*Parallel session 3A: Machine learning and portfolio choice*

*Chair: Robin Lumsdaine*

Why does news coverage predict returns? Evidence from the underlying editor preferences for risky stocks

Gustavo Schwenkler and Hannan Zheng

Confident Risk Premiums and Investments using Machine Learning Uncertainties

Rohit Allena

Machine-Learning the Skill of Mutual Fund Managers

Ron Kaniel, Zihan Lin, Markus Pelger and Stijn Van Nieuwerburgh

The Virtue of Complexity in Machine Learning Portfolios

Bryan Kelly, Semyon Malamud and Kangying Zhou

*Parallel session 3B: Network econometrics*

*Chair: Massimiliano Caporin*

Realized Exponential Random Graphs, with an Application to the Interbank Network

Giuseppe Buccheri and Piero Mazzarisi

The Importance of Heterogeneity in Dynamic Network Models Applied to European Systemic Risk

Xingmin Zhang, Anne Opschoor and Andre Lucas

Dynamic industry uncertainty networks and the business cycle

Mattia Bevilacqua, Jozef Barunik and Robert Faff

Estimating Financial Networks by Realized Interdependencies: A Restricted Vector Autoregressive Approach

Massimiliano Caporin, Deniz Erdemlioglu and Stefano Nasini

*Parallel session 3C: Econometric theory*

*Chair: Kim Christensen*

Likelihood-Based Estimation of Rough Volatility Models

Peter Christensen, Mikkel Bennedsen and Kim Christensen

A multivariate ARCH( $\infty$ ) model with exogenous variables and dynamic conditional betas

Christian Francq, Julien Royer and Jean-Michel Zakoïan

Adaptive joint distribution learning

Michael Multerer, Damir Filipovic and Paul Schneider

New Approaches to Robust Inference on Market (Non-)Efficiency, Volatility Clustering and Nonlinear Dependence

Rustam Ibragimov, Rasmus Pedersen and Anton Skrobotov

*Parallel session 3D: Frontiers of financial econometrics*

*Chair: Niels Groenborg*

Empirical Risk Minimization for Time Series: Nonparametric Performance Bounds

Christian Brownlees and Jordi Llorens-Terrazas

Asymptotics and Inference for ACD models

Giuseppe Cavaliere, Thomas Mikosch, Anders Rahbek and Frederik Vilandt

Time-varying price discovery

Gustavo Fruct Dias, Marcelo Fernandes and Cristina Scherrer

Quiet, the dog is barking: Evidence of predictability from frequency-specific components

Niels Groenborg

1:00-2:30 Lunch

2:30-4:30 Parallel sessions

*Parallel session 4A: Market microstructure*

*Chair: Robert Engle*

True Liquidity and Fundamental Prices: US Tick Size Pilot

Rohit Allena and Tarun Chordia

Price Impact of Order Flow Imbalances: Multi-level, Cross-asset and Forecasting

Rama Cont, Mihai Cucuringu and Chao Zhang

Market Response to a VIX Impulse

Nikolaus Hautsch, Albert J. Menkveld and Stefan Voigt

Non-Standard Errors

Albert Menkveld, Anna Dreber, Felix Holzmeister, Juergen Huber, Magnus Johannesson, Michael Kirchler, Sebastian Neusuess, Michael Razen and Utz Weitzel

*Parallel session 4B: Portfolio choice econometrics*

*Chair: Ingmar Nolte*

Direct Portfolio Weight Estimator: Mitigating Specification Risk with Realized Utility

Ekaterina Kazak, Yifan Li, Ingmar Nolte and Sandra Nolte

Moving Forward from Predictive Regressions: Boosting Asset Allocation Decisions

Henri Nyberg and Lauri Nevasalmi

Robustifying Markowitz

Yegor Klochkov, Wolfgang Karl Härdle, Petukhina Alla and Nikita Zhivotovskiy

Mutual Fund Stock Holdings and the Cross-Section of Option Returns

Shuaiqi Li

*Parallel session 4C: Macroeconomic risks*

*Chair: Michel van der Wel*

International Mispricing and Arbitrage Premia

Mirela Sandulescu and Paul Schneider

Empirical Asset Pricing in a DSGE Framework: Reconciling Calibration and Econometrics using Partial Indirect Inference

Joachim Grammig, Julie Schnaitmann and Dalia Elshiaty

Equilibrium Restrictions and Approximate Models - pricing macroeconomic risk

Andreas Tryphonides

Global Evidence on Unspanned Macro Risks in Dynamic Term Structure Models

Yaoyuan Zhang and Michel van der Wel

*Parallel session 4D: Score-driven models*

*Chair: Andrew Harvey*

A dynamic conditional score model for the log correlation matrix

Linqi Wang and Hafner Christian

A New Class of Robust Observation-driven Time-varying Parameter Models

Rutger-Jan Lange, Bram van Os and Dick van Dijk

Conditional score residuals and diagnostic analysis of serial dependence in time series models

Francisco Blasques, Paolo Gorgi and Siem Jan Koopman

Score-Driven Location Plus Scale Models: Asymptotic Theory and An Application to Forecasting Dow Jones Volatility

Szabolcs Blazsek, Alvaro Escribano and Adrian Licht

4:30-5:00 Coffee break

5:00-6:00 SoFiE members meeting

*Chair: Oliver Linton*

7:00-10:00 Conference gala dinner: Jagjit Chadha

*Chair: Andrew Harvey*

## Sunday, June 26

8:30-9:00 Registration

9:00-10:00 Invited speaker: Jia Li

*Chair: Torben Andersen*

10:00-10:30 *Rapid fire poster presentations*

*Chair: Andrew Patton*

Expected and Realized Returns on Volatility

Guanglian Hu and Kris Jacobs

Clustering Dynamics and Persistence for Financial Multivariate Panel Data

Igor Custodio João, Andre Lucas and Julia Schaumburg

Heterogeneous Tail Generalized Common Factor Modeling

Simon Hediger, Jeffrey Näf, Marc Paoletta and Pawel Polak

Understanding jumps in high frequency digital asset markets

Danial Saef, Odett Nagy, Sergej Sizov and Wolfgang Karl Härdle

Improving financial volatility nowcasts

Robinson Kruse-Becher and Yuze Liu

10:30-11:00 Coffee break

11:00-1:00 Parallel sessions

*Parallel session 5A: Climate financial econometrics*

*Chair: Francis Diebold*

Climate Stress Testing

Hyeyoon Jung, Robert Engle, Richard Berner

Climate Change and Long-Horizon Portfolio Choice: Insights from Theory and Empirics

Mathijs Cosemans, Xander Hut and Mathijs Van Dijk

Climate Linkers: Rationale and Pricing

Jean-Paul Renne and Pauline Chikhani

Geoclimate, Geopolitics, and the Geovolatility of Carbon-Intensive Equity Returns

Susana Campos Martins and David F. Hendry

*Parallel session 5B: High frequency financial econometrics*

*Chair: Dennis Kristensen*

Bias Reduction in Spot Volatility Estimation from Options

Viktor Todorov and Yang Zhang

From previous-tick to pre-averaging: Spectra of equidistant transformations for unevenly spaced high-frequency data

Vitali Alexeev, Jun Chen and Katja Ignatieva

Integrated Variance Estimation for Assets Traded in Multiple Venues

Gustavo Dias and Karsten Schweikert

Approximate Maximum-Likelihood for Multivariate Jump-Diffusion Models

Dennis Kristensen, Young Jun Lee and Antonio Mele

*Parallel session 5C: Option pricing* *Chair: Caio Almeida*  
 Estimating Option Pricing Models Using a Characteristic Function-Based Linear State Space Representation  
 Peter Boswijk, Roger Laeven and Evgenii Vladimirov  
 Demand in the Option Market and the Pricing Kernel  
 Caio Almeida and Gustavo Freire  
 The Role of Leveraged ETFs and Option Market Imbalances on End-of-Day Price Dynamics  
Andrea Barbon, Heiner Beckmeyer, Andrea Buraschi and Mathis Moerke  
 Nonparametric Option Pricing with Generalized Entropic Estimators  
Caio Almeida, Gustavo Freire, Rafael Azevedo and Kym Ardison

*Parallel session 5D: New factors in asset returns* *Chair: Lucio Sarno*  
 Time-varying Environmental Betas and Latent Green Factors  
Emanuele Chini  
 Asset pricing with copulae sorted characteristics  
Anastasija Teterova and Rasmus Lonn  
 Dynamic Multiple Quantile Models  
Leopoldo Catania, Alessandra Luati and Emil Bach Mikkelsen  
 Factor models for downside risk  
 Lorenzo Trapani, Lucio Sarno and Daniele Massacci

1:00-3:00 Lunch and poster session

3:00-4:30 Parallel sessions

*Parallel session 6A: Deep learning in finance* *Chair: Markus Pelger*  
 Structural Deep Learning in Conditional Asset Pricing  
 Yuan Liao, Andreas Neuhierl, Jianqing Fan and Tracy Ke  
 Deep Learning Statistical Arbitrage  
 Jorge Guijarro-Ordóñez, Markus Pelger and Greg Zanotti  
 Disagreement in Market Index Options  
 Guilherme Salome, George Tauchen, Jia Li

*Parallel session 6B: Forecasting* *Chair: Jean-Yves Pitarakis*  
 The Bias-Variance Trade-off in (Un)Conditional Multistep Forecasting, Predictive Regressions and Local Projections.  
Guillaume Chevillon  
 A penalized two-pass regression to predict stock returns with time-varying risk premia  
 Gaetan Bakalli, Stéphane Guerrier and Olivier Scaillet  
 Out of Sample Predictability in Predictive Regressions with Many Predictor Candidates  
 Jesus Gonzalo and Jean-Yves Pitarakis

*Parallel session 6C: High frequency liquidity* *Chair: René Garcia*  
 Realized Illiquidity  
Demetrio Lacava, Angelo Ranaldo and Paolo Santucci de Magistris  
 Intensity Bursts  
Aleksey Kolokolov and Kim Christensen  
 Funding Conditions, Transaction Costs and the dynamic performance of anomalies  
 Magnim Farouh and René Garcia

*Parallel session 6D: Cryptocurrencies*

*Chair: Simon Trimborn*

Crypto Wash Trading

Lin William Cong, Xi Li, Ke Tang and Yang Yang

Hedging Cryptocurrency Options

Jovanka Lili Matic, Natalie Packham and Wolfgang Karl Härdle

Efficiency, risk and fraud - The Bitcoin price discovery network under the microscope

Simon Trimborn, Ying Chen and Ray-Bing Chen

4:30-4:50 Coffee break

4:50-5:50 Invited speaker: Alexei Onatski

*Chair: Tim Bollerslev*

5:50-6:00 Closing remarks and Bates-White prize: Andrew Patton



## **Monday, June 27**

- 9:00-9:15 Welcome remarks: Oliver Linton
- 9:15-10:30 Invited speaker: Robin Lumsdaine *Chair: Tim Bollerslev*
- 10:30-11:00 Coffee break
- 11:00-12:30 *Session 1: Asset pricing econometrics* *Chair: Caio Almeida*  
Great Expectations? The Causal Impact of Subjective Expected Returns on Asset Prices  
Aditya Chaudhry  
Quantile Approach to Asset Pricing Models  
Tjeerd de Vries  
The High-Frequency Factor Zoo  
Saketh Aleti
- 12:30-2:00 Lunch
- 2:00-3:30 *Session 2: Financial econometric theory* *Chair: Oliver Linton*  
Testing for Jumps in a Discretely Observed Price Process with Endogenous Sampling Times  
Yifan Li, Ingmar Nolte, Sandra Nolte and Shifan Yu  
Maximum Likelihood Estimation for Non-Stationary Location Models  
Francisco Blasques, Janneke van Brummelen, Paolo Gorgi and Siem Jan Koopman  
Pooling Dynamic Conditional Correlation Models  
Bram van Os and Dick van Dijk
- 3:30-4:00 Coffee break
- 4:00-5:00 *Session 3: Macro-financial econometrics* *Chair: Robin Lumsdaine*  
Heterogeneous Macro and Financial Effects of ECB Asset Purchase Programs  
Terri van der Zwan, Erik Kole and Michel van der Wel  
When MIDAS Meets LASSO: Forecasting Tail Risk Using Effective Macroeconomic Variables  
Yi Luo and Xiaohan Xue
- 5:00-5:30 Closing remarks and best paper prize: Andrew Patton
- 6:00-9:00 Post-conference dinner