25th Annual Meeting of the Midwest Econometrics Group  
Friday, October 9 and Saturday, October 10, 2015  
Research Division, Federal Reserve Bank of St. Louis

Friday, October 9, 2015

8:30 a.m. - 8:45 a.m.  
Introduction

8:45 a.m. - 10:30 a.m.  
Parallels 1  
Microeconometrics 1 (Chair: Ted Juhl)  
St. Louis Room

Alternative Discrete Kernel Functions for Applied Density and Regression Estimation  
*Presenter:* Chi-Yang Chu (University of Alabama)  
*Authors:* Chi-Yang Chu; Daniel Henderson; Christopher Parmeter

Panel Data Models with Two Threshold Variables  
*Presenter:* Nelson Ramire-Rondan (Central Bank of Peru)  
*Authors:* Arturo Lamadrid-Contreras; Nelson Ramire-Rondan

On Estimating Partial Effects After Retransformation  
*Presenter:* Shengwu Shang (Ball State University)  
*Authors:* Shengwu Shang; Jeff M. Wooldridge

Slope Heterogeneity Bias in Panel Data Models Testing and Inference  
*Presenter:* Ted Juhl (University of Kansas)  
*Authors:* Murillo Campello; Antonio Galvao; Ted Juhl

Theory 1 (Chair: Thomas Parker)  
Kentucky Room

Functional autoregressive model for time series of state distributions  
*Presenter:* Bo Hu (Indiana University)  
*Authors:* Bo Hu; Joon Park; Junhui Qian

Estimation of Longrun Variance of Continuous Time Process Using Discrete Sample  
*Presenter:* Ye Lu (Indiana University)  
*Authors:* Ye Lu; Joon Park

Objective Bayes Factors for Model Selection  
*Presenter:* Hamed Namavari (University of Cincinnati)  
*Authors:* Jeffrey Mills; Hamed Namavari

Inference for Stochastic Dominance Using Large-Depviations Asymptotics  
*Presenter:* Thomas Parker (University of Waterloo)  
*Authors:* Thomas Parker
Monetary Policy (Chair: Randal Verbrugge)
Missouri Room

The Joint Services of Money and Credit
Presenter: Liting Su (University of Kansas)
Authors: William Barnett; Liting Su

Forward-looking Monetary Policy, Real-time Forecasts, and the Price Puzzle
Presenter: Pavel Kapinos (FDIC)
Authors: Gabriela Best; Pavel Kapinos

Nonlinearities, Smoothing, and Countercyclical Monetary Policy
Presenter: Laura Jackson (Bentley University)
Authors: Laura Jackson; Michael Owyang; Daniel Soques

Causes and Consequences of Long-Term Inflation Expectations
Presenter: Randal Verbrugge (Federal Reserve Bank of Cleveland)
Authors: Carola Conces Binder; Amy Higgins; Randal Verbrugge

VARs (Chair: John Keating)
Tennessee Room

Inference for VARs Identified with Sign Restrictions
Presenter: Eleonora Granzieria (Bank of Canada)
Authors: Eleonora Granzieria; Hyungsik Roger Moon; Frank Schorfheide

Weak Inference for Dynamic Stochastic General Equilibrium Models with Time-varying Parameters
Presenter: Naijing Huang (Boston College)
Authors: Naijing Huang

Impulse Response Matching Estimators for DSGE Models
Presenter: Atsushi Inoue (Vanderbilt University)
Authors: Pablo Guerron-Quintana; Atsushi Inoue; Lutz Kilian

Asymmetric Vector Autoregressive Moving Average Models
Presenter: John Keating (University of Kansas)
Authors: John Keating

10:30 a.m. - 10:45 a.m.  Break

10:45 a.m. - 12:30 p.m.  Parallels 2
Microeconometrics 2 (Chair: Valentin Verdier)
St. Louis Room

Test of equilibrium uniqueness in discrete games with a flexible information structure
Presenter: Mathieu Marcoux (University of Toronto)
Authors: Mathieu Marcoux
Partial Independence in Nonseparable Models  
**Presenter:** Alexandre Poirier (University of Iowa)  
**Authors:** Matthew Masten; Alexandre Poirier

**AMH copula ML estimation for the sample selection model**  
**Presenter:** Hosin Song (Ewha Womans University)  
**Authors:** Hosin Song

**Identification and Estimation of Peer Effects with Panel Data**  
**Presenter:** Valentin Verdier (University of North Carolina - Chapel Hill)  
**Authors:** Valentin Verdier

**Theory 2 (Chair: Jason Blevins)**  
Kentucky Room

**On Standard Inference for GMM with Seeming Local Identification Failure**  
**Presenter:** Ji Hyung Lee (University of Illinois)  
**Authors:** Zhipeng Liao; Ji Hyung Lee

**Uniform inference on quantile treatment effects**  
**Presenter:** Antonio Galvao (Sao Paulo School of Economics)  
**Authors:** Sergio Firpo; Antonio Galvao

**On the Over-detection Probability of the Number of Factors**  
**Presenter:** Jaewoo Oh (Syracuse University)  
**Authors:** Chihwa Kao; Jaewoo Oh

**Identifying Restrictions for Finite Parameter Continuous Time Models with Discrete Time Data**  
**Presenter:** Jason Blevins (The Ohio State University)  
**Authors:** Jason Blevins

**Macro Modeling (Chair: Regina Martinez)**  
Missouri Room

**Nonlinearities in the U.S. Wage Phillips Curve**  
**Presenter:** Luiggi Donayre (University of Minnesota)  
**Authors:** Luiggi Donayre; Irina Panovska

**Bifurcation of Macroeconometric Models and Robustness of Dynamical Inferences**  
**Presenter:** Guo Chen (University of Kansas)  
**Authors:** William Barnett; Guo Chen

**Monetary-Fiscal interaction with endogenous regime change**  
**Presenter:** Boreum Kwak (University of Indiana)  
**Authors:** Yoosoon Chang; Boreum Kwak; Eric Leeper

**Revisiting "The Myth of Economic Recovery" a Multivariate Approach**  
**Presenter:** Regina Martinez (George Washington University)  
**Authors:** Regina Martinez
Financial Modeling (Chair: Xiaming Zeng)
Tennessee Room

The Information Content of Equity Derivatives Theory and Empirics
Presenter: Davide Avino (Swansea University)
Authors: Davide Avino; Andrei Stancu; Chardin Wese Simen

Asymptotic Theory Of Myopic Loss Aversion: Applications To Intolerance for Decline in Standard Of Living and Asset Pricing
Presenter: G. Charles Cadogan (University of Cape Town)
Authors: G. Charles Cadogan

Asset Pricing with a Realized Volatility Risk
Presenter: Jinji Hao (Washington University in St. Louis)
Authors: Jinji Hao; Jin Zhang

Non-negative Equity Premium Constraint in Stock Return Prediction, What Is Its Real Value?
Presenter: Xiaming Zeng (Washington University in St. Louis)
Authors: Siddhartha Chib; Xiaming Zeng

12:30 p.m. - 1:30 p.m.
Lunch

1:30 p.m. - 3:15 p.m.
Parallels 3
Microeconometrics 3 (Chair: Daiqiang Zhang)
St. Louis Room

A Framework for Eliciting, Incorporating, and Disciplining Identification Beliefs in Linear Models
Presenter: Francis DiTraglia (University of Pennsylvania)
Authors: Francis DiTraglia; Camilo Garcia-Jimeno

Nonparametric Identification of a Time-Varying Frailty Model
Presenter: Georgios Effraimidis (University of Southern California)
Authors: Georgios Effraimidis

Local Measures of Intergenerational Mobility of Income, Cognitive, and Noncognitive Skills
Presenter: Andros Kourtellos (University of Cyprus)
Authors: Andros Kourtellos; Christa Marr; Chih Ming Tan

Identification and Estimation of A Dynamic Cost-Based Contract Model, with an Application to Transport Procurement Contracts in France
Presenter: Daiqiang Zhang (Texas A&M University)
Authors: Yonghong An; Daiqiang Zhang

Theory 3 (Chair: Yoosoon Chang)
Kentucky Room

Mixture Models with Spatial Dependency
Presenter: Gary Cornwall (University of Cincinnati)
Authors: Gary Cornwall
Asymptotics for Estimators dating the Origination and Collapse of an Asset Price Bubble  
**Presenter:** Mohitosh Kejriwal (Purdue University)  
**Authors:** Mohitosh Kejriwal; Pierre Perron

A Perturbation Approach to Filtering Hidden States  
**Presenter:** Natalia Sizova (Rice University)  
**Authors:** Ivana Komunjer; Natalia Sizova

Regime switching model with endogenous autoregressive latent factor  
**Presenter:** Yoosoon Chang (Indiana University)  
**Authors:** Yoosoon Chang; Yongok Choi; Joon Park

Macroprudential (Chair: Pavel Kapinos)  
Missouri Room

Early Warning for Financial Stress Events A Credit-Regime Switching Approach  
**Presenter:** Fuchun Li (Bank of Canada)  
**Authors:** Fuchun Li; Hong Xiao

PE Ratios and the Risk Taking Channel of Monetary Policy  
**Presenter:** Mark Wohar (University of Nebraska at Omaha)  
**Authors:** Jack Dorminey; Eric Olson; Mark Wohar

Does Regulatory Bank Oversight Impact Economic Activity? A Local Projections Approach  
**Presenter:** Pavel Kapinos (FDIC)  
**Authors:** Vivian Hwa; Pavel Kapinos; Carlos Ramirez

Real and Financial Linkages (Chair: Paul Jones)  
Tennessee Room

Reconsidering the Finance-Growth Nexus A Semiparametric Approach  
**Presenter:** Deniz Baglan (Howard University)  
**Authors:** Deniz Baglan

A Reexamination of Stock Returns, Interest Rates, Real Activity, and Inflation: Evidence from a Large Dataset  
**Presenter:** Paul Jones (Pepperdine University)  
**Authors:** Paul Jones; Eric Olson; Mark Wohar

The Stock Market and Real Economy A Bayesian Nonparametric Approach  
**Presenter:** Qiao Yang (University of Toronto)  
**Authors:** Qiao Yang

Changes in the behaviour of and the relationship between short-term interest rate, inflation and growth: Evidence from the UK, 1820-2014  
**Presenter:** Mark Wohar (University of Nebraska at Omaha)  
**Authors:** Erdenebat Bataa; Andrew Vivian; Mark Wohar

3:15 p.m. - 3:30 p.m.  
**Break**
3:30 p.m. - 5:15 p.m.  

Parallels 4

**Treatment Effects (Chair: Ke-Li Xu)**  
St. Louis Room

**Constructing Robust Confidence Intervals for Regression Discontinuity Designs with Clustered Sampling**  
*Presenter:* Otavio Camargo-Bartalotti (Iowa State University)  
*Authors:* Quentin Brummet; Otavio Camargo-Bartalotti

**Testing for Rank Invariance or Similarity in Program Evaluation: The effect of Training on Earnings Revisited**  
*Presenter:* Yingying Dong (University of California Irvine)  
*Authors:* Yingying Dong; Shu Shen

**Simple Local Regression Distribution Estimators with an Application to Manipulation Testing**  
*Presenter:* Xinwei Ma (University of Michigan)  
*Authors:* Matias Cattaneo; Michael Jansson; Xinwei Ma

**Regression discontinuity with categorical outcomes**  
*Presenter:* Ke-Li Xu (Texas A&M University)  
*Authors:* Ke-Li Xu

Inference (Chair: Rehim Kilic)  
Kentucky Room

**Testing Spatial Regression Models Under Nonregular Conditions**  
*Presenter:* Sheena Yu-Hsien Kao (University of Illinois)  
*Authors:* Anil Bera; Sheena Yu-Hsien Kao

**Bayesian and frequentist tests of sign equality and other non-convex, nonlinear inequalities**  
*Presenter:* David Kaplan (University of Missouri)  
*Authors:* David Kaplan

**Testing Regressor Exogeneity using Many Covariates**  
*Presenter:* Jason Parker (Michigan State University)  
*Authors:* Chirok Han; Jason Parker; Donggyu Sul

**Robust Inference for Predictability in Smooth Transition Predictive Regressions**  
*Presenter:* Rehim Kilic (US Treasury)  
*Authors:* Rehim Kilic

Macro Shocks (Chair: Molin Zhong)  
Missouri Room

**Testing the Fiscal Theory in the Frequency Domain**  
*Presenter:* Fei Tan (Saint Louis University)  
*Authors:* Fei Tan
Country Shocks, Monetary Policy Expectations and ECB Decisions. A Dynamic Factor Approach  
*Presenter:* Danilo Leiva-Leon (Central Bank of Chile)  
*Authors:* Maximo Camacho; Danilo Leiva-Leon; Gabriel Perez Quiros

The Dynamic Effects of Forward Guidance Shocks  
*Presenter:* Andrew Smith (Federal Reserve Bank of Kansas City)  
*Authors:* Brent Bundick; Andrew Smith

A New Approach to Identifying the Real Effects of Uncertainty Shocks  
*Presenter:* Molin Zhong (University of Pennsylvania)  
*Authors:* Minchul Shin; Molin Zhong

Financial Predictability (Chair: David Rapach)  
Tennessee Room

Driven by Fear The Tail Risk Premium in the Crude Oil Futures Market  
*Presenter:* Reinhard Ellwanger (European University Institute)  
*Authors:* Reinhard Ellwanger

Equity Premium Puzzle in High-Income and Developing Countries: An Empirical Approach with Disasters  
*Presenter:* Jaroslav Horvath (The Ohio State University)  
*Authors:* Jaroslav Horvath

The role of jumps in volatility spillovers in foreign exchange markets: meteor shower and heat waves revisited  
*Presenter:* Christopher Neely (Federal Reserve Bank of St. Louis)  
*Authors:* Jerome Lahaye; Christopher Neely

Industry Interdependencies and Cross-Industry Return Predictability  
*Presenter:* David Rapach (Saint Louis University)  
*Authors:* David Rapach; Jack Strauss; Jun Tu; Guofu Zhou

5:15 p.m. - 6:15 p.m. Reception  
6:15 p.m. Dinner with Guest Speaker Graham Elliott (UCSD)
Saturday, October 10, 2015

8:45 a.m. - 10:30 a.m.

Parallels 5

Topics in Micro Data 1 (Chair: Bruce Meyer)
St. Louis Room

The Effect of Minimum Wages on Employment: A Factor Model Approach
Presenter: Evan Totty (Purdue University)
Authors: Evan Totty

Trouble in the Tails? Earnings Non-Response and Response Bias across the Distribution
Presenter: Christopher Bollinger (University of Kentucky)
Authors: Christopher Bollinger; Barry Hirsch; Charles Hokayem; James Ziliak

Bias from Unit Non-Response in the Measurement of Income in Household Surveys
Presenter: Bruce Meyer (University of Chicago)
Authors: C. Adam Bee; Graton Gathright; Bruce Meyer

Forecast 1 (Chair: Gray Calhoun)
Kentucky Room

Simple Robust Tests for the Specification of High-Frequency Predictors of a Low-Frequency Series
Presenter: J. Isaac Miller (University of Missouri)
Authors: J. Isaac Miller

Nonlinear Granger Causality Between Exchange Rates and Real Consumption Spending: A Further Development of Cross Validation Causality Analysis
Presenter: Rick Ashley (Virginia Polytechnic Institute and State University)
Authors: Rick Ashley; Mark Wohar

Comparing Nested Predictive Regression Models with Persistent Predictors
Presenter: Tae-Hwy Lee (University of California, Riverside)
Authors: Yan Ge; Tae-Hwy Lee; Michael McCracken

A simple block bootstrap for asymptotically normal out-of-sample test statistics
Presenter: Gray Calhoun (Iowa State University)
Authors: Gray Calhoun

Business Cycles (Chair: Daniel Soques)
Missouri Room

Explaining Volatility of Hours through Labor Demand Differences by Gender
Presenter: Amy Guisinger (George Washington University)
Authors: Amy Guisinger
Business Cycle Asymmetries and Slow Recoveries in Labor Markets  
*Presenter:* Irina Panovska (Lehigh University)  
*Authors:* Irina Panovska

Regional Banking Shocks and Activity: Evidence from Argentinean Regions.  
*Presenter:* Emiliano Luttini (Banco Central de Chile,)  
*Authors:* Emiliano Luttini

Business Cycles Across Space and Time  
*Presenter:* Daniel Soques (University of North Carolina, Chapel Hill)  
*Authors:* Neville Francis; Michael Owyang; Daniel Soques

Identification in Games (Chair: Ruli Xiao)  
Tennessee Room

Nonparametric Identification and Estimation of Double Auctions with Bargaining  
*Presenter:* Huihui Li (Pennsylvania State University)  
*Authors:* Huihui Li; Nianqing Liu

Nonparametric Identification and Testing in First-Price Auctions with Asymmetric Bidders  
*Presenter:* Zheng Li (Texas A&M University)  
*Authors:* Yonghong An; Zheng Li

Identifying power of the Nash-assumption in a linear entry game  
*Presenter:* Peter Toth (University of Texas at Austin)  
*Authors:* Peter Toth

Identification of Dynamic Games with Multiple Equilibria and Unobserved Heterogeneity  
*Presenter:* Ruli Xiao (Indiana University)  
*Authors:* Ruli Xiao

10:30 a.m. -10:45 a.m.  
Break

10:45 a.m. -12:00 p.m.  
Parallels 6  
Topics in Micro Data 2 (Chair: Marie-Helene Felt)  
St. Louis Room

Retail Payment Innovations and Cash Usage Accounting for Attrition Using Refreshment Samples  
*Presenter:* Marie-Helene Felt (Carleton University)  
*Authors:* Heng Chen; Marie-Helene Felt; Kim Huynh

Positive Mental Health and its determinants in Urban India  
*Presenter:* Bidisha Chakraborty (Jadavpur University)  
*Authors:* Bidisha Chakraborty; Piyali Dasgupta; Siddhartha Mitra
Canadian households' payment habits: 'Partnering up' aggregated household data and individual data  
*Presenter:* Marie-Helene Felt (Carleton University)  
*Authors:* Marie-Helene Felt

**Forecast 2 (Chair: Mehmet Pasaogullari)**  
Kentucky Room

**The Role of Inflation Expectations, Core Inflation, and Slack in Real-Time Inflation Forecasting**  
*Presenter:* Kundan Kishor (University of Wisconsin-Milwaukee)  
*Authors:* Kundan Kishor; Evan Koenig

**Nowcasting BRICS+M in Real Time**  
*Presenter:* Garima Vasishtha (Bank of Canada)  
*Authors:* Tatjana Dahlhaus; Justin-Damien Guenette; Garima Vasishtha

**Forecasts from reduced-form models under the zero lower bound constraint**  
*Presenter:* Mehmet Pasaogullari (Federal Reserve Bank of Cleveland)  
*Authors:* Mehmet Pasaogullari

**Volatility (Chair: Todd Prono)**  
Missouri Room

**Forecasting Crude Oil Price Volatility**  
*Presenter:* Ana Maria Herrera (University of Kentucky)  
*Authors:* Ana Maria Herrera; Liang Hu; Daniel Pastor

**Improving Forecasts from Markov Switching Models using Realized Variance**  
*Presenter:* Jia Liu (McMaster University)  
*Authors:* Jia Liu; John Maheu

**Reconsidering Instrumental Variables Estimators for ARCH Processes**  
*Presenter:* Todd Prono (American University)  
*Authors:* Todd Prono

**Quantiles (Chair: Chuan Goh)**  
Tennessee Room

**Quantile Treatment Effects in Difference in Differences Models with Panel Data**  
*Presenter:* Brantly Callaway (Vanderbilt University,)  
*Authors:* Brantly Callaway; Tong Li

**Within-group Estimators for Fixed Effects Quantile Models with Large N and Large T**  
*Presenter:* Heng Chen (Bank of Canada)  
*Authors:* Heng Chen

**Quantile-Regression Inference With Adaptive Control of Size**  
*Presenter:* Chuan Goh (University of Wisconsin-Milwaukee)  
*Authors:* Juan Carlos Escanciano; Chuan Goh
12:00 p.m. - 1:00 p.m.  
Lunch

1:00 p.m. - 2:15 p.m.  
Parallels 7

**Semiparametrics (Chair: Byoung Park)**  
St. Louis Room

**Semiparametric Estimation and Testing of Smooth Coefficient Spatial Autoregressive Models**  
*Presenter: Emir Malikov (St. Lawrence University)*  
*Authors: Emir Malikov; Yiguo Sun*

**Square-root-N consistent estimator of the intercept of a sample selection model**  
*Presenter: Byoung Park (SUNY at Albany)*  
*Authors: Byoung Park*

**Forecast 3 (Chair: Brad Speigner)**  
Kentucky Room

**Real Time Monitoring for Abnormal Events: the Case of Influenza Outbreaks**  
*Presenter: Yao Rao (The University of Liverpool)*  
*Authors: Brendan McCabe; Yao Rao*

**Diffusion Index Forecasts and Factor-Augmented Regressions in Nonstationary Time Series**  
*Presenter: Shulin Shen (Syracuse University)*  
*Authors: Chihwa Kao; Shulin Shen*

**Nonlinear Unemployment Dynamics Disaggregated by Duration**  
*Presenter: Brad Speigner (Bank of England)*  
*Authors: Brad Speigner*

**International (Chair: AKM Mahbub Morshed)**  
Missouri Room

**Reduced Form and Structural Models in Productivity Analysis**  
*Presenter: Binlei Gong (Rice University)*  
*Authors: Binlei Gong*

**Is China’s Monetary Policy Constrained by its Foreign Exchange Interventions? A Structural Perspective**  
*Presenter: Hao Jin (Indiana University Bloomington)*  
*Authors: Hao Jin; Fei Tan*

**Unconditional Convergence of Labor Productivity in the Service Sector**  
*Presenter: AKM Mahbub Morshed (Southern Illinois University Carbondale)*  
*Authors: Bisrat Kinfemichael; AKM Mahbub Morshed*
Measurement Errors in Quantile Regression Models
Presenter: Suyong Song (University of Iowa)
Authors: Sergio Firpo; Antonio Galvao; Suyong Song

Control Function Approach in Two-Step Sieve M-estimation of Binary Response Models with Endogenous Explanatory Variables
Presenter: Wei Lin (Michigan State University)
Authors: Wei Lin