Thirteenth Annual Meeting of the

Midwest Econometrics Group

October 17-18, 2003

University of Missouri - Columbia
Preliminary Program as of 10/14/03

Friday, October 17

12:00 � 5:00	Registration Desk Open, Jack Matthews Lobby, Second Floor of Memorial Union South, 518 Hitt Street
1:00 � 3:00	Session 1: Information and Entropy Econometrics (Invited Session in Honor of George Judge) Room: Arvarh Strickland Room (South 203) Chair: Amos Golan Maximum Entropy Autoregressive Conditional Heteroskedastic (MEARCH) Models **Anil K. Bera** and Sung Yong Park Maximum Entropy Density Estimation with Grouped Data **Ximing Wu** and Jeffrey M. Perloff Modeling Land Use Decisions with Aggregate Data: Dynamic Land Use **Douglas Miller** and Andrew Plantinga Priors and Information-Theoretic Estimation **Amos Golan** and Henryk Gzyl
3:00 � 3:30	Break, Jack Matthews Lobby, Second Floor of Memorial Union South, 518 Hitt Street
3:30 � 5:30	Parallel Sessions Session 2: Panel Techniques Room: Arvarh Strickland Room (South 203) Chair: David Mandy Semiparametric Analysis of Generalized Panel Data: An Application **Debasri Mukherjee** and Aman Ullah Testing for PPP with Unknown Cross-Sectional Dependence and Heteroskedasticity Hailong Qian and **Jack Strauss** Bias in Dynamic Panel Estimation with Fixed Effects, Incidental Trends and Cross Section Dependence Peter C. B. Phillips and **Donggyu Sul** On the Robustness of Fixed Effects and Related Estimators in Correlated Random Coefficient Panel Data Models **Jeffrey M. Wooldridge** Session 3: Bayesian Techniques Room: Gus Ridgel Room (South 204) Chair: Peter Mueser Bayesian Markov Mixture of Normals Approach to Option Pricing

George Chang
Compound Markov Mixture Models with Applications in Finance
John Geweke and Giovanni Amisano
Bayesian Inference when Data are Incidentally Truncated
Siddhartha Chib, **Edward Greenberg** and Ivan Jeliazkov
Bayesian Estimation and Hypothesis Testing of Identified Normalized VAR Models
Shawn Ni and Dongchu Sun

Session 4: Forecasting
Room: Todd Room (South 207)
Chair: Saku Aura

Statistical Inference and the Optimism Principle
Scott Gilbert
On the Selection of Forecasting Models
Atsushi Inoue and **Lutz Kilian**
Forecast Accuracy and the Choice of Observation Window
Michael W. McCracken and Todd E. Clark
Nonlinear Analysis of Business Cycles Using Diffusion Indexes: Applications to Japan and the U.S.
Mototsugu Shintani

6:30 � 9:00 Reception and Dinner

Columns D & E, Reynolds Alumni Center

After � Dinner Presentation: Some Comments on the Start and End of an Econometric Age
George Judge (University of California, Berkeley)

Also of interest: Bayesian Analysis of Golf by **Arnold Zellner**

Saturday, October 18

8:30 � 1:00 Registration Desk Open, Jack Matthews Lobby, Second Floor of Memorial Union South, 518 Hitt Street

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8:30 � 9:00 Continental Breakfast, Second Floor of Memorial Union South, 518 Hitt Street

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9:00 � 10:30 Parallel Sessions

Session 5: Econometric Modeling of the Macro Economy (Invited Session in Honor of George Judge)
Room: Arvarh Strickland Room (South 203)
Chair: Arnold Zellner

Forecasting using Relative Entropy
John C. Robertson, **Ellis W. Tallman**, and Charles H. Whiteman
Inferring Policy Objectives from Economic Outcomes
Richard Dennis
The Marshallian Macroeconomic Model: A Progress Report
Arnold Zellner and Guillermo Israilevich

Session 6: Finance Forecasting
Room: Gus Ridgel Room (South 204)
Chair: Michael W. McCracken

A Test for Density Forecast Comparison with Applications to Risk Management
Yong Bao, Tae-Hwy Lee, and Burak Saltoglu
Forecasting the Joint Probability Density of Bond Yields: Can Affine Models Beat Random Walk?
Alexei V. Egorov, Yongmiao Hong, and **Haitao Li**
Jumps in Rank and Expected Returns: A Probabilistic Model for Momentum Strategies
Gloria Gonz�lez-Rivera, Tae-Hwy Lee, and **Santosh Mishra**

Session 7: Selection Models
Room: Todd Room (South 207)
Chair: Kenneth R. Troske

Semiparametric Estimation of the Link Function in Binary-Choice Single-Index Models
A. Tolga Erg�n and Alan P. Ker
Estimation of Dose-Response Functions and Optimal Treatment Doses with a Continuous Treatment
Carlos A. Flores
Estimation of Sample Selection Models with Spatial Dependence
Alfonso Flores-Lagunes and Kurt Erik Schnier

10:30 � 11:00 Break, Jack Matthews Lobby, Second Floor of Memorial Union South, 518 Hitt Street

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11:00 � 12:30 Parallel Sessions

Session 8: Nonlinear Estimation Techniques
Room: Arvarh Strickland Room (South 203)
Chair: David Mandy

Nonparametric Estimation of Sequential English Auctions
Bjarne Brendstrup
Fixed Effects and Bias Due to the Incidental Parameters Problem in the Tobit Model
William Greene
Penalized Triograms: Total Variation Regularization for Bivariate Smoothing
Roger Koenker and Ivan Mizera

Session 9: Macro Econometric Applications
Room: Gus Ridgel Room (South 204)
Chair: Shawn Ni

Disaggregate Evidence on the Persistence of Consumer Price Inflation
Todd E. Clark
Contemporaneous Threshold Autoregressive Models: Estimation, Forecasting, and Rational Expectations Applications
Michael Dueker, Martin Sola, and Fabio Spagnolo
Using the Aggregate Demand-Aggregate Supply Model to Identify Structural Demand-Side and Supply-Side Shocks: Results Using a Bivariate VAR
James Peery Cover, **Walter Enders**, and C. James Hueng

Session 10: Time Series Estimation and Testing
Room: Todd Room (South 207)
Chair: Ronald A. Ratti

Multivariate ARCH Models: Finite Sample Properties of ML Estimators and an Application to an LM-Type Test
Emma M. Iglesias and Garry D. A. Phillips
A Testing Procedure for a Unit Root in the STAR Model
Rehim Kili�
A Misspecification-Robust Impulse Response Estimator
Pao-Li Chang and **Shinichi Sakata**

12:30 � 1:30	Lunch Break, Jack Matthews Lobby, Second Floor of Memorial Union South, 518 Hitt Street

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1:30 � 3:00 Parallel Sessions

Session 11: Topics in Estimation (Invited Session in Honor of George Judge)
Room: Arvarh Strickland Room (South 203)
Chair: R. Carter Hill

Gibbs� Samplers for a Set of Seemingly Unrelated Regressions
William Griffiths and Rebecca Valenzuela
Semiparametric Hierarchical Bayes Analysis of Discrete Panel Data with State Dependence and Serial Correlation
Siddhartha Chib and **Ivan Jeliazkov**
Imposing parameter inequality restrictions using the principle of maximum entropy
Randall C. Campbell and R. Carter Hill

Session 12: Estimating Risk and Return
Room: Gus Ridgel Room (South 204)
Chair: Michael W. McCracken

Volatility Asymmetry in High Frequency Data
Julia Litvinova
Estimation of Value-at-Risk and Expected Shortfall Based on Nonlinear Models of Return Dynamics and Extreme Value Theory
Carlos Martins-Filho and Feng Yao
Expectations Hypothesis Tests at Long Horizons
Barbara Rossi

Session 13: Exchange Rates
Room: Todd Room (South 207)
Chair: Emek Basker

The Dominance of Downward Bias in Half-Life Estimates of PPP Deviations
Chi-Young Choi, Nelson C. Mark and Donggyu Sul
The Role of Adaptive Learning in Explaining the Link between Nominal Exchange Rates and Fundamentals
Young Se Kim
What do Real Interest Differentials Tell Us about the Real Exchange Rate?
Nelson C. Mark and **Young-Kyu Moh**

3:00 � 3:30 Break, Jack Matthews Lobby, Second Floor of Memorial Union South, 518 Hitt Street

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3:30 � 5:30 Parallel Sessions

Session 14: Persistence
Room: Arvarh Strickland Room (South 203)
Chair: Joseph Haslag

Nonlinear Estimators with Integrated Regressors but without Exogeneity
Robert M. de Jong
Powerful Trend Function Tests that are Robust to Strong Serial Correlation with an Application to the Prebisch-Singer Hypothesis
Helle Bunzel and Timothy J. Vogelsang
Covariance Based Orthogonality Tests for Regressors with Unknown Persistence
Alex Maynard and Katsumi Shimotsu
Testing for the Presence of Threshold Cointegration in a Threshold Vector Error Correction Model
Myunghwan Seo

Session 15: Micro Econometric Applications
Room: Gus Ridgel Room (South 204)
Chair: Patricia Gladden

Financial Development and Innovative Activities
Pilhyun Kim
Using State Administrative Data to Measure Program Performance
Peter Mueser, Kenneth R. Troske and Alexey Gorislavsky
Testing Equilibrium Behavior at First-Price, Sealed-Bid Auctions with Discrete Bid Increments
Harry J. Paarsch and Jacques Robert
Insurance Arrangements among Married Couples and their Effect on Health Care Utilization
David M. Zimmer

Session 16: Additional Topics in Econometrics
Room: Todd Room (South 207)
Chair: Xinghe Wang

Credible IV Estimation/Inference using Flawed Instruments
Richard Ashley
Technical Efficiency and Total Factor Productivity Analysis Across U.S. States: 1977-2000
Subhash C. Sharma, Kevin Sylwester, and Heru Margono
Testing for Spatial Dependence and a Formulation of Spatial ARCH (SARCH) Model with Applications
Anil K. Bera and **Pradosh Simlai**
A New Alternative to Likelihood Ratio and Related Methods of Hypothesis Testing
Lawrence C. Marsh and Joseph A. Stevano

5:30 End of Conference
