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# Newsletter 19/2010

ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN  
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## AWI This Week

**Monday, 19. 7. 10**

**Departmental Seminar**

17.15-18.45

Markus Haas, LMU München

AWI 00.010

"Regime-Switching Models for Financial Volatility"

### Departmental Seminar

Markus Haas

"Regime-Switching Models for Financial Volatility" \*

In this paper, we consider dynamic volatility models based on discrete mixture distributions. First we briefly discuss properties and economic intuition of mixtures, and why they constitute an attractive model for financial return data. Subsequently, mixture models for the evolution of volatility are introduced, including normal mixture and Markov-switching GARCH as well as more general specifications for the mixing process. Estimation issues and aspects of stationarity and the moments structure of mixture GARCH processes will be discussed, as far as they help to map intuition to the model. We review several applications to options valuation, asset pricing, futures hedging and risk estimation that have appeared in the literature, and illustrate the main issues by means of a detailed stock market example. Finally, we will summarize the extensions to the multivariate case, including directions of current research.

\*with Marc Paolella

### Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI. "

## Talks and Research Visits

**Andrea Leuermann** presented her paper "Intergenerational Transmission of Risk Preferences - A Revealed Preference Approach" (joint with Sarah Necker) at the 2010 ESA World Meeting in Copenhagen, July 8-11.

**Christiane Schwieren & Julia Müller** presented their joint papers "There's More to It Than Meets the Eye" and "Personality and Behavior in Economic Games" at the 2010 ESA World Meeting in Copenhagen, July 8-11.

**Alec Sproten** presented his paper "Aging and Decision Making: How Aging Affects Decisions under Uncertainty" (joint with Christiane Schwieren, Christian Fiebach, and Carsten Diener) at the 2010 ESA World Meeting in Copenhagen, July 8-11.

**Christoph Vanberg** presented his paper "Decision costs in legislative bargaining - an experimental analysis" at the 2010 ESA World Meeting in Copenhagen, July 8-11.

**Andreas Roider** participated in the 2010 European Summer Symposium in Economic Theory (ESSET) in Gerzensee, Switzerland, July 5-9.

**Jean-Philippe Lefort** and **Adam Dominiak** presented their paper "Unambiguous Events and Dynamic Choque Preferences" at the RUD 2010 conference in Paris, 30 June to 2 July.

## New and Leaving Staff

**Lars P. Feld**, Chair of Public Finance, will move to the University of Freiburg in Fall 2010. **Benedikt Fritz**, **Sarah Necker** and **Christian Pfeil** will move to Freiburg with him. **Tushy Baskaran** has accepted a post doctoral-position at the University of Göteborg. **Arif Rüzgar** will move to the University of Erfurt to take up a doctoral position.

**Andreas Irmen**, Chair of Economic Policy, will move to the University of Luxembourg in Fall 2010.

**Jan Schnellenbach** (University of Heidelberg) will act as Substitute Professor of Public Finance in the winter term 2010/11.

**Claudia Hermeling** (ZEW Mannheim) will act as Substitute Professor of Economic Policy in the winter term 2010/11.

*There will be no newsletter before the beginning of October.*

Editorial deadline for issue 20/2010 of the newsletter:  
Wednesday, October 6, 2010, 12 o'clock  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)

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please contact the address above.