



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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AWI This Week

Monday, 4.11.13

Departmental Seminar

17.15-18.45

Jan Wenzelburger, University of Kaiserslautern

AWI 00.010

"Asset Pricing Using Downside Risk of Payoffs"

Wednesday, 6.11.13

Departmental Workshop

12.15-13.15

Jonas Hedlund, University of Heidelberg

AWI 00.010

"Social-Comparison-Based learning in a
Heterogeneous Population"

Departmental Seminar

Jan Wenzelburger

"Asset Pricing Using Downside Risk of Payoffs"

This paper develops a CAPM-type asset pricing model using a class of downside risk measures, first introduced by Fishburn and others. This is done by introducing downside-efficient portfolios, which maximize the expected payoff, given a prescribed upper bound for the downside risk. Based on a two-fund separation theorem, existence and uniqueness of asset market equilibria are established. The effects of downside-risk measures on asset prices are investigated and compared with classical risk measures such as standard deviation and value-at-risk in an equilibrium framework.

Departmental Workshop

Jonas Hedlund

"Social-Comparison-Based learning in a Heterogeneous Population"*

We study boundedly rational social learning when payoff distributions of actions differ across types of individuals. Individuals observe others' actions and payoffs, and a comparison signal. This leads to either (1) incomplete social learning, i.e., only a fraction of each type chooses its optimal action, or (2) herding, i.e., all individuals choose the optimal action of one type. The greater the size of a type, the more individuals choose that type's optimal action. Homophily improves performance. A monopolist serving a population of boundedly rational social learners cannot fully extract the surplus of high-valuation consumers, but it can sell to consumers who do not value the good.

*with Carlos Oyarzun, University of Queensland

Talks and Research Visits

Malte Faber and **Thomas Petersen** have been invited by the GiZ (Deutsche Gesellschaft für internationale Zusammenarbeit) to give lectures on environmental and political-economic topics at Haikou, Nanchang, Nanning and Shenzhen in China from October 30 to November 16.

Axel Dreher presented the paper "Geopolitics, Aid and Growth" (with Vera Eichenauer and Kai Gehring) at CERDI, University of Auvergne, Clermont-Ferrand, France, October 29.

Sara Elisa Kettner presented the paper "Social Information and Contribution Behavior: On the Malleability of Climate Change Mitigation Preferences" (joint with Timo Goeschl, Johannes Lohse, Christiane Schwieren) at the North-American ESA Conference in Santa Cruz, CA, USA, October 24-26.

Christian Conrad was invited to present the paper "The effect of political communication on European financial markets during the sovereign debt crisis" (joint with Klaus Ulrich Zumbach) at the GGS conference on Communication in Capital Markets, Justus-Liebig-Universität Gießen, October 24-25.

New Publications

Thomas Petersen and Malte Faber: "Karl Marx und die gegenwärtige Finanzkrise" (Karl Marx and the present financial crisis) of the book *Karl Marx und die Philosophie der Wirtschaft*, by Thomas Petersen and Malte Faber, forthcoming, has been published in FAZ.Net on October 7, 2013.

**Editorial deadline for issue 25/2013 of the newsletter:
Wednesday, November 6, 2013, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.