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AWI This Week

Monday, 16.12.13

Departmental Seminar

17.15-18.45

AWI 00.010

Andreas Schrimpf, Bank for International Settlements

"Currency Risk Premia and Macro Fundamentals"

Tuesday, 17.12.13

Economics & Politics Seminar

14.15-15.15

AWI 00.010

Michael M. Bechtel, University of St. Gallen

"Studying Public Opinion on Multidimensional Policies:
The Case of the Eurozone Bailouts"

Wednesday 18.12.13

Internal Seminar

12.15-13.15

AWI 00.010

Sarah Nohr, University of Heidelberg

"The price elasticity of demand for condoms –
A field experiment on supply-side barriers to condom use
in rural Zambia"

Thursday, 19.12.13

Die Eurokrise: Ursachen. Lösungsstrategien. Folgen

18.30-20.00

Campus Bergheim

Hörsaal

Prof. Dr. Ansgar Belke, University of Duisburg-Essen

"Non-Standard Monetary Policy Measures –
Magic Wand or Tiger by the Tail?"

Departmental Seminar

Andreas Schrimpf

"Currency Risk Premia and Macro Fundamentals"

Macroeconomic fundamentals have substantial predictive power for exchange rates. Adopting a multi-currency portfolio perspective, we show that currency excess returns are predictable out of sample conditioning on several standard macro fundamentals, including interest rate differentials, real GDP growth, real money growth, and real exchange rates. The predictability primarily derives from variation in fundamentals across countries and much less from variation of fundamentals over time. This explains why prior work focusing on the time-series behavior of bilateral exchange rates generally had trouble establishing a robust link between economic variables and exchange rates. We further show that currency excess returns to portfolios sorted on fundamentals can be understood by their joint exposure to dynamic business cycle risks.

Economics & Politics Seminar

Michael M. Bechtel

"Studying Public Opinion on Multidimensional Policies:
The Case of the Eurozone Bailouts"*

Studies of policy preferences typically restrict measurement to a single dimension on which respondents are asked to choose between support and opposition. Yet, major policy debates are often multidimensional since the policies entail a bundle of features important to voters. We utilize an experimental approach that allows scholars to deal with the multidimensionality of policy preferences and apply it to study voter preferences regarding Eurozone bailouts, a policy with far-reaching economic and political repercussions. Using original data from a large-scale survey in Germany, the largest donor country, we examine how salient dimensions of the bailouts affect mass support for these international financial transfers. We find that changes in a bailout's composition can lead to sizable shifts in public support, with burden-sharing features of the bailout package being the most influential. Notably, the analysis reveals a strong consensus among citizens about the relative importance of the different features of the package. These results challenge the prevailing view that an ironclad majority of the German public opposes the funding of further bailouts, and illustrate the type of insights that can be obtained by applying

*with Jens Hainmueller and Yotam Margalit

Internal Seminar

Sarah Nohr

"The price elasticity of demand for condoms - A field experiment on supply-side barriers to condom use in rural Zambia"

Over two decades of behavior change education in developing countries have increased knowledge about HIV/AIDS and other sexually transmitted infections in Sub-Saharan Africa. Nevertheless, condom use remains low. In most countries, unbranded condoms are available for free in health clinics, while a subsidized brand is sold through NGOs. Yet, in rural areas, these subsidized condoms are not available and clinics are far from where people live. Little evidence exists regarding the extent to which the costs for acquiring condoms in terms of price and opportunity costs prevent consistent condom use. We investigate supply-side barriers to condom use through a field experiment in rural Zambia. By creating new sales points in villages that sell branded condoms at three randomized prices and at different distances from the next clinic, we can analyze the price elasticity of demand for branded condoms and how it changes with the accessibility of free unbranded condoms. In 4 months, 30.000 condoms were sold in addition to those given out for free, indicating a considerable unmet need and a willingness to pay for condoms. We find that demand drops significantly with price. Preliminary results suggest that the probability of buying condoms instead of receiving free condoms increases with the distance a person lives from the clinic. In the next step, the actual use of the condoms distributed and the health impact will be analyzed in terms of changes in sexually transmitted infections using an interrupted time series design with comparison group.

Talks and Research Visits

Christian Conrad will present the paper "Measuring persistence in volatility spillovers" at the 7th International Conference on Computational and Financial Econometrics (CFE 2013), University of London, December 15.

Christine Binzel is visiting the Department of Agricultural & Resource Economics at the University of California, Berkeley, for part of the Winter Term 2013/14.

Merry Christmas and a Happy New Year 2014

**Editorial deadline for issue 1/2014 of the newsletter:
Wednesday, January 2, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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