

# Journal of **APPLIED** **ECONOMETRICS** **NEWSLETTER**

Issue 17

Fall 2014

## From the Assistant Editor

This year the Annual Editorial Meeting of the Journal took place in June at Queen Mary University of London in conjunction with the First Annual Conference of the International Association for Applied Econometrics, held during June 26-28, 2014. The *JAE* Lecture was delivered at the Conference by [Jean-Marc Robin](#) (Sciences Po, Paris and University College London)



*JAE* Editorial Members (from left to right): [Tim Bollerslev](#) (Co-Editor), Veronica Pagan (Editorial Administrator), [Thierry Magnac](#) (Co-Editor), [M. Hashem Pesaran](#) (Editor), [Badi H. Baltagi](#) (Replication Section Editor); [Marcelle Chauvet](#) (Assistant Editor), [Herman K. van Dijk](#) (Co-Editor). Not in the Picture: [Edward Vytlačil](#) (Co-Editor), [Jonathan Wright](#) (Co-Editor), [Fabio Canova](#) (Co-Editor), [James G. MacKinnon](#) (Software Review Editor and Coordinator of the Data Archive)

The Fall *JAE* Newsletter is being issued with some delay, as we were waiting to make an announcement regarding changes in the *JAE* Editorial Board. I would like to announce the departure of Hashem Pesaran as of December 2014, who is the founding Editor of the Journal of Applied Econometrics, and had been its Editor for almost 30 years, since 1986. Hashem has decided to step down due to his many other professional commitments. I echo the Co-Editors in commending Hashem for the decisions and direction to the *JAE* over the years, which contributed to make it one of the most innovative journals and one of the top in the field. We are deeply thankful to Hashem for his contributions to the *JAE* and look forward to his continued support in different ways. It has been a great pleasure working with Hashem and on behalf of all fellow Co-Editors we wish him the best on his new projects and endeavors:

“Replacing Hashem is clearly not possible he is only to be succeeded. Hashem made over the years excellent strategic choices at a scientific level and at a personal level at the editorial board that made *JAE* belong to the select group of leading innovative journals in econometrics, interpreted in a wide sense.” **Herman Van Dijk**

“Hashem’s contributions to econometrics simply cannot be overstated. His tireless energy and penetrating insights on all things econometrics is legendary. His work as the Editor for the *Journal of Applied Econometrics*, which he founded and superbly guided over the past 29 years, has been instrumental in shaping the field.” **Tim Bollerslev**

“Hashem is a world leader in both econometric methodology and applications. He is the father of the *Journal of Applied Econometrics* and made it what it is today.” **Jonathan Wright**

“Thanks for this brilliant work for the *JAE* and all applied econometrics.” **Thierry Magnac**

“The *JAE* is Hashem Pesaran. His intellectual drive and his practical skills will be sorely missed.” **Fabio Canova**

“Hashem’s thinking is fiercely independent; his interests and skills defy ready characterization. He’s also a fine and effective critic – if he likes your idea, you *\*know\** it’s good (although I’m not sure that’s ever happened). And his legendary energy could seemingly power, say, Los Angeles. All of that combined to help push *JAE* to stunning heights. One might fear that things would stall with Hashem’s *JAE* departure, but no. Hashem’s strengths also include foresight and generosity; he has assembled one of the best ongoing editorial teams in the business, and he has created and launched the [International Association for Applied Econometrics](#) to enhance the growth of applied econometric science for decades to come. Thanks, Hashem, for your many massive contributions.” **Frank Diebold**

“Hashem’s rare combination of academic brilliance, leadership ability, and practical acumen will be greatly missed.” **Edward Vytlačil**

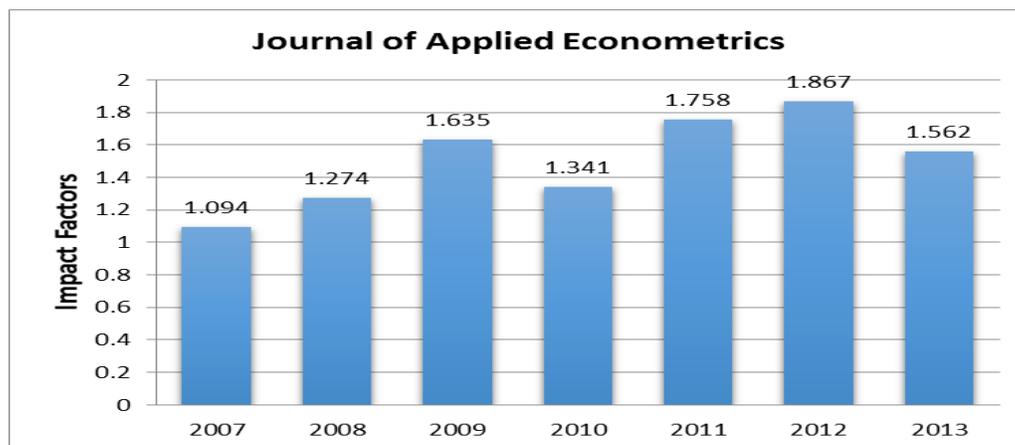
“We think of *JAE* and think of Hashem. Hashem has made the journal it is today. We know he wants to move along but it will not be the same. I appreciate the fact that Hashem believed in the replication section when there are doubters everywhere and entrusted me with it. I am glad it has reached the status it did and happy to have worked with him on making *JAE* the journal for replications in top journals rather than pay lip service to replications. Of course the data archive

made it all possible. Wishing you the best in your future endeavours.” **Badi Baltagi**

“Econometric theory without application would be a sterile exercise. Hashem, through his own work and through his creation and outstanding stewardship of the *JAE*, has done as much as anyone alive today to make econometrics an essential component of modern economic science. It has been a privilege to work with him for many years.” **James G. MacKinnon**

I would like to take this opportunity to announce the new *JAE* editor from January 2015 on, Barbara Rossi, ICREA Professor at University of Pompeu Fabra, Research Associate at the Centre de Recerca en Economia Internacional (CREI), and Affiliated Professor at Barcelona Graduate School of Economics. Barbara will give continuity to the existing *JAE* policies, and will be sending some announcements soon.

*JAE*'s 2 year Impact Factor for 2013, announced in July, was 1.562, above the average of the last seven years, but below last year's number, which reached its highest historical value (1.867). *JAE* is the 12<sup>th</sup> out of 45 journals in the 'Social Sciences, Mathematical Methods' category, and 70<sup>th</sup> out of 333 in 'Economics'.



Finally, most of you already know about the new International Association of Applied Econometrics, IAAE. The main aims of IAAE are to advance the education of the public in the subject of econometrics and its applications to a variety of fields in economics, in particular, but not exclusively, by advancing and supporting research in that field, and disseminating the results of such useful research to the public. The IAAE is sponsored by the *Journal of Applied Econometrics*. You can become a member by registering [here](#).

The IAAE holds an annual conference that brings together leading researchers in the field and is a major forum where all aspects of econometrics (theory and practice) is discussed and debated. Following the success of the First Annual Conference of the IAAE in London in 2014, our Second IAAE Annual Conference will take place at the University of Macedonia in Thessaloniki (Greece) on June 25-27, 2015. For more information on the IAAE or on the Conference please see the [Call for paper](#) in this Newsletter and on the [IAAE website](#) and [IAAE 2015 conference site](#).

Marcelle Chauvet  
Assistant Editor

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### **Abstracts of Forthcoming Articles**

#### **Modelling Technical Efficiency in Cross Sectionally Dependent Stochastic Frontier Panels by Camilla Mastromarco, Laura Serlenga and Yongcheol Shin**

This paper proposes a unified framework for accommodating both time and cross-sectional dependence in modelling technical efficiency in stochastic frontier models by combining the exogenously driven factor-based approach and an endogenous threshold efficiency regime selection mechanism. This approach is able to deal with both weak and strong cross-sectional dependence in a flexible manner. Using a dataset of 26 OECD countries over 1970–2010, we provide satisfactory estimation results for the production technology parameters and the associated efficiency ranking of individual countries. We find a positive spillover effect on efficiency, supporting the hypothesis that knowledge spillover is more likely to be induced by technological proximity. Furthermore, our approach enables us to identify efficiency clubs endogenously.

#### **Extracting Nonlinear Signals from Several Economic Indicators by Maximo Camacho, Gabriel Perez-Quiros and Pilar Poncela**

We develop a twofold analysis of how the information provided by several economic indicators can be used in Markov switching dynamic factor models to identify the business cycle turning points. First, we compare the performance of a fully nonlinear multivariate specification (one-step approach) with the 'shortcut' of using a linear factor model to obtain a coincident indicator, which is then used to compute the Markov switching probabilities (two-step approach). Second, we examine the role of increasing the number of indicators. Our results suggest that one step is generally preferred to two steps, especially in the vicinity of turning points, although its gains diminish as the quality of the indicators increases. Additionally, we also obtain decreasing returns of adding more indicators with similar signal-to-noise ratios. Using the four constituent series of the Stock–Watson coincident index, we illustrate these results for US data. Copyright © 2014 John Wiley & Sons, Ltd.

**[Is Infrastructure Capital Productive? A Dynamic Heterogeneous Approach](#) by César Calderón, Enrique Moral-Benito, and Luis Servén**

This paper offers an evaluation of the output contribution of infrastructure. Using a panel time series approach and a large cross-country dataset, the paper estimates a long-run aggregate production function relating gross domestic product to human capital, physical capital, and a synthetic measure of infrastructure comprising transport, power and telecommunications. Tests of the cointegration rank allowing it to vary across countries reveal a common rank with a single cointegrating vector, which we interpret as the long-run production function. Estimation of its parameters is performed using the pooled mean group (PMG) estimator, which allows for unrestricted short-run parameter heterogeneity across countries while imposing the (testable) restriction of long-run parameter homogeneity. The long-run elasticity of output with respect to the synthetic infrastructure index ranges between 0.07 and 0.10. The estimates are highly significant, both statistically and economically, and robust to alternative dynamic specifications and infrastructure measures. Tests of parameter homogeneity fail to yield evidence that the long-run parameters differ across countries. Copyright © 2014 John Wiley & Sons, Ltd.

**[Refining Stylized Facts from Factor Models of Inflation](#) by Ferre De Graeve and Karl Walentin**

Factor models of disaggregate inflation indices suggest that sectoral shocks generate the bulk of sectoral inflation variance, but no persistence. Aggregate shocks, by contrast, are the root of sectoral inflation persistence, but have negligible relative variance. We show that simple factor models do not cope well with essential features of price data. In particular, sectoral inflation series are subject to features such as measurement error, sales and item substitutions. In factor models, these blow up the variance of sector-specific shocks, while reducing their persistence. We control for such effects by estimating a refined factor model and find that inflation variance is driven by both aggregate and sectoral shocks. Sectoral shocks, too, generate substantial inflation persistence. Both findings contrast with earlier evidence from factor models, but align well with recent micro evidence. Our results have implications for the foundations of price stickiness, and provide quantitative inputs for calibrating models with sectoral heterogeneity. Copyright © 2014 John Wiley & Sons, Ltd.

**[A Bounded Model of Time Variation in Trend Inflation, Nairu and the Phillips Curve](#) by Joshua C. C. Chan, Gary Koop and Simon M. Potter**

In this paper, we develop a bivariate unobserved components model for inflation and unemployment. The unobserved components are trend inflation and the non-accelerating inflation rate of unemployment (NAIRU). Our model also incorporates a time-varying Phillips curve and time-varying inflation persistence. What sets this paper apart from the existing literature is that we do not use unbounded random walks for the unobserved components, but rather bounded random walks. For instance, NAIRU is assumed to evolve within bounds. Our empirical work shows the importance of bounding. We find that our bounded bivariate model forecasts better than many alternatives, including a version of our model with unbounded unobserved components. Our model also yields sensible estimates of trend inflation, NAIRU, inflation persistence and the slope of the Phillips curve. Copyright © 2014 John Wiley & Sons, Ltd.

**[The Measurement and Behavior of Uncertainty: Evidence from the ECB Survey of Professional Forecasters](#)** by Joshua Abel, Robert Rich, Joseph Song and Joseph Tracy

We examine matched point and density forecasts of output growth, inflation and unemployment from the ECB Survey of Professional Forecasters. We construct measures of uncertainty from individual histograms, and find that the measures display countercyclical behavior and have increased across all forecast horizons since 2007. We also derive measures of forecast dispersion and forecast accuracy, and find that they are not reliable proxies for uncertainty. There is, however, evidence of a meaningful co-movement between uncertainty and aggregate point predictions for output growth and unemployment. These results are robust to changes in the composition of the survey respondents over time. Copyright © 2014 John Wiley & Sons, Ltd.

**[Doubly Robust Estimation of Causal Effects with Multivalued Treatments: An Application to the Returns to Schooling](#)** by S. Derya Uysal

This paper provides doubly robust estimators for treatment effect parameters which are defined in a multivalued treatment effect framework. We apply this method to the unique dataset of the 1970 British Cohort Study (BCS70) to estimate returns to various levels of schooling. The analysis is carried out for female and male samples separately to capture possible gender differences. Average returns are estimated for the entire population, as well as conditional on having a specific educational achievement. For males, relative to no qualification, we find an average return to O-levels of 6.3%, to A-levels of 7.9% and to higher education of 25.4%. The estimated average returns to O-level and A-level relative to no qualification are insignificant for females, whereas the return to higher education is 19.9%. Copyright © 2014 John Wiley & Sons, Ltd.

**[Labor Supply as a Choice Among Latent Jobs: Unobserved Heterogeneity and Identification](#)** by John K. Dagsvik and Zhiyang Jia

This paper discusses aspects of a modeling framework in which the notion of job choice is fundamental. In this framework, workers are assumed to have preferences over latent job opportunities belonging to worker-specific choice sets from which they choose their preferred job. The main contribution of this paper is an analysis of the identification problem under various conditions, when conventional cross-section micro-data are applied. The modeling framework is applied to analyze labor supply behavior for married/cohabiting couples using Norwegian micro data. Based on the empirical model, we discuss further qualitative properties of the model and simulation of counterfactual policy reforms. Copyright © 2014 John Wiley & Sons, Ltd.

**[A Hidden Markov Model Approach to Information-Based Trading: Theory and Applications](#)** by Xiangkang Yin and Jing Zhao

This paper develops a novel approach to information-based securities trading by characterizing the hidden state of the market, which varies following a Markov process. Extensive simulation demonstrates that the approach can successfully identify market states and generate dynamic measures of information-based trading that outperform prevailing

models. A sample of 120 NYSE stocks further verifies that it can better depict trading dynamics. With this sample, we characterize the features of information asymmetry and belief dispersion around earnings announcements. The sample is also applied to the study of the co-movements of trading activities due to private information or disputable public information. Copyright © 2014 John Wiley & Sons, Ltd.

#### **[Anticipating Long-Term Stock Market Volatility](#) by Christian Conrad and Karin Loch**

We investigate the relationship between long-term US stock market risks and the macroeconomic environment using a two-component GARCH-MIDAS model. Our results show that macroeconomic variables are important determinants of the secular component of stock market volatility. Among the various macro variables in our dataset the term spread, housing starts, corporate profits and the unemployment rate have the highest predictive ability for long-term stock market volatility. While the term spread and housing starts are leading variables with respect to stock market volatility, for industrial production and the unemployment rate expectations data from the Survey of Professional Forecasters regarding the future development are most informative. Copyright © 2014 John Wiley & Sons, Ltd.

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### **Most Downloaded Papers from 'Early View' in the last 6 months**

<b>Title</b>	<b>Authors</b>	<b>First Published online</b>
<a href="#">Is infrastructure capital productive? a dynamic heterogeneous approach</a>	César Calderón, Enrique Moral-Benito, Luis Servén	8 Jan, 2014
<a href="#">Monetary policy and the housing market: a structural factor analysis</a>	Matteo Luciani	18 Apr, 2013
<a href="#">Macroeconomic forecasting performance under alternative specifications of time - varying volatility</a>	Todd E. Clark, Francesco Ravazzol	21 Jan, 2014
<a href="#">Cointegration in panel data with structural breaks and cross section dependence</a>	Anindya Banerjee, Josep Lluís Carrion-I-Silvestre	7 Oct, 2013
<a href="#">When does government debt crowd out investment?</a>	Nora Traum, Shu-Chun S. Yang	20 Sep, 2013
<a href="#">Doubly robust estimation of causal effects with multivalued treatments: an application to the returns to schooling</a>	S. Derya Uysal	14 Mar, 2014
<a href="#">Do high-frequency data improve high-dimensional portfolio allocations?</a>	Nikolaus Hautsch, Lada M. Kyj, Peter Malec	27 Nov, 2013
<a href="#">Speculation in the oil market</a>	Luciana Juvenal, Ivan Petrell	18 Mar, 2014
<a href="#">A theoretical foundation for the Nelson - Siegel class of yield curve models</a>	Leo Krippner	27 Nov, 2013
<a href="#">Visual attention and attribute attendance in multi-attribute choice experiments</a>	Kelvin Balcombe, Iain Fraser, Eugene McSorley	29 Jan, 2014

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### **Most Downloaded Published Articles in 2014**

<b>Title</b>	<b>Authors</b>	<b>First Published online</b>
<a href="#">Bounds Testing Approaches to the Analysis of Level Relationships</a>	M. Hashem Pesaran, Yongcheol Shin, Richard J. Smith	22 Jun 2001
<a href="#">Multivariate GARCH Models: A Survey</a>	Luc Bauwens, Sebastien Laurent, Jeroen V. K. Rombouts	16 Feb 2006
<a href="#">Does Peer Ability Affect Student Achievement?</a>	Eric A. Hanushek, John F. Kain, Jacob M. Markman, Steven G. Rivkin	30 Sep 2003
<a href="#">Computation and Analysis of Multiple Structural Change Models</a>	Jushan Bai, Pierre Perron	8 Oct 2002
<a href="#">A Forecast Comparison of Volatility Models: Does anything beat a GARCH(1,1)?</a>	Peter R. Hansen, Asger Lunde	30 Mar 2005
<a href="#">Exploring the International Linkages of the Euro Area: A Global VAR Analysis</a>	Stephane Dees, Filippo di Mauro, M. Hashem Pesaran, L. Vanessa Smith	14 Mar 2007
<a href="#">Counterfactual Decomposition of Changes in Wage Distributions Using Quantile Regression</a>	Jose A. F. Machado, Jose Mata	31 Mar 2005
<a href="#">A Simple Panel Unit Root Test in the Presence of Cross-Section Dependence</a>	M. Hashem Pesaran	18 Apr 2007
<a href="#">Simple Solutions to The Initial Conditions Problem in Dynamic, Nonlinear Panel Data models with Unobserved Heterogeneity</a>	Jeffrey M. Wooldridge	3 Feb 2005
<a href="#">An empirical growth model for major oil exporters</a>	Hadi Salehi Esfahani, Kamiar Mohaddes, M. Hashem Pesaran	10 Aug 2010

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IAAE Annual Conference



International Association for  
**APPLIED ECONOMETRICS**

# IAAE 2015 Annual Conference

International Association for Applied Econometrics

## Call for Papers

University of Macedonia, Thessaloniki (Greece), June 25-27, 2015

**Extended deadline for submission: February 16, 2015**

Following the success of the First Annual Conference of the International Association for Applied Econometrics, our Second Annual Conference will be held at the University of Macedonia in Thessaloniki (Greece), on June 25-27, 2015. The conference will bring together leading researchers in the field and will be a major forum where all aspects of econometrics (theory and practice) will be discussed and debated.

### Keynote Speakers

Stéphane Bonhomme, University of Chicago

Victor Chernozhukov, Massachusetts Institute of Technology

Lawrence J. Christiano, Northwestern University

Marco Del Negro, Federal Reserve Bank of New York

Peter Phillips, Yale University

John Rust, Georgetown University

### IAAE Lecturer

Charles Manski, Northwestern University

### Organizers

Fabio Canova, Pierre Werner Chair in Monetary Economics at the Schuman Center, EUI and Chair in Econometrics, Department of Economics, EUI, and Director of IAAE

Marcelle Chauvet, Professor, University of California Riverside, and Director of IAAE

Hashem Pesaran, John Elliot Distinguished Chair of Economics, and Director of USC Dornsife Institute of New Economic Thinking, University of Southern California, and Director of IAAE

Barbara Rossi, Professor, ICREA-Universitat Pompeu Fabra, Barcelona GSE, CREI, and Director of IAAE

**Local Organizers:** Stylianos Fountas, Theodore Panagiotidis, Theologos Pantelidis, University of Macedonia; Vasilis Sarafidis, Monash University; Thanasis Stengos, University of Guelph

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Dick Van Dijk, Erasmus University  
Herman Van Dijk, Erasmus University Rotterdam  
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Ivan Fernandez-Val, Boston University  
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Eric Ghysels, University of North Carolina, Chapel Hill  
Raffaella Giacomini, University College London  
Domenico Giannone, Université Libre de Bruxelles  
Silvia Goncalves, Université de Montréal  
Jesus Gonzalo, Universidad Carlos III  
Refet Gurkaynak, Bilkent University  
Bruce E. Hansen, University of Wisconsin  
Cheng Hsiao, University of Southern California  
Kirstin Hubrich, European Central Bank  
Atsushi Inoue, Southern Methodist University  
George Kapetanios, Queen Mary University  
Arie Kapteyn, USC Dornsife  
Lutz Kilian, University of Michigan  
Gary Koop, University of Strathclyde  
Siem Jan Koopman, VU University Amsterdam  
Michael Lechner, University of St Gallen  
Marco Lippi, Einaudi Institute for Economics and Finance  
Thierry Magnac, Toulouse School of Economics  
Massimiliano Marcellino, European University Institute  
Gael Martin, Monash University

Sophocles Mavroeidis, University of Oxford  
Michael McCracken, Federal Reserve Bank of Saint Louis  
Francesca Molinari, Cornell University  
Marcelo J. Moreira, Getulio Vargas Foundation  
Marco del Negro, Federal Reserve Bank of New York  
Charles Nelson, University of Washington  
Serena Ng, Columbia University  
Michael Owyang, Federal Reserve Bank of Saint Louis  
Adrian Pagan, University of Sydney  
Andrew Patton, Duke University  
Franco Peracchi, University of Rome Tor Vergata  
Hashem Pesaran, University of Southern California  
Giorgio Primiceri, Northwestern University  
Zacharias Psaradakis, Birbeck University of London  
Francesco Ravazzolo, Norges Bank  
Alessandro Rebucci, Johns Hopkins University  
Geert Ridder, University of Southern California  
Adam Rosen, University College London  
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Chiara Scotti, Board of Governors  
Tatevik Sekhposyan, Texas A&M University  
Robert Taylor, University of Essex  
Allan Timmermann, University of California San Diego  
Petra Todd, University of Pennsylvania  
Edward Vytlačil, New York University  
Martin Weidner, University College London  
Kenneth D. West, University of Wisconsin Madison  
Jeffrey M. Wooldridge, Michigan State University  
Xueyan Zhao, Monash University

**Registration:** Conference details are posted on the IAAE's website: <http://appliedeconometrics.org/> and in the [IAAE 2015 Conference website](#).

**Logistics:** The conference will be hosted by the University of Macedonia in Thessaloniki (Greece) on June 25-27, and it will take place at Grand Hotel Palace (5 stars). For further logistic information, please contact Theologos Pantelidis and Vasilis Sarafidis at [info@iaae2015.org](mailto:info@iaae2015.org), or visit the local organizers' website at [www.iaae2015.org](http://www.iaae2015.org).

**Paper Submission Procedure:** Authors are invited to submit theoretical and empirical papers on the suggested topics (submission of abstracts or synopses will not be accepted), **by February 16**, 2015 to: [https://editorialexpress.com/cgi-bin/conference/conference.cgi?action=login&db\\_name=IAAE2015](https://editorialexpress.com/cgi-bin/conference/conference.cgi?action=login&db_name=IAAE2015).

Papers will be evaluated and selected by the committee members in their specific area.

**Student Prize:** The IAAE will award a 500 USD prize for the best paper presented by a graduate student in the poster session. To be eligible, candidates' paper submissions should be followed up by a letter from a professor certifying that the submitter is a graduate student in good standing. The paper should be submitted at the conference website. The letter should be submitted electronically to [chauvet@ucr.edu](mailto:chauvet@ucr.edu). The winner will be announced during the conference.

### Conferences Sponsored by IAAE/JAE in 2014

More than just an outlet for innovative and quantitative research in the application of econometric techniques to a wide variety of problems in economic and related fields, the *Journal of Applied Econometrics* has sponsored innumerable Conferences, Workshops, and Seminars over the years. *JAE* now sponsors the International Association for Applied Econometrics (IAAE). The IAAE offers [financial support](#) (up to \$3,000) towards the cost of organizing conferences to promote research in applied econometrics.

#### Conference sponsorships for 2014

Conference (website)	Venue	Dates
<a href="#">New York Camp Econometrics IX</a>	New York	4-6 April
<a href="#">22nd Symposium of the Society for Nonlinear Dynamics and Econometrics</a>	Baruch College CUNY, NY	17-18 April
<a href="#">Conference in Honor of Marc Nerlove</a>	Resources Conservation Center, Washington, DC	23 May
<a href="#">Conference in Honor of Richard Smith</a>	Cambridge University, Winstanley Lecture Theatre,	30-31 May
<a href="#">A Workshop on the Estimation of Economic Models of Earning Dynamics</a>	ENNSAE Paris Tech	12-13 June
<a href="#">The Econometric Analysis of Recurrent Events in Macroeconomics and Finance</a>	Erasmus University, Rotterdam	13 June
<a href="#">20<sup>th</sup> Computing in Economics and Finance</a>	BI Norwegian Business School, Oslo, Norway	22-24 June
<a href="#">19<sup>th</sup> Annual Conference of the African Chapter of the Econometric Society</a>	Ethiopian Economic Association, Addis Abada	16-18 July
<a href="#">Conference in Honor of James Hamilton</a>	Federal Reserve Bank of San Francisco	18-19 September
<a href="#">2014 Conference on Real-Time Data Analysis, Methods, and Applications</a>	Federal Reserve Bank of Philadelphia/CIRANO, PA	10-11 October
<a href="#">Third International Conference on the Iranian Economy</a>	Boston College, MA	24-25 October
<a href="#">5<sup>th</sup> European Seminar on Bayesian Econometrics</a>	ESSEC Business School, La Defense Campus, Paris	6-7 November
<a href="#">25th (EC<sup>2</sup>) Conference Advances in Forecasting</a>	Universitat Pompeu Fabra, Barcelona, Spain	12-13 December

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**The Richard Stone Prize in Applied Econometrics**

It is my pleasure to announce the winner of the Richard Stone Prize in Applied Econometrics, selected by the Editorial Board of the *Journal of Applied Econometrics* from papers published in 2012 and 2013 (Volumes 27 and 28). The Prize for 2012 and 2013 has been awarded to:

**Peter Reinhard Hansen**

Stanford University  
and

**Zhuo Huang**

Peking University  
and

**Howard Howan Shek**

Stanford University

for their paper entitled

**'Realized GARCH: A Joint Model for Returns and Realized Measures of Volatility'**

which was published in 2012 (Volume 27, Number 6)

Previous winners of the Richard Stone Prize in Applied Econometrics are:

Professor Geert Ridder, for his paper '[An Event History Approach to the Evaluation of Training, Recruitment and Employment Programmes](#)', published in 1986 (Volume 1, Number 2)

Professor Joel Horowitz, for his paper '[The Role of the List Price in Housing Markets: Theory and an Econometric Model](#)', published in 1992 (Volume 7, Number 2)

Professors Marco Bonomo and Rene Garcia, for their paper '[Can a Well-fitted Equilibrium Asset-Pricing Model Produce Mean Reversion?](#)', published in 1994 (Volume 9, Number 1)

Professors Leslie E. Papke and Jeffrey M. Wooldridge, for their paper '[Econometric Methods for Fractional Response Variables with an Application to 401\(K\) Plan Participation Rates](#)', published in 1996 (Volume 11, Number 6)

Professor Moshe Buchinsky, for his paper '[The Dynamics of Changes in the Female Wage Distribution in the USA: A Quantile Regression Approach](#)', published in 1998 (Volume 13, Number 1)

Professors Daniel McFadden and Kenneth Train, for their paper '[Mixed MNL Models for Discrete Response](#)', published in 2000 (Volume 15, Number 5)

Professors Guy Laroque and Bernard Salanié, for their paper '[Labour Market Institutions and Employment in France](#)', published in 2002 (Volume 17, Number 1)

Professors Jesús Fernández-Villaverd and Juan F. Rubio-Ramírez, for their paper '[Estimating Dynamic Equilibrium Economies: Linear versus Nonlinear Likelihood](#)', published in 2005 (Volume 20, Number 7)

Dr Katherine Ho, for her paper '[The Welfare Effects of Restricted Hospital Choice in the US](#)

[Medical Care Market](#)', published in 2006 (Volume 21, Number 7)

Professors Xiaohong Chen and Sydney C. Ludvigson, for their paper '[Land of Addicts? An Empirical Investigation of Habit-Based Asset Pricing Models](#)', published in 2009 (Volume 24, Number 7)

Professors Neil Shephard and Kevin Sheppard for their paper '[Realising the Future: Forecasting with High-Frequency-Based Volatility \(HEAVY\) Models](#)', published in 2010 (Volume 25, Number 2)

Professor Julien Prat, for his paper '[The Rate of Learning-by-Doing: Estimates from a Search-Matching Model](#)' published in 2010 (Volume 25, Number 6)

## **Distinguished Authors**

In recognition of the authors who have made significant contributions to this Journal, the Editorial Committee introduced in 1999 a scheme to honour those authors who have published the equivalent of three single-author articles by naming them *Journal of Applied Econometrics* Distinguished Authors.

Distinguished Authors are given one year's free subscription to the Journal to mark the award, and receive a personal invitation to the Journal's Annual Lecture Series. The list of Distinguished Authors is published regularly in the Journal.

[Past Distinguished Authors](#) are:

Distinguished Author points are awarded to papers as follows:

1 author: 12 points

2 authors: 8 points

3 authors: 6 points

4+ authors: 4 points

36 points are required to become a *Journal of Applied Econometrics* Distinguished Author.

[Read a selection of articles by all the Distinguished Authors here.](#)

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## **Journal of Applied Econometrics Data Archive**

The [JAE Data Archive](#) is a very important feature of the *Journal of Applied Econometrics*, making it possible for other researchers to replicate results of papers published in the Journal, or to evaluate alternative models.

Hosted by a server belonging to the [Economics Department](#) of [Queen's University](#), it contains data for all papers accepted after January 1994, with the exception of a growing number of papers for which the data are confidential. There are some data for a few papers accepted earlier than January 1994, but Volume 10, No. 1 (1995) is the first issue in which all papers were accepted subject to the proviso that data be provided.

For some papers, especially more recent ones, the Data Archive also contains programs and supplementary material, such as technical appendices and additional graphs. There are currently directories for 800 papers in the archive.

It is still the case that, if you enter *any* of the following search terms into Google, the first hit you encounter is the main page of the JAE Data Archive:

*econometrics data, applied econometrics data, econometrics data archive, JAE data, JAE archive.*

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## **How to publish in JAE**

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## **Aims and Scope of JAE**

[The Journal of Applied Econometrics](#) (published in seven issues per year) is a bi-monthly international journal which aims to publish articles of high quality dealing with the application of existing as well as new econometric techniques to a wide variety of problems in economics and related subjects, covering topics in measurement, estimation, testing, forecasting, and policy analysis. The emphasis is on the careful and rigorous application of econometric techniques and the appropriate interpretation of the results. The economic content of the articles is stressed.

The intention of the *Journal of Applied Econometrics* is to provide an outlet for innovative, quantitative research in economics, which cuts across areas of specialization, involves transferable techniques, and is easily replicable by other researchers. Contributions that introduce statistical methods that are applicable to a variety of economic problems are actively encouraged. The Journal also aims to publish review and survey articles that make recent developments in the field of theoretical and applied econometrics more readily accessible to applied economists in general.

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