

NEWSLETTER

Issue No. 5

Winter 2016

From the Managing Editor

This is the fifth edition of *The Econometrics Journal Newsletter*. I hope you will find it informative and of interest.

The primary aim of *The Econometrics Journal* is the publication of econometric research with a standard of intellectual rigour and academic standing similar to that in the top field journals in econometrics. It is a general journal covering all areas of econometrics and encourages the submission of first-class papers in macro-, micro- and financial econometrics.

As an international Journal, the professional skills and experience of a wide array of well established econometricians from top institutions worldwide is utilised to help in the selection process of research papers for publication.

RES Conference 2016

The Econometrics Journal Special Session at the 2016 Royal Economic Society Annual Conference, Monday 21 to Wednesday 23 March 2016 at the University of Sussex at Brighton is concerned with Model Selection and Inference. The invited speakers are Chris Hansen (University of Chicago) and Bruce Hansen (University of Wisconsin-Madison) whose presentations are entitled respectively "Model Selection and Post-Model Selection Inference in Economic Applications" and "Shrinkage Estimation in Vector Autoregressions." The session is currently scheduled to take place at 15.15 – 16.45 on March 23 following the Sargan Lecture to be delivered by Susanne Schennach (Brown University). Recent Special Sessions have addressed Econometrics of Matching, Nonparametric Identification, the Econometrics of Forecasting, Heterogeneity and Large Dimensional Models. Further details will be announced in due course on the journal website <http://www.res.org.uk/view/econometricshome.html> The RES Conference 2016 website is http://www.res.org.uk/view/0/2016conference_home.html

The 2014 Denis Sargan Econometrics Prize

The 2014 Denis Sargan Econometrics Prize has been awarded to Dr. Haiqing Xu (University of Texas at Austin). The award to Dr. Xu is in respect of his paper "Estimation of Discrete Games with Correlated Types" published in *The Econometrics Journal*, Vol. 17, Issue No. 3, pp. 241-270.
<http://onlinelibrary.wiley.com/doi/10.1111/ectj.12026/abstract>

The Denis Sargan Econometrics Prize is awarded for the best (unsolicited) article published in *The Econometrics Journal* in a given year by anyone who is within five years of being awarded their doctorate. An honorarium of £1000 is awarded to the winning author. The Denis Sargan Econometrics

Prize commemorates the fundamental contributions to and profound influence on econometrics made by (John) Denis Sargan.

A formal presentation of the 2014 Denis Sargan Econometrics Prize to Dr. Xu will be made at the 2016 Royal Economic Society Annual Conference to be held at the University of Sussex Monday 21 to Wednesday 23 March 2016.

Cambridge INET/Econometrics Journal Workshop on Econometrics of Networks

The Cambridge-INET Institute and *The Econometrics Journal* jointly organised the Econometrics of Networks Workshop held at the University of Cambridge on June 17 2015. The workshop was generously supported by a grant from the RES. The workshop brought together many leading experts in the field and was attended by about forty active researchers and students.

The workshop comprised three sessions: econometric models of dyadic link formation in social networks [Andreas Dzemski (University of Mannheim), Bryan Graham (UC Berkeley)], network formation with many agents based on subgraphs [Konrad Metzler (NYU), Arun Chandrasekhar (Stanford University)] and identification of preferences and estimation in network games and network estimation using time series [Aureo de Paula (UCL), Shuyang Sheng (UCLA), Matteo Barigozzi from (LSE)].

Because of recently substantial interest in social networks and given the topicality and importance of research on networks *The Econometrics Journal* is commissioning a Special Issue on Econometrics of Networks with the presenters at the workshop invited to submit papers for possible publication in the Special Issue.

Impact Factors

The journal two-year impact factor for the most recent year 2014 is 0.818, (1.128, 1.000, 0.870, 0.691, 0.733, 0.750, 0.479) with the Immediacy Index at 0.095 (0.364, 0.227, 0.240, 0.176, 0.125, 0.065, 0.034); 2007-13 data are given in parentheses in reverse chronological order. The eigen-factor score and five-year impact factor are respectively 0.00415 (0.00377, 0.00417, 0.00280, 0.00352, 0.00367, 0.00324, 0.00379) and 1.488 (1.235, 1.252, 0.964, 1.166); 2008-13 and 2010-13 figures respectively in parentheses. Although the journal two-year impact factor has disappointingly fallen from the 2013 high of 1.128 as has the immediacy index the five-year impact factor is the highest ever with the eigen-factor score close to its highest ever. I would like to take this opportunity to thank all Co-Editors, Associate Editors of and referees for the journal for their continuing efforts and support without which these improvements would not have occurred.

The recent improvement in turn-around times has been maintained. For decisions on all submissions the mean time to decision in 2014-15 was 42 days a slight improvement on 2013-14.

Richard J. Smith
Managing Editor

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Abstracts of Forthcoming Articles

The links below will take you to the article text on Wiley Online Library.

[Generalized Dynamic Factor Models and Volatilities Recovering the Market Volatility Shocks](#) by **Matteo Barigozzi and Marc Hallin**

Decomposing volatilities into a common market-driven component and an idiosyncratic item-specific component is an important issue in financial econometrics. However, this requires the statistical analysis of large panels of time series, and hence faces the usual challenges associated with high-dimensional data. Factor model methods in such a context are an ideal tool, but they do not readily apply to the analysis of volatilities. Focusing on the reconstruction of the unobserved market shocks and the way they are loaded by the various items (stocks) in the panel, we propose an entirely non-parametric and model-free two-step general dynamic factor approach to the problem, which avoids the usual curse of dimensionality. Applied to the Standard & Poor's 100 asset return data set, the method provides evidence that a non-negligible proportion of the market-driven volatility of returns originates in the volatilities of the idiosyncratic components of returns.

[Residuals-based Tests for Cointegration with GLS Detrended Data](#) by **Pierre Perron and Gabriel Rodríguez**

We provide GLS–detrended versions of single-equation static regression or residuals-based tests for testing whether or not non-stationary time series are cointegrated. Our approach is to consider nearly optimal tests for unit roots and apply them in the cointegration context. We derive the local asymptotic power functions of all tests considered for a triangular DGP imposing a directional restriction such that the regressors are pure integrated processes. Our GLS versions of the tests do indeed provide substantial power improvements over their OLS counterparts. Simulations show that the gains in power are important and stable across various configurations.

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Managing Editor's Annual Report 2015

The Annual Report of the Managing Editor for the Royal Economic Society is now available. The report includes full details of statistics on turn-around times, the geographical distribution of new submissions and accepted papers. To view please click on:

<http://www.res.org.uk/SpringboardWebApp/userfiles/res/file/ectj-reports/EctJ-Annual-Report-with-RES%20Format.pdf>

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Top Five Most Downloaded Published Articles in 2015

Title	Author(s)	First Published Online
Cointegration Analysis in the Presence of Structural Breaks in the Deterministic Trend	Søren Johansen, Rocco Mosconi and Bent Nielsen	20 MAR 2002
Generalized Dynamic Factor Models and Volatilities: Recovering the Market Volatility Shocks	Matteo Barigozzi and Marc Hallin	3 NOV 2015
Economic Theory and Forecasting: Lessons from the Literature	Raffaella Giacomini	24 JUN 2015
Nonparametric Tests of Conditional Treatment Effects with an Application to Single-Sex Schooling on Academic Achievements	Minsu Chang, Sokbae Lee and Yoon-Jae Whang	20 NOV 2015
Realized Kernels in Practice: Trades and Quotes	O.E. Bardndorff-Nielsen, P. Reinhard Hansen, A. Lunde and N. Shephard	24 NOV 2009

Top Five Most Downloaded Published Articles in 2014

Title	Author(s)	First Published Online
Multivariate Variance Targeting in the BEKK–GARCH Model	Rasmus S. Pedersen and Anders Rahbek	21 JAN 2014
An Instrumental Variable Random-Coefficients Model for Binary Outcomes	Andrew Chesher and Adam M. Rosen	22 APRIL 2014
Weighted Composite Quantile Regression Estimation of DTARCH Models	Jiancheng Jiang, Xuejun Jiang and Xinyuan Song	18 FEB 2014
Backfitting and Smooth Backfitting in Varying Coefficient Quantile Regression	Young K Lee, Enno Mammen and Byeong U. Park	22 APRIL 2014
Estimation of Fixed Effects Panel Data Partially Linear Additive Regression Models	Chunrong Ai, Jinhong You and Yong Zhou	14 JAN 2014

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Video Links to Special Session Lectures

A number of webcasts are now available on the EctJ www site. These include presentations from the RES Special Sessions as detailed below:

[RES 2015- Econometrics of Matching](#)

[RES 2014 - Large Dimensional Models](#)

[RES 2013 - Heterogeneity](#)

[RES 2012 - Econometrics of Forecasting](#)

[RES 2011 - Nonparametric Identification](#)

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How to publish in The Econometrics Journal

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Submissions

Submissions should be made online at <https://editorialexpress.com/ectj>

For more information please visit <http://www.res.org.uk/view/submissionsEconometrics.html>

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Aims and Scope

The Econometrics Journal was established in 1998 by the Royal Economic Society with the aim of creating a top international field journal for the publication of econometric research with a standard of intellectual rigour and academic standing similar to those of the pre-existing top field journals in econometrics. *The Econometrics Journal* is committed to publishing first-class papers in macro-, micro- and financial econometrics. It is a general journal for econometric research open to all areas of econometrics, whether applied, computational, methodological or theoretical contributions.

Submissions to *The Econometrics Journal* receive detailed and informative appraisal. Some papers may be rejected without seeking the advice of referees and the provision of reports but are scrutinised in detail by a member of the Editorial Board. This practice is only invoked for submissions unlikely to prove publishable in *The Econometrics Journal* to avoid unnecessarily prolonging the editorial process and taxing the limited resource of referees.

The Econometrics Journal is dedicated to achieving an exacting standard for the editorial process, both in terms of usefulness and speed, to promote the submission of high-quality econometric research. *The Econometrics Journal* provides annual reports concerning the editorial process.

The Econometrics Journal provides immediate electronic access to papers accepted for publication circumventing the often long publication delays often associated with other paper-based journals. Readers are able to view without charge papers published or forthcoming in *The Econometrics Journal*. See <http://www.res.org.uk/view/econometricsAcceptedArticles.html>

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