ORFE 569: Presentation and Paper List

1 Presentation

Student Presentations of papers on other approaches and important matters related to ultra-high frequency (UHF) data will begin on April 24 in class. Each student will give a 20-minute presentation with a 5-minute question period on a selected paper from the list below or with the consent of instructor. Students should prepare slides to show the main results of one or more papers. **First, email all class members of your choice of paper(s).**

Email your slides as part of the submission of presentation to me.

The tentative schedule is this:

April 24, 2007	Eric Goldlust, Gabriel Gray, Xing Hu, and Gautam Gururaj
April 26, 2007	John Prins, Matthius Philip, and Yang Feng

2 Paper List

Direction One: Realized Volatility

Group One: Two-Time Scale Realized Volatility

1. Ait-Sahalia, Y., Mykland, P. A. & Zhang, L. (2005), 'How Often to Sample a Continuous-Time Process in the Presence of Market Microstructure Noise', *Review of Financial Studies*, 18, 351-416.

2. Bandi, F. M. & Russell, J. R. (2005), 'Separating microstructure noise from volatility', *Journal of Financial Economics*, 79, 655-692.

3. Zhang, L., Mykland, P. A. & Ait-Sahalia, Y. (2005), 'A tale of two time scales: Determining integrated volatility with noisy high frequency data', *Journal of the American Statistical Association* 100, 1394-1411.

4. Hansen, P.R. and A. Lunde (2006), 'Realized Variance and Market Microstructure Noise', *Journal of Business and Economic Statistics*, 24, 127-161.

Group Two: Volatility Modeling and Forecasting

1. Andersen, T. G., Bollerslev, T., Diebold, F. X. & Labys, P. (2003), 'Modeling and forecasting realized volatility', *Econometrica*, 71, 579-625.

2. Barndorff-Nielsen, O. E. & Shephard, N. (2004), 'Econometric analysis of realized covariation: high frequency based covariance, regression and correlation in Financial economics', *Econometrica*, 72, 885 - 925.

3. Andersen, T. G., Bollerslev, T., & N. Meddahi (2005) 'Correcting the Errors: Volatility Forecasting Evaluation Using High-Frequency Data and Realized Volatilities", *Econometrica*, 73, 279-296.

4. Andersen, T. G., Bollerslev, T., & N. Meddahi (2005) 'Realized Volatility Forecasting and Market Microstructure Noise', at `http://www.mapageweb.umontreal.ca/meddahin/`

Group Three: Volatility in Treasury Market

1. Andersen, T.G. and Luca Benzoni (2006), 'Do Bonds Span Volatility Risk in the U.S. Treasury Market? A Specification Test for Affine Term Structure Models', at http : //papers.ssrn.com/sol3/papers.cfm?abstract id = 853105

Group Four: Volatility and Risk Management

1. Christian T. Brownlees, Giampiero M. Gallo (2007) 'Comparison of Volatility Measures: a Risk Management Perspective' at http://www.stat.uchicago.edu/ volatility/brogal07.pdf

2. Bandi, F. M., Russell, J. R. & Y. Zhu (2006), 'Using High-Frequency Data in Dynamic Portfolio Choice', *Econometric Reviews*, forthcoming.

Direction Two: Decomposition of Time Series

Group One: Vector AutoRegressive (VAR) Approach

1. Hasbrouck, J. (1996), 'Modelling market microstructure time series, in G. Maddala & C. Rao, eds, 'Handbook of Statistics', Vol. 14, North-Holland, Amsterdam, pp. 647-692.

2. George, T. J. & Hwang, C. Y. (2001), 'Information flow and pricing errors: A unified approach to estimation and testing', *Reviews of Financial Studies* 14, 979-1020.

3. Hasbrouck, J. (2002), 'Stalking the "efficient price" in market microstructure specifications: an overview', *Journal of Financial Markets* 5(3), 329 - 339.

Group Two: Order flow and Price Movement - In Stock Market

1. Hasbrouck, J. (1991), 'Measuring the Information Content of Stock Trades', *Journal of Finance*, 46, 179 - 207.

2. Dufour, A. & Engle, R. F. (2000), 'Time and the price impact of a trade', *Journal of Finance* 55(6), 2467-2498.

Group Three: Order flow and Price Movement - In FX and Treasure Markets

1. Evens, M, & Lyons, R. K., (2002) 'Order Flow and Exchange Rate Dynamics', *Journal of Political Economy*,110, 170-180.

2. Evens, M, & Lyons, R. K., (2005) 'Meese-Rogoff Redux: Micro-Based Exchange Rate Forecasting', *American Economic Review*, 95(2), 405-414.

3. Cohen, B. H, & Shin, H. S., 'Positive feedback trading under stress: Evidence from the US Treasury securities market', at http://hyunsongshin.org/www/Posfeedback.pdf

Direction Three: ACD type Models

1. Hausman, J., Lo, A. & Mackinlay, C. (1992), 'An ordered probit analysis of stock transaction prices', *Journal of Financial Economics* 31, 319-379.

2. Engle, R. & Russell, J. (1998), 'Autoregressive conditional duration: A new model for irregularly spaced transaction data', *Econometrica* 66, 1127-1162.

3. Engle, R. (2000), 'The econometrics of ultra-high-frequency data', *Econometrica* 68, 1-22.