

CREAR is already one year old! Looking at this last year, we can see how much has already been achieved and how much is planned. Great, CREAR is becoming an important platform at ESSEC for fostering exchanges and developing international research projects on quantitative risk.

To celebrate CREAR first birthday, here is a newsletter summarizing its numerous activities. It will be sent to all our partners, academics and professionals. We plan on doing so regularly. The format may evolve overtime; any idea is welcome.

Everyone is invited to participate in the upcoming events, in particular to the RARE workshop at Nankai University mid-July, where the 12 worldwide RARE partners will be present. It will be an opportunity to meet them and discuss projects.

1. Jan. 2013 – March 2014 preprints and publications (on CREAR topics)

(by 1st author alphabetic order, with CREAR members underlined)

- *"Detecting and Forecasting Large Deviations and Bubbles in a Near-Explosive Random Coefficient Model"*, by A. Banerjee, G. Chevillon, M. Kratz. ESSEC WP 1314 (2013)
- *"The Impact of Systemic Risk on the Diversification Benefits of a Risk Portfolio"*, by M. Busse, M. Dacorogna and M. Kratz. ESSEC Working Paper 1321 (2013)
- *"On the Rational Construction of Electricity Forward Curves with Hourly Granularity"*, by R. Caldana, G. Fusai, A. Roncoroni. In A. Roncoroni, G. Fusai, M. Cummins: Handbook of Multi-Commodity Markets and Products, Wiley & Sons, London (*forthcoming*) (2014).
- *"Modelling macroeconomic effects and expert judgements in operational risk: a Bayesian approach"*, by H. Capa Santos, M. Kratz, F. Mosquera. *Journal of Operational Risk*, Dec 2012, Vol. 7, Issue Winter 2012-2013.
- *"Local-Explosive Approximations to Null Distributions of the Johansen Cointegration Test, with an Application to Cyclical Concordance in the Euro Area"*, by G. Chevillon. ESSEC WP 1210 (2012)
- *"What Is the Best Risk Measure in Practice? A Comparison of Standard Measures"*, by S. Emmer, M. Kratz, D. Tasche. ESSEC WP1322 (2013)
- *"The value relevance of earnings in Europe after IFRS implementation: Why do national differences persist?"* by A. Filip, B. Raffournier. *International Journal of Accounting, Auditing and Performance Evaluation*, Vol. 9:4 (Oct. 2013)
- *"Legal regime and financial reporting quality"* by A. Filip, R. Labelle, S. Rousseau. *Contemporary Accounting Research* (*forthcoming*) (2014).
- *"Financial crisis and earnings management: The European evidence"* by A. Filip, B. Raffournier. *The International Journal of Accounting* (*forthcoming*) (2014).
- *"A Note of the Pricing of Spark Spread Option with Co-Dependent Threshold*

- *Dynamics*, by R. Id Brik, ARGO 2 (Winter), 2014. (www.energisk.org)
- “*There is a VaR beyond usual approximations*”, by M. Kratz. ESSEC Working Paper 1317 (2013)
- “*Switching Costs in Competitive Health Insurance Markets*”, by K. Lamiraud. In: Anthony J. Culyer (ed.), *Encyclopedia of Health Economics*, Vol 3. San Diego: Elsevier (2014).
- “*Monetary Measurement of Risk: A Critical Overview (Part I: General Definitions and Value-at-Risk)*”, by L. Lecesne, A. Roncoroni, ARGO 1 (Autumn), 67-73, 2013. (www.energisk.org)
- “*On Bank Credit Risk: Systemic or Bank-Specific? Evidence from the US and UK*” by J. Li, G. Zinna. *Journal of Quantitative and Financial Analysis (forthcoming)* (2014).
- “*An unscented Kalman smoother for volatility extraction: Evidence from stock prices and options*” by J. Li. *Computational Statistics and Data Analysis*, Vol. 58:2 (2013).
- “*Macroeconomic Fundamentals and the Exchange Rate Dynamics: A No-Arbitrage Macro-Finance Approach*”, by J. Li, W. Yin. *Journal of International Money and Finance, (Forthcoming)* (2014).
- “*Variance Components, Term Structures of Variance Risk Premia, and Expected Asset Returns*”, by J. Li, G. Zinna. *Preprint 2013*.
- “*Investigating Impacts of Self-Exciting Jumps in Returns and Volatility: A Bayesian Learning Approach*” by J. Li, A. Fulop, J. Yu. *Preprint 2013*.
- “*Determinants and consequences of credit ratings actions during bull vs. bear markets*”, by P. Astolfi, G. Lobo, L. Paugam, Hervé Stolowy. ESSEC WP (2013)
- “*Risque d'estimation, coût du capital et communication des tests de depreciation*” by L. Paugam, O. Ramond, B. Husson, H. Philippe, JF. Casta. *Finance Contrôle Stratégie* (June 2013)
- “*Asian Options with Jumps*”, by M. Marena, G. Fusai, A. Roncoroni. ARGO 1 (Autumn 2013).
- “*Estimating Commodity Term Structure Volatilities*” by A. Roncoroni, R. Id Brik, M. Cummins. Book: *Handbook of Multi-Commodity Markets and Products: Structuring, Trading and Risk Management. Forthcoming* (2014)
- “*Nonparametric Estimation of Energy and Commodity Price Processes*”, by G. Figa-Talamanca, A. Roncoroni. In A. Roncoroni, G. Fusai, M. Cummins: *Handbook of Multi-Commodity Markets and Products*, Wiley & Sons, London (2014).

2. Jan. 2013 – March 2014 seminars and conferences (on CREAR topics)

a. Seminars

By G. Chevillon

- *Detecting and Forecasting Large Deviations and Bubbles in a Near-Explosive Random Coefficient Model*, Durham Business School, UK, Feb. 2014
- *Id.*, Working Group on Risk, ESSEC La Défense, Jan.2014
- GREQAM (Aix-Marseille), Jan. 2014
- Oxford University, UK, Nov. 2013
- Baruch College (CUNY), UK, May 2013

By M. Kratz

- *On the Estimation of Risk Measures using Extreme Value Theory Tools*, Indian Statistical Institute (ISI) & Tata Institute of Fundamental Research (TIFR) - Center for Applicable Mathematics (CAM), Bangalore, India, March 24, 2013
- *The impact of systemic risk on the diversification benefits of a risk portfolio*. ESSEC Asia

Pacific, Singapore, Feb.12, 2014

- *How to best approximate the distribution of aggregated heavy tailed risks?* HEC Lausanne – Switzerland, June 21, 2013
- *On Devising Various Alarm Systems for Insurance Companies.* Indian Institute of Management (IIM), Bangalore, India. May 10, 2013
- *On the (tail) distributions of functionals of random excursion sets.* TIFR-CAM, India. April 22, 2013
- *There is a VaR beyond usual approximations.* IFAM, Univ. of Liverpool, UK. Feb. 13, 2013
- *Id.* Durham Business School, UK. March 13, 2013
- *Id.* Working Group on Risk, ESSEC La Défense, Jan. 24, 2013

By K. Lamiraud

- *The Competition in health insurance markets: do consumers vote with their feet? The case of Switzerland.* IESE Business School, Invited Seminar, Barcelona, Spain, May 2013

By J. Li

- *WISE*, Xiamen University, Xiamen, China, 2013

By L. Paugam

- *Determinants and consequences of credit ratings actions during bull vs. bear markets.* Université de Lille, January 2014.
- *Id.* HEC Lausanne, Switzerland, February 2014

By C. Stefanescu

- *The dynamics of trading in commodity futures.* Working Group on Risk, ESSEC, La Défense. Dec. 12, 2013

By O. Stul

- *Risk and Culture: companies are shooting themselves in the foot.* ESSEC EEE La Défense, Nov. 6, 2013

b. Conferences / workshops

By M. Cadena

- *Regression models to identify extreme risk factors.* ENBIS13, SFdS Invited Session. Ankara, Turkey, Sept. 16-18, 2013
- *A study on the ruin probability behavior under a discrete risk model.* PARTY, Ascona, Switzerland, Jan.27-Feb.1, 2013

By G. Chevillon

- *Long memory through correlation*, 7th International Conference on Computational and Financial Econometrics, London, UK, Dec.14-16, 2013
- *Detecting and Forecasting Large Deviations and Bubbles in a Near-Explosive Random Coefficient Model*, NBER/NSF Time Series Conference, Washington DC, USA, Sept. 26-27 2013
- *Id.*, Methods in International Finance Network, Namur, Belgium, Sept. 2013
- *Id.*, Applied Financial Time Series Workshop, HEC Montreal & CIRPEE, Canada, Feb. 16, 2013

By M. Kratz

- *The impact of systemic risk on the diversification benefits of a risk portfolio*, 4th Monash-Ritsumeikan symposium – RARE workshop, Invited speaker, Ritsumeikan Univ., Japan, Feb.26-28, 2014.
- *Normex, a new method for evaluating the VaR of aggregated heavy tailed risks* - Invited speaker, Extreme Events and Uncertainty in Insurance and Finance, SCOR & IDEI, Toulouse School of Economics, Paris, France, Jan.10, 2014

- *Does risk diversification always work? The answer through simple modelling.* ENBIS13, SFdS Invited Session. Ankara, Turkey, Sept. 16-18, 2013
- *A shifted CLT: an alternative solution to correctly estimate in a Gaussian realm the VaR in presence of heavy tails.* Workshop EVT 2013, 'Extreme in Finance and Insurance' Invited Session, Vimeiro, Portugal, Sept. 8-11, 2013
- *Summer School in Quantitative Risk Management.* Invited lecture, Hanoi, Vietnam, July 29-Aug. 2, 2013
- *Capacity functionals of excursion sets.* EVA13, Invited Session, Shanghai - July 7-11, 2013
- *How to best approximate the distribution of aggregated heavy tailed risks ?* - Invited Speaker, IRFRS Nanyang Business School Conference, Singapore - June 27, 2013
- *There is a VaR beyond usual approximations.* Heavy tails & EVT workshop - Invited Speaker, ISI Kolkata, India. Jan. 14-17, 2013

By J. Li :

- *The Term Structure of Variance Risk Premia and Stock Return Predictability: International Evidence,* Workshop on Modelling & Forecasting Moment Risk Premia, ESSEC, Paris, France, March 13, 2014
- *Variance Components, Term Structures of Variance Risk Premia, and Expected Asset Returns.* International Symposium on Economic Theory and Applications, Seoul, Korea, July 20-21, 2013
- *Id. China International Conference in Finance, Shanghai, China,* July 10-13, 2013
- *Id. International Symposium on Forecasting (ISF),* Seoul, Korea, June 23-26, 2013
- *Id. International Symposium on Economic Theory and Applications, Princeton-QUT-SMU Conference on Financial Econometrics,* Princeton, USA, Oct. 17-18, 2013

By P. Xu :

- *The Tradability Premium on the S&P 500 Index.* Sixth Annual SoFiE Conference, Singapore, June 2013.

3. Jan. 2013 – March 2014 seminars or workshops/conferences (on CREAR topics) organized by CREAR members

- Working Group on Risk (organized by [M. Kratz](#), with the support of BFA-SFdS & Institut des Actuaire)
- Seminars in Econometrics and Forecasting (organized by [G. Chevillon](#) and J. Rombouts)
- GT on Extreme Value Theory, UPMC (Paris 6) (organized by N. Akakpo and [O. Wintenberger](#))
- Executive workshop proposed in 2013 at ESSEC Asia by [J. Li](#) on *Market Fear, Volatility and Risk Management*

4. Jan. 2013 – March 2014 visits

a. At CREAR

- Prof. Kais HAMZA, Monash University, Melbourne, Australia (Sept. 11-13, 2013)
- Prof. Corina CONTANTINESCU, IFAM, Univ. of Liverpool, UK (Nov. 21-26, 2013)
- Prof. Shubho DAS, IIM Bangalore, India (Nov. 20-Dec. 7, 2013)
- Prof. Rajendra BHANSALI, Univ. of Liverpool, UK (March 4-6, 2013)
- The 24 invited speakers from all over Europe at the [Working Group on Risk](#) (see the list on line), among whom 4 speakers from ESSEC
- The 2 invited speakers (Belgium and USA) at the [Econometrics seminars](#)

b. By CREAR members

- G. Chevillon:
 - University of Oxford, UK, Nov 2013
 - NYU (Dpt. of Economics), USA, Jan-June 2013
- M. Kratz:
 - TIFR - Center for Applicable Mathematics, Bangalore, INDIA (March 2014)
 - Research Center for Finance, Ritsumeikan University, JAPAN (Feb. 2014)
 - National Economics University, Hanoi, VIETNAM (July, 29 - Aug 2, 2013)
 - IIM Bangalore, INDIA (April 2013)

5. Miscellaneous

Upcoming events:

- RARE invited session, International Workshop on Applied Probab. (IWAP), Turkey, June 16-19, 2014
- Workshop on 'Small Data', Congrès des Actuaire, Paris, France, June 20, 2014
- RARE workshop, Nankai Univ., China, July 14-16, 2014
- RARE contributed session, 37th Stoch. Processes Applic. Conference, Argentina, July 28 to August 1, 2014

Upcoming visits:

- Prof. Bent NIELSEN, Univ. of Oxford, UK (April 8-10, 2014)
- Prof. Anurag BANERJEE, Durham Business School, UK (April 21-30 & May 21 - June 1, 2014)
- Prof. Bikramjit DAS, SUTD, SINGAPORE (May 5-10, 2014)

Books, forthcoming or under preparation:

- *Under preparation*: Handbook edited by F. Longin, *Extreme values: theory and applications in finance and insurance*, to be published by Wiley in the Handbook Series in Financial Engineering and Econometrics (directed by Professor R. Tsay, Univ. of Chicago).
- *Forthcoming*: Handbook of Multi-Commodity Markets and Products: Structuring, Trading and Risk Management. A. Roncoroni, G. Fusai, M. Cummins, Wiley (2014)

CREAR in press (see <http://crear.essec.edu/home/crear-in-press>):

- '[Lancement du CREAR](#)', Reflets Magazine, Jan. 2014
- '[Asian markets: filling the knowledge gap about risks](#)', ESSEC Knowledge, Oct. 2013
- '[CREAR: mettre en relation la recherche académique et les professionnels de l'assurance](#)', L'Actuariel - Magazine professionnel de l'Actuariat - Juin 2013

