

HALF-DAY WORKSHOP ON *The Econometrics of Misspecified Asset Pricing Models*

Workshop Program
Friday, April 1, 2016

13:00 - 17:30 **Nikolay Gospodinov,**
Federal Reserve Bank of Atlanta

It is widely documented that most asset pricing models are rejected by the data. This requires that the statistical inference in these models allows for possibility that they are inherently misspecified as the asset pricing restrictions, imposed by theory, are not satisfied. The first part of the workshop will review some popular asset pricing models and examine their empirical performance in terms of their pricing errors. It will then derive the limiting behavior of non-invariant and invariant estimators, using the generalized method of moments (GMM) and generalized empirical likelihood (GEL) frameworks, under potential model misspecification. Model selection and aggregation will also be discussed. The second part of the workshop will introduce the possibility that some of these models are under- or un-identified. The appropriate asymptotic theory will be developed and analyzed. Finally, the practical implications of these econometric problems will be outlined and some guidance and recommendations for empirical analysis will be provided. Matlab code for the discussed estimation and inference procedures will be made available.

15:00 - 15:30 **Coffee break**

17:30 - 19:00 **Cocktail reception**

Workshop venue

Delta London Armouries Hotel
325 Dundas Street
London ON N6B 1T9

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